



Luxembourg Stock Exchange
11, avenue de la Porte-Neuve
B.P. 165
L-2011 Luxembourg

10 April 2006

- Submitted by e-mail -

ISS Global A/S – Euro Medium Term Notes due 2010 and 2014

Today the Board of Directors of ISS Global A/S has approved the ISS Global A/S Annual Report 2005.

Please find attached the ISS Global A/S Annual Report 2005.

Yours faithfully

ISS Global A/S
Bredgade 30
1260 Copenhagen K
+45 3817 0000

Christian Kofoed Jakobsen
On behalf of the Board of Directors

Forward-looking statements

This release and ISS Global A/S Annual Report 2005 may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words "may", "will", "should", "expect", "anticipate", "believe", "estimate", "plan", "predict," "intend", "should" 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 Global A/S 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 Global A/S. Although ISS Global A/S 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 as a result of the matters described in the Risk Factors beginning on page 13 of the ISS Global A/S Annual Report 2005, including: changes in demand for the services offered by ISS Global A/S, risks related to ISS Global A/S's growth strategy, risks related to the Group's substantial indebtedness, ISS Global A/S's ability to operate profitably, ISS Global A/S's exposure to currency-related risks; complexities related to compliance with regulatory re-

quirements of many jurisdictions; ISS Global A/S's dependence on its management team and qualified personnel; ISS Global A/S's potential liability for acts of its employees; the threat, institution or adverse determination of claims against ISS Global A/S; potential environmental liabilities; and changes in laws and regulations. As a result, you should not rely on these forward-looking statements. ISS Global A/S 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.

ISS Global A/S

Annual Report 2005

ISS Global A/S
Bredgade 30
DK – 1260 Copenhagen K
Denmark
CVR no 21 40 83 95

Phone: +45 38 17 00 00
Fax: +45 38 17 00 11

Contents

REPORT FROM MANAGEMENT

4	Key Figures
5	Company Report
12	Strategy
13	Risk Factors

FINANCIAL STATEMENTS

25	Signatures to the Annual Report
26	Auditor's Report
27	Financial Review
34	Consolidated Financial Statements
94	Parent Company Financial Statements
113	Definitions
114	Group Structure
115	Operational Management
122	Principal Shareholders

COMPANY INFORMATION

125	Group Highlights (Unaudited)
-----	------------------------------

Report from Management

Key Figures

Amounts in DKK millions	IFRS		Danish GAAP			
	2005	2004	2004	2003	2002	2001 ¹⁾
Revenue	46,453	40,365	40,365	36,174	37,991	1,991
Operating profit before other items	2,863	2,421	2,431	2,234	2,187	108
Adjusted EBITDA ^{2) 3)}	3,510	3,027	3,037	2,806	2,775	141
Operating profit ^{4) 5)}	2,293	1,805	1,925	1,759	1,583	85
Net finance costs	(505)	(347)	(352)	(306)	(410)	(25)
Profit before impairment/amortization of intangibles	1,299	1,022	1,100	946	796	36
Net profit for the year ^{4) 6)}	965	633	(58)	83	(55)	(16)
Investments in property, plant and equipment, gross	(619)	(618)	(618)	(490)	(572)	(35)
Cash flow from operating activities ⁷⁾	1,628	1,811	1,844	1,898	1,875	-
Investments in intangible assets, property, plant and equipment, net ⁷⁾	(542)	(550)	(550)	(413)	(495)	-
Free cash flow ^{2) 7)}	1,086	1,261	1,294	1,485	1,380	-
Total assets	31,782	28,900	27,771	21,485	21,738	952
Goodwill	16,642	15,384	15,494	12,465	12,669	419
Carrying amount of net debt ²⁾	16,128	9,468	9,468	6,806	7,244	157
Non-interest bearing debt, net ²⁾	443	249	249	-	-	-
Interest-bearing debt, net ²⁾	15,685	9,219	9,219	6,806	7,244	157
Total equity ⁶⁾	2,192	7,106	6,720	6,086	6,106	443
Financial ratios ²⁾						
Operating margin before other items, %	6.2	6.0	6.0	6.2	5.8	5.4
Interest coverage	7.0	8.7	8.6	9.2	6.8	5.6
Cash conversion, % ^{2) 7) 8)}	102	123	118	157	173	-
Equity ratio, % ⁶⁾	6.9	24.6	24.2	28.3	28.1	46.5
Net debt to book equity ratio, % ⁶⁾	716	130	137	112	119	35
Employees on full-time, %	61	57	57	55	53	91
Number of employees	310,800	273,500	273,500	245,000	248,500	43,900
Growth						
Organic growth, % ⁹⁾	3	1.5	1.5	(2)	-	-
Acquisitions, net, % ⁹⁾	11	11	11	(0)	-	-
Currency adjustments, % ⁹⁾	1	(0)	(0)	(3)	-	-
Total revenue, % ⁹⁾	15	12	12	(5)	-	-
Operating profit before other items, % ⁹⁾	18	9	9	2	-	-

Note: Except for the key figures derived from the consolidated financial statements on pages 34-93 of this report, the key figures above are not measures of financial performance under Danish GAAP or IFRS. ISS Global includes these financial measures because it believes that they are useful measures of ISS Global's financial performance. Other companies, including those in ISS Global's industry, may calculate similarly titled financial measures differently. The applied accounting principles are described in note 1, and the impact of adopting IFRS is discussed in note 35 to the consolidated financial statements.

¹⁾ With effect from January 1, 2002, ISS Overseas A/S, ISS Asia A/S, ISS Europe A/S and ISS Nordic A/S were merged with ISS Overseas A/S (renamed to ISS Global A/S) as the continuing company. Comparative figures for 2001 only represent ISS Overseas A/S and have not been restated.

²⁾ See page 113 for definitions.

³⁾ Adjusted EBITDA, as calculated by ISS Global, represents, under Danish GAAP, Operating profit before other income and expenses and associates plus Depreciation and amortization or, under IFRS, Operating profit before other items plus Depreciation and amortization. By using operating profit before other income and expenses and associates under Danish GAAP, or Operating profit before other items under IFRS, as a starting point for the calculation of adjusted EBITDA instead of Operating profit, ISS Global excludes from the calculation of adjusted EBITDA integration costs relating to acquisitions and those items recorded under Other income and expenses, net, in which ISS Global includes income and expenses that it believes do not form part of ISS Global's normal ordinary operations, such as gains and losses arising from divestments, the winding up of operations, disposals of property, restructuring and certain acquisition related costs. Some of the items that ISS Global records under the line item Other income and expenses, net, are recurring and some are non-recurring in nature.

⁴⁾ The difference in operating profit in 2004 under Danish GAAP and IFRS primarily relates to inclusion of integration costs under IFRS. The difference in net profit under Danish GAAP and IFRS primarily relates to reversal of goodwill amortization, net of goodwill impairment and writedown, amortization of customer contract portfolios and related customer relationships and inclusion of integration costs.

⁵⁾ Before Share of profit from associates. Comparative figures have been restated accordingly.

⁶⁾ Including minority interests.

⁷⁾ Information not available for 2001.

⁸⁾ In 2005, cash conversion was adjusted for the gain of DKK 237 million on the sale of ISS Health Care.

⁹⁾ Information not available for 2001 and 2002.

Company Report

ISS Global A/S is a wholly owned subsidiary of ISS A/S (referred to as "ISS"), an international provider of facility services. ISS Global A/S (referred to as "ISS Global") owns – directly or indirectly – the ISS Group's operating companies.

FOCUS OF THE YEAR

ISS's agenda for 2005 was to maintain performance in line with its key operational targets, to further strengthen focus on the strategic transformation towards integrated facility services, and to launch a successor to the create2005 strategy plan.

ISS and ISS Global met or exceeded their three key operational targets for 2005: to maintain a cash conversion of at least 90%; to maintain an operating margin before other items at the 2004 level and to increase organic growth.

ISS Global's cash conversion was 102% in 2005. The cash conversion was positively impacted by a net cash inflow of DKK 193 million from a net gain related to a settlement of interest rate swaps, related tax payments and tax payments regarding prior years. Operating profit before other items increased 18% and the operating margin before other items was 6.2% in 2005 compared to 6.0% in 2004. The initiatives to improve organic growth continued and the sales organizations were strengthened in 2005. Organic growth increased to slightly above 3% from 1.5% in 2004.

Operating profit increased 27% impacted by a gain on the divestment of ISS Health Care.

During the year ISS Global passed another important mile-stone as the workforce, which is the foundation for the Group's value creation, increased to more than 310,000 employees in Europe, Asia, Latin America and Australasia.

STRATEGIC TRANSFORMATION

In April 2005, a new strategy plan, Route 101, was presented by ISS as the successor to create2005.

The essential point in create2005, the strategy plan launched in 2000, was the development of ISS to become a Facility Services Company.

Route 101 is an extension of create2005 in the sense that no change of direction is planned. Route 101 focuses on implementation and action. Route 101 is a destination plan in contrast to the two "term of years" strategy plans, which ISS has announced since 1997. This means that the destination in Route 101 is fixed, but the number of years it will take to reach the destination is variable, depending on business conditions and other circumstances.

The destination described in the new plan is a facility services company with revenue of DKK 101 billion. The route is described in terms of service offerings, organization, geography etc. Hence the name Route 101. By focusing on a destination rather than a fixed span of years, ISS focuses on mapping the initiatives, which are necessary to reach the destination. The plan therefore centers on calibrating the kind of services, organization, systems etc. needed to reach the destination.

On reaching the destination set out in Route 101, ISS should be an integrated facility services provider with a wider geographical footprint than today. The 101-company should fulfill the vision: *Lead Facility Services Globally*.

Route 101 has been well received in the organization and ISS has made strategic progress in 2005. The trend towards integrated facility services solutions continued in the market place and ISS meets increasing interest from customers exploring opportunities from integrating facility services. This was confirmed by the signing of a number of new integrated facility services contracts.

ISS continues to expand the platform for delivering integrated facility services. A key element in Route 101 is to build competencies for managing and delivering cleaning, property, catering and office support services on each of the markets where ISS operates. In 2005, additional competencies were added to the service range through acquisitions in several countries. Please also see the strategy section presented on page 12 of this report.

Cleaning In most markets, ISS has entered the market by establishing a platform of cleaning services and subsequently bolting-on new competencies to the service offering. This strategy was repeated when China, Estonia, India, New Zealand, Russia, and Turkey were added to the ISS map through acquisitions in 2005. Based on the platform established in Estonia, ISS started up greenfield operations in Latvia and Lithuania in the beginning of 2006. In other geographies, ISS added density to its cleaning platform through bolt-on acquisitions. The organic rollout of the ISS washroom concept progressed and delivery of this service commenced in Ireland, Greece and Switzerland in 2005. So far, the washroom

concept has been introduced in 13 countries. Rollout of the dust control concept (rental of mats) follows a plan similar to that of the washroom concept. The concept was developed in a pilot country in 2004 and was introduced in Hong Kong, Indonesia, Singapore and Thailand in 2005.

Property Services In 2005, ISS expanded its offering of property services to new countries and increased density in other markets, where the services were already established. The position in landscaping was further consolidated through acquisitions in several European countries and Australia. The offering of building maintenance and technical services was strengthened, most notably in Switzerland, where four acquisitions were added to ISS's platform. The platform for delivering pest control services was enhanced in France and Spain, and established as a new ISS service in Brazil, Portugal, Thailand and the United Kingdom.

Catering ISS established or expanded its catering services in several countries in 2005. Since 2003, ISS has held a minority stake in Grødegaard, a Norwegian caterer with annual revenue of approximately DKK 242 million. In July 2005, ISS increased its stake in Grødegaard to 100% and thereby expanded its platform for delivering catering services on the Norwegian market.

Office Support The offering of office support services was strengthened through the start-up of greenfield operations and through bolt-on acquisitions. Acquisitions in Norway added competencies to the service offering within temporary staffing and at the end of 2005, a document management provider was acquired. In the beginning of 2006 ISS acquired security companies, which established a platform for delivering access control in the Netherlands, Thailand and the United Kingdom.

Facility Services Management Management of facility services is a cornerstone in ISS's integrated facility services offering. An important step towards integrated facility services was taken in Asia with the acquisition of EastPoint, giving ISS Hong Kong additional competencies within facility management. In the beginning of 2006, facility management was also added in Central Eastern Europe through the acquisition of a provider of these services to customers in the Czech Republic, Hungary and Slovakia.

STREAMLINING THE BUSINESS

In line with its strategy of further focusing the business, ISS decided to exit the Swedish health care business, downscale the damage control business and discontinue the German hospital cleaning services business.

In the beginning of 2005, ISS's food hygiene and damage control activities were merged with the

facility services country organizations to reduce and provide more flexibility to the costs base. Accordingly, these activities are no longer reported separately.

Health Care In 2005, ISS decided to divest its Health Care operations in Sweden after completing a turnaround of the business in 2004 and aligning the operational setup to the current market situation with a changed demand side. The divestment was completed in two steps. Effective February 1, 2005, ISS acquired the remaining 51% stake in CarePartner, an elderly care business, and subsequently sold all its interests and 100% of its Swedish health care business, which provided diagnostic and certain other medical services, to a newly formed joint venture entity, now named Aleris Holding AB ("Aleris") owned by EQT III Limited, ISS and Aleris's management. Results from ISS's 45% interest in the joint venture were consolidated on a pro rata basis in ISS's financial statements from February 2005 until the end of June 2005, when ISS sold this 45% interest to EQT III Limited. The total net gain of the two transactions amounted to approximately DKK 237 million and was recognized in Other income and expenses.

Discontinuation of German hospital cleaning services business ISS decided to discontinue its German hospital cleaning services business due to the competitive disadvantage caused by prevailing discriminating VAT regulations, which do not allow public sector hospitals to deduct VAT, thereby motivating in-sourcing of service contracts. The business is discontinued through a phase-out of remaining customer contracts and a controlled reduction of the labor force. All sales and business development activities ended immediately and existing customer contracts are phased-out over 24 months. As a result of the decision, revenue in the hospital services segment decreased by approximately DKK 150 million in 2005. The remaining part of the phase-out will be carried out during 2006.

In line with the announcement made in February 2005, the organic growth calculation for ISS Germany and the Group only includes the continuing operations. The phased-out revenue in the German hospital services business, which in 2004 represented approximately DKK 400 million annually, has been shown as a separate line in the revenue gap specification presented on page 27 of this report.

Termination costs, primarily redundancy payments, of DKK 35 million were recognized

in the income statement for 2005 in Other income and expenses.

Downscaling of ISS Damage Control activities In recent years, a declining market and structural changes in the damage control industry has diminished profits in ISS Damage Control. In response to these changes ISS decided to downscale its activities, thus reducing exposure to market volatility by reducing the fixed cost base. Furthermore, it was decided to merge the damage control activities into the facility services country organizations in order to reduce and provide more flexibility to the cost base. Costs associated with the restructuring of the damage control business and divestments of damage control activities in Israel and Sweden amounted to DKK 35 million, which were recognized in Other income and expenses.

CHANGE OF OWNERSHIP

On March 29, 2005, FS Funding A/S ("FS Funding") made a public tender offer to acquire 100% of the shares in ISS A/S at a price of DKK 470 per share. The offer was based exclusively on public information and was not conditional on the outcome of a due diligence. The offer price was subsequently reduced to DKK 465 per share as a consequence of the dividend payment of DKK 5 per share approved by ISS's Annual General Meeting on April 13, 2005. FS Funding is indirectly owned by funds advised by EQT Partners and Goldman Sachs Capital Partners.

Neither the Board of Directors nor the management of ISS A/S nor anyone else in ISS knew or should have known about the interest from EQT Partners and Goldman Sachs Capital Partners prior to the contact made to the chairman of the Board of Directors of ISS A/S in March 2005. Prior to the public tender offer and during the tender offer period no non-public information was furnished to EQT Partners or Goldman Sachs Capital Partners and no management presentations were made. Prior to May 2005, neither the Board of Directors nor the management of ISS A/S nor anyone else in ISS had knowledge about the financing structure envisaged for the acquisition.

In accordance with its stated policy to act in the interest of ISS's shareholders in connection with any take-over attempt, the Board of Directors of ISS A/S evaluated the public tender offer and announced a statement to the shareholders, which included a description of advantages and disadvantages of accepting the public tender offer. On April 27, 2005, in the absence of competing bids, the Board of Directors of ISS A/S announced their unanimous recommendation to accept the public tender offer.

As described above, ISS launched the strategy plan, Route 101, during the tender period. The decision to launch the strategy on April 14, 2005,

was made before the announcement of the public tender offer. Neither the content nor the format of Route 101 was influenced by the pending public tender offer.

On June 10, 2005, more than 98% of the shareholders had accepted the public tender offer and, following a squeeze-out of minority shareholders and de-listing of the ISS shares from the Copenhagen Stock Exchange, the acquisition of 100% of ISS's shares (referred to as "The Acquisition") was completed on July 26, 2005.

Governance structure At the Extraordinary General Meeting held on May 27, 2005, the members of the Board of Directors of ISS Global A/S stepped down and funds advised by EQT Partners and Goldman Sachs Capital Partners nominated new members to the Board of Directors. On October 26, 2005, Leif Östling was appointed Chairman of the Board of Directors. For further information on the composition of the Board of Directors of ISS Global A/S, please see pages 25, 114 and 116-117 of this report and note 31 to the consolidated financial statements.

From July 1, 2005 – December 31, 2005, Richard Sharp held the position as Managing Director of ISS Global A/S. Effective January 1, 2006, Richard Sharp stepped down and Steen Parsholt was appointed new Managing Director of ISS Global A/S. For further information on the management of ISS Global A/S, please see pages 25, 114 and 117 of this report and note 31 to the consolidated financial statements.

Effective July 1, 2005, ISS A/S entered into a management agreement with ISS Management A/S (referred to as "ISS Management"), a subsidiary directly owned by ISS Global A/S. As part of the agreement, the employment of officers and employees of ISS A/S was transferred to ISS Management A/S.

Under the agreement ISS Management provides certain operational and administrative management services to ISS Global and ISS. As consideration for such management services ISS Management receives a fee. Responsibility for decisions regarding the overall strategy, financing and other policy matters remains with the Board of Directors and management of ISS Global A/S.

To reflect stronger focus on the management of debt financing, the Executive Management Board of ISS Management (the "EMB") was reorganized and the Chief Financial Officer position was divided in two positions. Jeff Gravenhorst was appointed Chief Financial

Officer with responsibility for operational finance, reporting, controlling and IT, and Karsten Poulsen was appointed Chief Treasury Officer with responsibility for treasury, procurement and risk management.

On February 7, 2006, ISS Management announced the appointment of Allan Aebischer, Stig Pastwa and Hans John Øiestad as Chief Operating Officers and members of the EMB of ISS Management. In addition it was announced that Flemming Schandorff has decided to retire effective as of April 1, 2007, from his position as Group Chief Operating Officer and member of the EMB, due to age.

Capital structure Following the change of ownership, the new Board of Directors decided to change the capital structure of ISS Global through dividend payments of DKK 5,740 million to ISS A/S.

Responding to the changed capital structure, Standard & Poor's decided to change their corporate credit ratings of ISS A/S and ISS Global A/S from BBB+ to B+ with stable outlook while the rating of ISS Global's Medium Term Notes was changed from BBB+ to B-.

On November 7, 2005 FS Funding announced that it had finalized the financing arrangements relating to its acquisition of ISS A/S. The senior facilities are subject to customary undertakings, covenants (including financial covenants) and other restrictions. Neither ISS Global A/S nor any of its direct or indirect subsidiaries has guaranteed or granted any security for FS Funding's borrowing used for financing the acquisition of ISS A/S.

During the period May - October 2005, a Danish and an English law firm representing certain holders of ISS Global's Medium Term Notes engaged in discussions with the Board of Directors of FS Funding, ISS and ISS Global regarding the financing of the acquisition of ISS A/S by FS Funding. In October 2005, the group of noteholders instructing the two law firms informed ISS Global that they were satisfied that the specific nature of the proposed financing would not result in any infringement of the terms of the Medium Term Notes nor would the proposed financing be otherwise unlawful. Further information is set out on pages 20-21 of this report.

As a consequence of the changed capital structure, ISS Global and its parent company ISS A/S rely on FS Funding to provide sufficient financing for continued growth as set out in Route 101. See pages 13-23 for further information on risk factors that could have an adverse impact on the financial position of FS Funding.

Group Restructuring Project In the autumn of 2005, ISS initiated a Group Restructuring Project comprising certain organizational and structural

changes to reduce ongoing costs in a number of countries. The project included physical relocations, termination of leaseholds, redundancy payments, and contract restructuring. The Board of Directors approved an expenditure of DKK 250 million, of which DKK 221 million was recognized in Other income and expenses in 2005. The remaining amount is expected to be expensed in 2006.

ACQUISITIONS

The acquisition activity in 2005 was in line with the strategy of making bolt-on acquisitions in order to strengthen the competencies, enhance the service offering or establish critical mass. The change of ownership and the de-listing from the Copenhagen Stock Exchange did not change the objective of maintaining the acquisition speed from 2004, which was reflected in 103 bolt-on acquisitions that are expected to add annual revenue of approximately DKK 4.2 billion, equivalent to approximately 9% of the 2005 revenue.

In December 2004, ISS was invited by DB Capital Partners to invest in Australian-based Tempo Services Ltd. (referred to as "Tempo") through Pacific Service Solutions Pty. Limited and to take the company private. ISS has, since April 2005, owned 49% of the shares in Tempo indirectly through Pacific Service Solutions Pty. Limited. On February 13, 2006, ISS announced the acquisition of the remaining 51% of the shares in Tempo which were previously owned by investors managed by DB Capital Partners.

ISS expects to continue to make acquisitions to facilitate its strategy of increasing local scale, broadening its local service offering and accessing new markets. Since the beginning of 2000, ISS has acquired and integrated more than 400 businesses, more than 350 of which were acquisitions of relatively small businesses with annual revenues of less than DKK 100 million. Since 1998, the two largest acquisitions have been Abilis in France and Benelux, in 1999, and the purchase in 2006 of the shares it did not already own of Tempo Services Ltd. in Australia. At the time of these acquisitions, Abilis had estimated annual revenue of approximately DKK 5.2 billion and Tempo Services Ltd. had estimated annual revenue of approximately DKK 2.9 billion, respectively. ISS expects to continue to focus primarily on smaller acquisitions, which it believes will reduce the risks relating to individual acquisitions and enable it to leverage the experience of local management teams throughout its countries of operation. ISS cannot provide any assurance, however, that it will not pursue larger acquisitions in the

future. To access new geographic markets, ISS intends to establish operating platforms in growth markets, including through acquisitions. A list of acquisitions is presented in note 10 to the consolidated financial statements.

FS Funding expects that these acquisitions will be funded with existing cash, cash from operations, borrowings under the Senior Facilities, potential equity injections and additional future borrowings, which may include borrowings in the capital markets such as tap issuances of notes.

DIVESTMENTS

In addition to the sale of the ISS Health Care operations described above, ISS divested its activities in Japan in 2005. The business in Japan was based on a 50/50 joint venture with Mitsui & Co Ltd. The business performance had not been satisfactory over a number of years, and ISS decided to sell its interest in Japan to Mitsui & Co Ltd. The gain of DKK 10 million was recognized in Other income and expenses.

Including the divestments described above, ISS divested 18 businesses in 2005, representing revenue of approximately DKK 1.2 billion on an annual basis. A list of divestments is presented in note 10 to the consolidated financial statements.

INSURANCE

ISS currently has group-wide insurance policies, including insurance against public and product liability in the amount of DKK 2 billion per occurrence and DKK 4 billion in the aggregate. ISS also maintains insurance against crime-related losses and employment-related liabilities, as well as aviation liability insurance in connection with its cleaning of airports and aircraft. ISS's local operating subsidiaries maintain additional insurance, including property, workers' compensation and automobile insurance policies.

RSA/Codan is ISS's primary public and products liability insurer. However, a portion of this coverage is provided through Global Insurance A/S, a captive insurance company established under Danish financial regulations that is wholly beneficially owned by ISS Global. This captive insurer retains liability for up to DKK 475,000 per claim and has a maximum risk exposure of DKK 38 million per year. All of ISS's local subsidiaries participate or will participate if permitted by law in the coverage provided by Global Insurance A/S.

Much of ISS's services are performed pursuant to contracts that require ISS to indemnify its customers for injury or damage occurring on the work site. The terms of such indemnity agreements vary, but generally they provide that ISS is required to indemnify the customer for losses resulting from or incurred in connection with ISS's actions and

omissions in providing services, whether or not ISS has been negligent.

It is believed that ISS's insurance coverage is consistent with industry standards. However, there can be no assurance that ISS will maintain the current level of insurance. An uninsured or partially insured claim, if successful and of sufficient magnitude, could have a material adverse effect on ISS and its financial condition.

FINANCIALS

Total revenue in ISS Global in 2005 was DKK 46.5 billion against DKK 40.4 billion in 2004, an increase of 15%. In 2005, approximately 75% of the annual revenue was derived from service contracts with terms of at least six months. The increase in revenue was due to the net effect from acquisitions and divestments of 11% and organic growth of 3%. Currency adjustments impacted growth by 1% resulting from a positive impact from Norwegian kroner and dollar-related currencies being partly offset by a depreciation of Swedish kroner and Pound Sterling against Danish kroner. The decrease in revenue resulting from the above mentioned discontinuation of the German hospital cleaning services was approximately 0.4%.

Operating profit before other items increased by 18% to DKK 2,863 million, and the operating margin before other items was 6.2% compared to 6.0% in 2004. In line with previous years, changes in social legislation, pensions and a number of non-recurring items affected ISS Global in 2005, but the overall net effect was not material.

Profit before impairment/amortization of intangibles was DKK 1,299 million, up 27% compared with 2004.

Cash flow from operating activities of DKK 1,628 million was impacted by items not included in the income statement including a cash inflow of DKK 514 million related to a gain on settlement of interest rate swaps, of which DKK 45 million was included in the income statement in 2005. The remaining gain of DKK 469 million will be included in the income statements for the financial years 2006-2014. Furthermore, tax payments of DKK 276 million, primarily related to the settlement of interest rate swaps and payments related to prior years, did not impact the income statement.

The free cash flow of DKK 1,086 million did not include the gain on the divestment of Health Care, which was included in profit

before impairment/ amortization of intangibles. Accordingly, the calculation of cash conversion was adjusted for the gain of approximately DKK 237 million.

The cash conversion ratio was 102% in 2005, positively impacted by the net cash inflow of DKK 193 million relating to cash flows described above, which did not impact the income statement in 2005.

Net interest-bearing debt increased from DKK 9,219 million to DKK 15,685 million at year-end 2005. The net interest-bearing debt excluded non-interest-bearing items, which are included in long-term debt in the balance sheet. In 2005, non-interest-bearing items amounted to DKK 443 million and were primarily related to the part of the above-mentioned gain on interest rate swaps, which will be included in the income statements for the financial years 2006-2014. The increase in net interest-bearing debt was primarily due to payment of interim dividends of DKK 5,740 million and acquisitions made during the year.

REGIONAL DEVELOPMENT

Revenue in Northern Europe (excluding Health Care), comprising the United Kingdom, Sweden, Denmark, Norway, Finland, Ireland, Iceland, Greenland, Russia, Estonia and the Faroe Islands increased from DKK 18.0 billion in 2004 to DKK 20.4 billion.

Organic growth in Northern Europe was 2%, up from 1% in 2004. A positive performance in most countries of the region was partially offset by negative organic growth in Sweden. Growth from net acquisitions was 11% with all countries in Northern Europe being active on the market for acquisitions and country establishments in Russia and Estonia. The operating margin before other items was 6.4% compared to 6.2% in 2004. The improvement stemmed from better performance in Denmark and Sweden compared with 2004. In addition, the operating margin before other items in Norway increased due to a settlement of a defined benefit plan. The increase was partially offset by a decrease in the operating margin before other items in Finland.

Continental Europe includes France, the Netherlands, Belgium and Luxembourg, Spain, Germany, Switzerland, Austria, Turkey, Portugal, Greece, Italy, the Czech Republic, Slovenia, Slovakia, Poland, Romania, Hungary and Croatia. Revenue in the region was DKK 23.2 billion, an increase of 17% compared with 2004. The organic growth rate in the region increased from 2% in 2004 to 4%, particularly driven by France, Spain and Austria. The operating margin before other items was 6.2% compared to 6.0% in 2004. Improvements in the operating margin before other items in Belgium, Germany, Spain, Austria and

Switzerland were partially offset by a decrease in France.

Overseas, consisting of Asia (excluding Japan), South America, Australia, New Zealand and Israel, reported revenue of DKK 2.5 billion in 2005, up 31% from 2004. Organic growth amounted to 8%, particularly as a result of organic growth in Hong Kong, Indonesia, Brazil and Thailand. All countries in Overseas except Israel saw positive organic growth in 2005. Currency adjustments increased revenue by approximately 4% while acquisitions, net, added approximately DKK 0.3 billion, or 16%, to revenue. The operating margin before other items was 6.6% compared to 6.4% in 2004.

The discontinued operations in ISS Health Care and ISS Japan generated revenue attributable to ISS Global of DKK 359 million and operating profit before other items of DKK 40 million in 2005.

INTERNATIONAL FINANCIAL REPORTING STANDARDS

ISS Global has prepared its consolidated financial statements for 2005 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU. The applied accounting policies are described in note 1 and the impact of adopting IFRS is discussed in note 35 to the consolidated financial statements.

EXPECTATIONS

ISS Global expects to continue its growth in 2006 as a combination of organic and acquisitive growth in accordance with its strategy plan, Route 101. The Company expects an improved result for 2006.

SUBSEQUENT EVENTS

ISS Global has made a number of acquisitions subsequent to December 31, 2005. The acquisitions are listed in note 10 to the consolidated financial statements. Most significantly, on February 13, 2006, ISS announced the acquisition of the remaining 51% of the shares in Tempo which were previously owned by investors managed by DB Capital Partners.

Apart from the above and the events described in this Annual Report, ISS Global is not aware of events subsequent to December 31, 2005, which are expected to have a material impact on ISS Global's financial position.

DIVIDEND

At the Annual General Meeting, the Board of Directors intends to propose that a dividend of DKK 800 million be paid in respect of the 2005 financial year.

Forward-looking statements

This report may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words "may", "will", "should", "expect", "anticipate", "believe", "estimate", "plan", "predict," "intend", "should" 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 Global 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 Global. Although ISS Global 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 as a result of the matters described in the Risk Factors beginning on page 13 of this report, including:

- the demand for the services offered by ISS Global, which is primarily dependent upon outsourcing trends and macroeconomic conditions, including economic growth, inflation or deflation;
- risks related to ISS Global's growth strategy, including potential contingent liabilities of acquired businesses and failure to manage growth and integrate acquired businesses successfully;
- risks related to the substantial indebtedness including fluctuations in interest rates and limitations on additional debt to finance ISS Global's acquisition strategy and access to capital to finance its operations;
- ISS Global's ability to operate profitably, in particular under fixed-price or long-term contracts;
- ISS Global's exposure to currency-related risks, particularly the value of the Danish kroner against other currencies;
- complexities related to compliance with regulatory requirements of many jurisdictions as a result of ISS Global's international operations and decentralized organizational structure;
- ISS Global's dependence on its management team and qualified personnel;
- ISS Global's potential liability for acts of its employees, including negligence, injuries, omissions and willful misconduct;
- the threat, institution or adverse determination of claims against ISS Global;
- potential environmental liabilities; and
- any adverse effect on ISS Global's operating results and cash flows from the impact of changes to laws and regulations, including health and safety and environmental laws and regulations.

As a result, you should not rely on these forward-looking statements.

ISS Global 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.

Governing text

The Annual Report has been translated from Danish into English. The Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish version shall prevail.

Strategy

In April 2005, ISS Global through ISS A/S ("ISS") adopted its current growth strategy, entitled Route 101. The strategy has no specific time horizon and is primarily focused on continuing ISS's transition to an integrated facility services company with targeted revenue of DKK 101 billion.

In implementing its strategy, ISS intends to:

- (i) continue to focus on operational efficiency to maintain or improve its competitive position;
- (ii) increase its ability to deliver integrated facility services throughout its operations; and
- (iii) continue expanding through acquisitions.

The principal elements of ISS's strategy include the following:

Continue to focus on operational efficiency

ISS will seek to maintain and enhance operational efficiency by continuing its focus on three well-established and prioritized operational objectives for its local managers: (i) cash flow; (ii) operating margin; and (iii) profitable organic growth.

• *Cash flow.* ISS's first objective is to continue to maintain a relatively high rate of cash conversion primarily by operating in a manner that optimizes working capital. Through this approach, ISS expects to continue to generate positive free operating cash flow.

• *Operating margin.* ISS's second objective is to maintain or improve its operating margin. ISS will attempt to achieve this objective in part by generating operational efficiencies through increasing its local market positions and operational densities, as well as by implementing company-wide best practices.

• *Profitable organic growth.* ISS's third objective is to continue to leverage its international market position and service offering in order to increase its local market positions and drive organic growth. To do this, ISS has introduced a wide range of initiatives, including the establishment of dedicated key account teams, to: (i) attract new customers; (ii) increase customer retention rates; and (iii) cross-sell additional services to existing customers.

Increase integrated facility services capabilities

ISS also intends to continue to broaden its service offering in order to eventually offer a full

range of facility services in each of its markets, through the introduction of additional services and by acquiring companies with additional competencies. ISS believes that integrated facility services strengthen customer relationships through ISS's on-site management. ISS believes that its integrated facility services solutions provide customers with all of the benefits of single service outsourcing and that, by exploiting synergies through on-site management of multiple services, it can provide its customers with more efficient facility services solutions at competitive prices.

Continue its structured approach to acquisitions

ISS expects to continue its structured approach to acquisitions to facilitate its strategy of increasing local scale, broadening its local service offering and accessing new markets. Since the beginning of 2000, ISS has acquired and integrated more than 400 businesses, more than 350 of which were acquisitions of relatively small businesses with annual revenues of less than DKK 100 million. Since 1998, ISS's two largest acquisitions have been Abilis in France and Benelux, in 1999, and the purchase in 2006 of the shares it did not already own of Tempo Services Ltd. in Australia. At the time of these acquisitions, Abilis had estimated annual revenue of approximately DKK 5.2 billion and Tempo Services Ltd. had estimated annual revenue of DKK 2.9 billion. ISS expects to continue to focus primarily on smaller acquisitions which it believes will reduce the risks relating to individual acquisitions and enable it to leverage the experience of local management teams throughout its countries of operation. ISS may, however, pursue larger acquisitions in the future that meet its financial and strategic criteria.

As part of its strategy, ISS is also gradually expanding geographically with a focus on both high-growth economies and new geographic markets, including the United States, where the Group is currently reviewing acquisition opportunities. In 2005, ISS established presences in Russia, India, New Zealand, Turkey and Estonia and expanded its presence in China. Further, ISS established operations in Latvia and Lithuania in the beginning of 2006.

Risk Factors

ISS Global is a fully owned subsidiary of ISS A/S ("ISS" or the "Group") and is therefore affected by the same risk factors as ISS. The following section describes the risk factors identified by ISS.

ISS strives to counter and reduce the risks, which the Group is able to impact. However, ISS wishes to emphasize that any investment in shares or bonds will be subject to risk. Such factors as developments in the financial markets, in the Group's operating performance etc. could cause an investment to be loss making. An investor could lose all or part of his or her investment. In addition to the financial market risk, ISS's risk profile reflects both the Group's day-to-day operations and its continued expansion. Other stakeholders having relations with ISS should also consider that the risks of ISS could adversely impact their interests. Some of the risk factors, which may adversely affect the Group's future growth, activities, financial position and results, are described below. This is not an exhaustive description of the risk factors to which the Group or investments in shares or bonds of ISS and its subsidiaries, including ISS Global, are subject, nor are they listed in any order of priority.

Demand for ISS's services is subject to changes in economic conditions in its markets, as well as outsourcing trends and other factors beyond ISS's control

ISS believes that the potential growth in demand for its services generally correlates with economic conditions, including growth in gross domestic product, in the countries in which it operates. Although the facility services industry is normally considered to be less sensitive to economic cycles than a number of other industries, macroeconomic cyclicality - both weak and strong economic activity - presents a challenge for ISS. Periods of recession or deflation may have an adverse impact on prices and on the demand for services, particularly if customers downsize their businesses or reduce their demand for services. If ISS is not able to reduce its costs in line with price declines, then its margins will be reduced.

In addition, in periods of rapid economic growth, ISS may encounter problems in recruiting qualified employees or generally experience increasing staff costs. Although ISS generally seeks to include inflation adjustment clauses in its contracts in order to pass on wage increases to its customers, it may not be able to effectively pass on these increases or manage its costs, in which case its margins would be reduced. As a result of these factors, fluctuations in economic conditions may have a material adverse effect on ISS's business, results of operations and financial condition.

In addition, growth in demand for facility services is also influenced by general outsourcing trends. The development of outsourced facility services is expected to be more volatile than the facility services market as a whole as outsourced facility services may be affected by political decisions, public opinion, positive and negative experiences with outsourcing, demand by public institutions and individual users, as well as media coverage of isolated events. These factors may dampen growth in outsourcing, cause contracts to be discontinued

or reduce ISS's ability to achieve satisfactory growth rates in the future.

ISS's business is subject to governmental regulation, which may constrain its operations, and its compliance costs may increase in the future

ISS's operations are subject to a variety of laws and regulations. In particular, because of ISS's large work force, laws and regulations relating to labor, employment and immigration affect ISS's operations. ISS's failure to comply with applicable regulations could result in substantial fines, claims relating to violations of social and working environment legislation or revocation of licenses. In addition, changes in such laws and regulations may constrain ISS's ability to provide services to customers or increase the costs of providing such services. For instance, under certain circumstances current EU law allows ISS, in the event that it loses a customer contract, to transfer employees working under the contract to the new provider of the services, and any restriction on ISS's ability to transfer employees under such circumstances could substantially increase ISS's employment costs and restrict its operational flexibility. Changes which result in facility services companies employing a greater proportion of workers from traditionally lower wage countries could reduce prices for facility services and negatively affect ISS's results. In addition, changes in tax legislation may cause ISS to incur higher costs or reduce ISS's competitiveness relative to in-house service providers. For example, tax regulations in certain countries may discourage the outsourcing of facility services. In some countries, tax laws are structured such that if a public sector entity outsources its facility services, it cannot deduct value added tax, or VAT.

New technology, the implementation of new work processes, services, detergents, tools and machinery may have unforeseen effects on the working conditions of ISS's employees. ISS seeks to improve working conditions, including through

the use of detergents, materials and equipment that ISS considers to be environmentally friendly, as well as through health and safety training programs and monitoring. However, there can be no assurance that ISS will not be subject to claims relating to employee working conditions, and any such claims, or increased costs necessitated by such claims or regulatory changes, could have a material adverse effect on ISS's business, results of operations and financial condition.

ISS faces strong competition The facility services market is fragmented and has relatively low barriers to entry, particularly with respect to general cleaning services. In addition, in certain markets competitors may resort to illegal or questionable labor practices in order to reduce their wage costs, including the violation of minimum wage laws or the employment of workers imported from less developed countries under conditions that ISS would deem unethical or exploitative. These practices may lead to increased price competition, which could have a material adverse impact on ISS. In addition to competition from other providers of outsourced facility services, ISS also faces competition from in-house providers.

Although ISS seeks to differentiate its services from its competitors by focusing on integrated facility services solutions tailored to individual customers in selected market segments, it may not be successful in reducing the effects of competition. Competition may intensify if single-service providers begin to offer integrated facility services. In addition, new competitors and changes in the competitive environment may increase competitive pressures or reduce market prices for facility services, which could decrease ISS's revenue or margins. A significant loss of customers or sustained reduction in revenue or margins could have a material adverse effect on ISS's business, results of operations and financial condition.

ISS could be harmed if a significant number of customers terminate their service contracts prior to the end of the contractual term or select another provider following expiration of their contracts ISS performs the majority of its work for customers under contracts with a stated term and, in some cases, with termination clauses permitting the customer to cancel the contract, at the customer's discretion, following the expiration of an agreed notice period. There can be no assurance that ISS's customers will not exercise their rights to terminate their contracts prior to expiration or that ISS will be successful in negotiating new contracts with customers as such contracts expire. In addition, contract cancellations or dissatisfaction with ISS's services may damage ISS's reputation and make it more difficult for ISS to obtain similar contracts with other customers.

ISS's public sector contracts may be affected by political and administrative decisions In many countries, the public sector is an important customer segment for ISS. ISS's public sector business may be affected by political and administrative decisions concerning levels of public spending. Moreover, decisions to decrease public spending may result in the termination or downscaling of public sector contracts, which could have a material adverse effect on ISS's business, results of operations and financial condition.

ISS is subject to a number of risks associated with its facility services contracts ISS is subject to a number of risks associated with its facility services contracts, in particular its larger and longer-term contracts. The profitability of these contracts will generally depend upon ISS's ability to successfully calculate prices, control costs and manage day-to-day operations under those contracts. Higher than anticipated costs associated with these contracts or the failure to adequately manage these contracts may result in the loss of customers or reduced margins or even losses under the contracts.

In addition, ISS may enter into agreements with subcontractors for the provision of services under its customer contracts. Reliance on subcontractors reduces ISS's ability to directly control both its workforce and the quality of services provided. Accordingly, ISS is exposed to risks relating to managing subcontractors and the risk that these subcontractors may fail to meet agreed quality benchmarks under the contract or to generally comply with applicable legislative or regulatory requirements. Furthermore, subcontractors may have inadequate insurance coverage or inadequate financial resources to honor claims resulting from damages or losses inflicted on the customer by such subcontractors. Any failure of subcontractors to meet their contractual obligations could harm ISS's reputation, as well as result in customer losses and financial liabilities, any of which could have a material adverse effect on ISS's business, results of operations and financial condition.

ISS faces additional risks with respect to its performance under integrated facility services contracts. Generally, these contracts place greater demands on ISS due to their scope and complexity as compared to single-service contracts, and these demands may increase to the extent that the contract involves newly introduced facility services. Although ISS seeks to minimize the difficulties associated with its integrated facility services contracts by obtaining a clear understanding of the customer's expectations, including defined success criteria, it may not be able to eliminate these difficulties altogether. ISS's inability to successfully manage its integrated facility services contracts could limit its ability to provide integrated facility services and may have a material adverse effect on

ISS's business, results of operations and financial condition.

In the United Kingdom, ISS has entered into a number of Private Finance Initiative (PFI) contracts. Although these contracts do not comprise a material portion of ISS's business, they subject ISS to unique risks in that ISS has been required under some of the contracts to make an equity investment, together with a third party investor, in the operating company that entered into the contract. Under some of the PFI contracts, ISS has agreed that, in the event that the entity is unable to pay for services provided by ISS under the PFI contracts, then ISS will convert its receivables from the entity into a loan. A few of these contracts also have terms of up to 30 years. Under certain of these agreements, ISS is required to give indemnities, which do not in all cases exclude consequential losses, and ISS may be liable for amounts in excess of its service fees under the agreements. As of December 31, 2005, the value of ISS's equity stakes under such PFI contracts was approximately DKK 48 million, and none have been converted into bank loans.

If ISS fails to manage its growth and integrate acquired businesses successfully, its business will be adversely affected ISS's business has grown significantly in recent years, primarily through more than 400 acquisitions since the beginning of 2000. ISS intends to continue to develop and expand its business, including through additional acquisitions. These acquisitions, in addition to ISS's organic growth, may strain ISS's management and financial resources. Among the risks associated with ISS's acquisition strategy, which could materially adversely affect ISS's business, results of operations and financial condition, are the following:

- ISS may incur substantial costs, delays or other operational or financial problems in integrating acquired businesses;
- acquisitions may divert management's attention from the operation of existing businesses;
- ISS may not be able to retain key personnel or customer contracts of acquired businesses; and
- ISS may encounter unanticipated events, circumstances or legal liabilities related to the acquired businesses.

In addition, there can be no assurance that, following integration into ISS, an acquired operation will be able to maintain its customer base in line with expectations or generate expected margins or cash flows. Although ISS analyzes each target, these assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations. There can be no assurance that ISS's assessment of acquisition candidates will prove to be correct as other factors, not accounted for in the analyses,

may cause actual developments to differ significantly from ISS's expectations. Furthermore, acquisitions of companies expose ISS to the risk of unforeseen obligations with respect to employees, customers, suppliers and subcontractors of acquired businesses, to public authorities or to other parties. Such obligations may have a material adverse effect on ISS's business, results of operations or financial condition.

Adverse changes in ISS's financial position, operating results or cash flows could impact its credit ratings, loan covenants and ability to finance its business Credit rating agencies and debt investors traditionally use a range of key financial figures, such as operating margin, cash flow from operating activities, cash conversion ratio, results of operations, asset valuations (including any goodwill impairment), interest coverage and debt ratios, to evaluate ISS's financial position and performance. Macroeconomic trends, as well as changes in legislation, impairment of assets, outsourcing and leasing decisions, staffing shortages and other operational issues could cause ISS's key financial figures to fluctuate substantially. An adverse change in these figures, and any resulting change in its credit ratings, may affect ISS's ability to finance its operations, development and growth. ISS evaluates its capital structure regularly with the aim to manage the development in its key financial figures to comply with the covenants specified in its loan agreements. For this purpose, ISS has established a set of financial management tools that support the evaluation of its future capital expenditure requirements. However, if ISS is unsuccessful in maintaining its key financial figures at a satisfactory level, any resulting adverse change in its credit ratings or failure to comply with loan covenants could have a material adverse effect on ISS's business, liquidity, results of operations or financial condition. ISS may also be precluded from borrowing under ISS's lines of credit in those circumstances.

Fluctuations in foreign currency exchange rates and interest rates may affect ISS's results of operations Although ISS has operations in 45 countries, currency rate fluctuations generally do not have an immediate impact on its business because the revenue and costs of ISS's subsidiaries are usually denominated in the same currency. However, fluctuations in exchange rates may affect ISS to the extent that its interest payments with respect to borrowings are not denominated in the same currencies as ISS's revenue. In addition, currency movements may materially affect the economic environment in which ISS's subsidiaries operate, which could have a material adverse effect on ISS's business, results of operations and financial condition. Further, currency fluctuations may have a significant affect on dividends, which are paid to ISS in local currency by ISS's subsidiaries. Currency

fluctuations may also have a significant impact on the year-on-year growth of revenue, earnings and cash flow when measured in ISS's reporting currency, Danish kroner. Currency fluctuations may cause actual growth rates to fall short of management's forecasts and expectations.

ISS may also be affected by changes in interest rates. Increases in interest rates increase ISS's interest expenses relating to variable rate indebtedness and increase the costs of refinancing existing indebtedness and of issuing new debt. In addition, increases in interest rates increase the cost of acquisitions, thereby limiting ISS's ability to grow through acquisitions on a cost effective basis, as well as limiting ISS's ability to implement its growth strategy. Accordingly, higher interest could adversely affect cash flow and ISS's ability to service its debt. Although ISS monitors and assesses trends in interest rates on an ongoing basis, there can be no assurance that ISS will be successful in responding to interest rate variations.

ISS's international operations and decentralized organizational structure may subject ISS to additional risks ISS currently operates in 45 countries, and more than 90% of its total revenue is generated outside Denmark. Because of the international scope of its activities, ISS is subject to a number of risks and challenges, many of which are beyond its control. These include the management of a decentralized international business and the complexities of complying with the legislative and regulatory requirements, including tax rules and social security legislation, of many different jurisdictions. For example, where local tax rules are complex or their applicability is uncertain, compliance with such rules may lead to unforeseen tax consequences. In addition, structuring decisions and local legal compliance may be more difficult due to conflicting laws and regulations, including those relating to, among other things:

- employment, social security and collective bargaining;
- immigration;
- health and safety;
- competition; and
- environmental protection.

ISS is subject to economic risks and uncertainties in the countries in which it operates. Over the past few years, certain of the countries in which ISS operates have experienced economic growth and improved economic stability in certain sectors. However, there can be no assurance that economic growth will continue in the future. Any slowdown in the development of these economies, any deterioration or disruption of the economic environment in the countries in which ISS operates or any reduction in government or private sector spending may have a material adverse effect on ISS's business, financial condition, and results of

operations. Furthermore, certain incidents could lead to international tension causing boycotts or otherwise restrict ISS's ability to perform its services. This may have a material adverse effect on ISS's, financial condition and results of operations.

ISS is also subject to political and social uncertainties, particularly in some of the developing countries in which it operates, which have been undergoing substantial political transformations. There can be no assurance that the political reforms necessary to complete such transformations will continue. The political systems in these countries may be vulnerable to the populations' dissatisfaction with reforms, social and ethnic unrest and changes in government policies. Any disruption or volatility in the political or social environment in these countries may have a material adverse effect on ISS's business, financial condition, and results of operations.

ISS delegates considerable operational responsibility to its subsidiaries. Although ISS has adopted group-wide control procedures and reporting and codes of conduct policies and makes regular visits to its individual country operations, there can be no assurance that ISS will not experience incidents of accounting irregularities, unintended accounting misstatements or breaches of local legislation, any of which could, individually or collectively, have a material adverse effect on ISS's business, results of operations and financial condition.

ISS depends on its local management teams and employees, and ISS's inability to attract and retain qualified local managers or a sufficient number of qualified employees could harm its business and prevent ISS from implementing its strategy ISS has a decentralized organizational structure in which local managers retain substantial autonomy regarding the management of ISS's operations in their markets. As a result, ISS depends to a large extent upon these local managers, and its inability to attract and retain an adequate number of qualified local managers could have a material adverse effect on ISS's business and its ability to meet its objectives. The ability to retain key management personnel in acquired businesses is also important in order to ensure their effective integration into ISS and thus minimize the costs of integration. The resignation of key local managers may have a material adverse effect on ISS's business, results of operations and financial condition.

Employee costs make up ISS's largest single expense, representing approximately 66% of 2005 revenue, and its competitive strength partly depends upon its ability to attract, train and retain employees. The facility services and related industries are, in general, characterized by a

relatively high staff turnover. To the extent that ISS is unable to offer satisfactory pay and working conditions, ISS could experience a labor shortage. A labor shortage may also arise due to low unemployment and increased competition for workers, requiring the use of temporary staff, which would likely increase ISS's staff costs. ISS's inability to attract and retain the required number of qualified employees could have a material adverse effect on its business, results of operations and financial condition.

In addition, many sectors of the facility services industry involve unionized employees. As these union contracts expire, ISS may be required to renegotiate them in an environment of increasing wage rates. There can be no assurance that ISS will be able to renegotiate union contracts on terms favorable to it or without experiencing a work stoppage.

Because ISS's officer and directors have only recently been appointed to their positions and possess limited facility services industry management experience, ISS relies on the senior managers of ISS Management to supervise the Group's day-to-day operations

The officer and directors of ISS have been recently appointed to their positions. Moreover, the officer and the directors do not have significant management experience in the facility services industry or with respect to ISS's operations. As a result, ISS relies on the experience and industry knowledge of the senior managers who were employed by ISS prior to the acquisition of ISS (the "Acquisition") by FS Funding A/S ("FS Funding"). Following the Acquisition, these senior managers became employees of ISS Management A/S ("ISS Management"), a wholly owned subsidiary of ISS Global A/S ("ISS Global), and ISS Management entered into a management services agreement with ISS pursuant to which ISS Management assumed responsibility for the operational management of ISS Global's subsidiaries and for certain administrative services on behalf of FS Equity A/S, FS Funding, ISS and ISS Global. Pursuant to these arrangements, ISS depends on ISS Management to supervise the Group's day-to-day operations pursuant to the terms of the management services agreement.

The management services agreement may be terminated by ISS Management upon 12 months' notice, and the senior managers of ISS Management may terminate their existing employment contracts following expiration of a notice period between 6 and 12 months. As a result, ISS cannot assure that it will be successful in retaining the services of ISS Management and its current management team. The loss of such services could have a material adverse effect on ISS's business, results of operations and financial condition.

Consolidation in the facility services industry may adversely affect ISS's business

ISS believes that the facility services industry will undergo consolidation during the next several years. ISS expects that, in response to such consolidation, it will consider from time to time additional strategies to enhance its business. These may include pursuing strategic alliances or joint ventures or purchase, sale or merger transactions with other companies. In considering any of these strategies, ISS will evaluate, among other things, the potential to leverage existing operations and assets, to the extent permitted under its financial instruments and credit agreements, as well as tax and accounting effects of the proposed transactions. In addition, such strategies could have various other significant consequences, including changes in ISS's management, control or operational or acquisition strategies. There can be no assurance that any one of these strategies will be undertaken or that, if undertaken, any such strategy will be implemented successfully.

ISS also expects to face significant competition in the acquisition of facility services businesses from companies that currently pursue, or in the future would pursue, acquisitions as part of their strategies, and competition for acquisitions may increase as the facility services industry undergoes continuing consolidation. Such competition could lead to higher prices for target companies limiting ISS's ability to grow through acquisitions on a cost effective basis and limit ISS's ability to implement its growth strategy.

ISS may incur liabilities for the actions of its employees

As with other facility services providers, ISS's employees deliver services within buildings and at locations owned or operated by its customers. As a result, ISS may be subject to claims in connection with damage to property, business interruptions, unauthorized use of the customer's property or willful misconduct or other tortious acts by ISS employees or people who have gained unauthorized access to premises through ISS. Such claims may be substantial and may result in adverse publicity for ISS. Accordingly, these claims could have a material adverse effect on ISS's business, results of operations and financial condition.

ISS may incur liabilities in connection with its pension plans

In certain countries, ISS has pension plans under which ISS has an obligation to provide agreed benefits to current and former employees. ISS's liabilities under defined benefit plans may be significantly affected by changes in the discount rate, the expected return on plan assets, the social security rate, the rate of increase in salaries and pension contributions, changes in demographic variables or other events and circumstances.

There can be no assurance that ISS will not incur additional liabilities relating to its pension plans and these additional liabilities could have a material adverse effect on ISS's business, results of operations and financial condition.

Changes to local legislation and regulation relating to defined benefit plan funding requirements may result in significant deviations in the timing and size of the expected cash contributions under such plans.

ISS may incur liabilities that are not covered by insurance ISS carries insurance of various types, including workers' compensation, employment practices, pension-related and general liability coverage. While ISS seeks to maintain appropriate levels of insurance, not all claims are insurable and there can be no assurance that ISS will not experience major incidents of a nature that are not covered by insurance. Furthermore, the occurrence of several events resulting in substantial claims for damages within a calendar year may have a material adverse effect on ISS. In addition, ISS's insurance costs may increase over time in response to any negative development in ISS's claims history or due to material price increases in the insurance market in general. There can be no assurance that ISS will be able to maintain its current insurance coverage.

ISS could be subject to potential environmental liabilities The environmental requirements applicable to industrial facilities, including landfill and waste management sites, and to the facility services industry, including those mandated by law, by customers and by unions, are becoming increasingly stringent. ISS anticipates that an increasing number of countries will introduce environmental taxes on the use of chemicals, including the cleaning materials that ISS uses. To the extent that ISS is unable to pass the costs of compliance with stricter environmental requirements and taxes on to its customers, its margins may decline, which could have a material adverse effect on ISS's business, results of operations and financial condition. In addition, ISS may be subject to claims resulting from ISS's handling and transportation of hazardous substances at its customers' properties.

ISS presently owns or operates a number of properties at which industrial activities or activities involving the daily handling of hazardous materials take place, including laundry facilities in Denmark and Norway and the waste management facilities in France described below. In the past, ISS owned or operated additional laundry facilities and facilities at which cleaning equipment and materials and security equipment were produced, each of which involved the daily use and handling of hazardous materials. The possible presence of pollution on properties currently or formerly owned, rented or

operated by ISS may also result in claims for remediation of or other claims related to such pollution, including claims of property damage or personal injury, which could have a material adverse impact on ISS. Similarly, the value of properties owned by ISS may decrease significantly due to the existence of pollution, resulting in financial losses.

In France, ISS currently operates several waste management facilities and landfills. These sites are used for the collection, pre-treatment, separation, recycling and disposal of non-hazardous wastes, although at one of the sites there is temporary storage of liquid hazardous waste. ISS is required to apply for and maintain licenses issued by regulatory authorities in connection with the operation of these waste management and landfill sites. These licenses impose numerous obligations and prohibitions on ISS's operations, including on the types of waste that can be accepted, the stability of deposits, water ingress, leachate management, the use of liners and the investigation and clean-up of environmental impacts to soil and groundwater.

An independent environmental assessment carried out in August 2005 concluded that the waste management and landfill operations of ISS reviewed were in all material respects in compliance with applicable environmental regulations. Regulatory authorities can impose fines or penalties and remediation works in response to any such non-compliance. In addition, under certain circumstances they can modify or revoke ISS's operating licenses, which could force ISS to undertake a managed and controlled closure of these sites and to pay the resulting closure, aftercare and restoration costs. In the past ISS's facilities have not been in full compliance with all such regulations, although ISS has not been subject to material environmental sanctions.

Pursuant to applicable regulations, ISS is required to pay closure, aftercare and restoration costs in connection with its landfill and other waste management facilities in France and to accrue these costs over the operating life of the facilities. In addition, ISS may be held liable for any impact arising from the existence of a landfill for several years after the site has been closed. ISS's site in Diemoz, France is slated for closure in 2006, although ISS is currently seeking an extension of the operating permit to allow this site to operate until 2009. ISS contemplates the closure of another site in 2012. In addition, ISS is planning to phase out its activities at its current site in Bourges, France and move its activities to a new site within the next 18 months when construction of the new site is completed. The Bourges site has undergone restoration and ISS is monitoring portions of the site which were polluted.

ISS has established provisions in the amount of approximately DKK 61 million as of December 31, 2005, relating to its anticipated environmental liabilities and waste management contract obligations. In addition, ISS currently performance bonds in the aggregate amount of approximately DKK 27 million as of December 31, 2005, to secure its obligations under local environmental regulations with respect to such facilities. However, ISS's closure, aftercare and restoration costs, unanticipated costs associated with waste management contracts or costs associated with unforeseen environmental problems of a site after its operating life, may exceed ISS's provisions or the amounts available from performance bonds ISS has established to pay for such costs.

ISS may incur substantial liabilities for any failure to meet applicable cleanliness or safety standards, and adverse publicity relating to any actual or alleged failure to meet such standards could damage ISS's reputation ISS's business is associated with public health and safety, particularly its cleaning of food preparation facilities, hospitals and abattoirs, as well as its cleaning of aircrafts. As a result, ISS may be subject to substantial liabilities if its failure to meet applicable cleanliness or safety standards results in harm to individuals or entities, including, for example, through contamination of food products produced at the facilities that ISS cleans or the outbreak of illness within the hospitals that it services. In addition, ISS could be held responsible for any breaches of airport security by its employees. Although ISS maintains insurance against product and service liability, there can be no assurance that ISS will not incur losses beyond the limits of, or outside the coverage of, ISS's insurance policies. In addition, ISS's reputation could be harmed by any actual or alleged failure to meet appropriate cleanliness or safety standards. Any publicity relating to incidents of this kind could have a material adverse effect on ISS's reputation and, therefore, its business, results of operations and financial condition.

ISS's operations and future growth may be affected by competition regulations ISS is subject to competition laws and regulations at the national and supranational level. Where ISS has a leading market position, these laws and regulations may reduce its operational flexibility and limit ISS's ability to make additional acquisitions and implement its strategy.

Although ISS has issued internal guidelines concerning compliance with competition laws and regulations, individual local managers may act against ISS's instructions and either inadvertently or deliberately violate applicable competition laws and regulations by engaging in prohibited activities such as price fixing or the allocation of markets or customers with competitors. Such actions may

harm ISS's reputation and, if ISS is held responsible, the resulting fines and other sanctions could be substantial. Therefore, the occurrence of any such incidents may have a material adverse effect on ISS's business, results of operations and financial condition.

ISS's computer systems may fail or be interrupted, which could potentially harm its business ISS relies on numerous computer systems that allow it to track and bill its services, communicate with customers, manage its employees and gather information upon which management makes decisions regarding its business. The administration of ISS's business is increasingly dependent on the use of these systems. As a result, system failures or disruptions resulting from computer viruses, hackers or other causes could have a material adverse effect on ISS. In addition, pursuant to contracts with Computer Sciences Corporation and other vendors, ISS outsources the operation and maintenance of certain of its information technology systems to seek to ensure effective management of its information technology resources, as well as to improve the cost efficiency of ISS's information technology infrastructure, systems and applications. ISS relies on the ability of its outsourcing partners to deliver agreed services. Their failure to perform satisfactorily could have an adverse impact on ISS's business, results of operations and financial condition.

ISS's plans include increased development and use of computer systems in all countries in which it operates. These plans may be affected by incompatibility of ISS's computer systems and software applications and the reliability of such systems and applications. Currently, ISS does not integrate the computer systems of all acquired businesses with its own computer systems. Non-compatibility between ISS's computer systems and software applications may require additional investment, and additional investment may also be required if system reliability is unsatisfactory. The levels of required investment in and the expenses related to information technology will also depend upon technological advancements and opportunities, market demands, competitive actions and other factors. To protect its competitiveness, ISS may have to allocate further resources to the development of information technology infrastructure and related business processes, which could have a material adverse effect on its business, results of operations and financial condition.

ISS may incur liabilities in connection with past divestments in excess of its provisions ISS has made provisions in its accounts for claims from purchasers or other parties in connection with divestments. However, there can be no assurance that ISS will not incur liabilities in excess of these

provisions, and these excess liabilities, if significant, could have a material adverse effect on ISS's business, results of operations and financial condition.

ISS is subject to external events which are beyond its control The impact of natural

disasters, fires, diseases, epidemics, outbreaks of hostilities or war, acts of terror or other external events is difficult to quantify. Thus, there can be no assurance that such factors will not have a material adverse effect on ISS's business, results of operations or financial condition.

Following the Acquisition, ISS depends on its parent, FS Funding, to provide sufficient financing for the Group's continued growth as set out in Route 101. Consequently, risks factors that could influence the financial standing of FS Funding could have a material negative effect on ISS's business and growth prospects. References to senior facilities ("Senior Facilities") and the senior facilities agreement ("Senior Facilities Agreement") of FS Funding refers to FS Funding's senior credit facilities.

ISS may be subject to legal action by the holders of its Medium Term Notes On May 27, 2005, the board of directors of FS Funding, ISS and ISS Global received a letter from a Danish law firm representing certain holders of ISS Global's Medium Term Notes. The letter stated that these holders had incurred losses as a result of declines in the trading price of the Medium Term Notes following FS Funding's announcement of its voluntary tender offer for the shares of ISS and the downgrading of the credit rating of ISS Global following FS Funding's announcement of its intention to increase the debt leverage of ISS Global in the future. It also stated that such holders would scrutinize whether any action taken or contemplated in connection with the financing of the Acquisitions, including the implementation of ISS's financing structure, was in violation of the Danish Companies Act. The letter also noted that if, at the time the Medium Term Notes were offered and sold in 2004, either ISS Global, any of its directors or any member of its management team knew or should have known of EQT's and Goldman Sachs Capital Partners's intention to acquire ISS and the resulting changes to ISS Global's capital structure, there could be "serious questions of liability".

On July 28, 2005, ISS Global received a letter from an English law firm representing certain holders of Medium Term Notes requesting information concerning the structuring of the financing of the Acquisition and the offering of the notes and again raising the possibility of legal action. Specifically, the letter contemplated legal action in England to seek a declaration that the implementation of ISS's financing structure would result in a breach of the negative pledge covenant of the Medium Term Notes, which restricts ISS Global issuing certain indebtedness represented or evidenced by securities ("Relevant Indebtedness") which is secured over assets of ISS Global or its subsidiaries.

ISS's English and Danish lawyers engaged in correspondence and provided relevant extracts of

finance documentation to these law firms, and to the group of noteholders who were instructing them, and who were prepared to agree to confidentiality undertakings (but did not necessarily constitute all the noteholders who had originally instructed or had otherwise been in contact with the two law firms) (the "Instructing Noteholders"), in order to demonstrate why ISS Global believed that these assertions were incorrect. In addition, ISS confirmed to these law firms and the Instructing Noteholders that neither ISS nor any of its subsidiaries or any of the directors or managers of any such entities had any knowledge of the proposed voluntary tender offer until March 2005, when the initial contacts relating to the voluntary tender offer were made to the Board of Directors of ISS, subsequent to the offer and sale of the Medium Term Notes. Furthermore, neither ISS nor any of its subsidiaries or any of the directors or managers of any such entities had any knowledge of the financing structure prior to May 2005.

Following the review of these documents and the information provided to them, discussions with the English legal advisors to ISS Global and subsequent changes to the documents, the Instructing Noteholders advised ISS Global in October 2005 that they were satisfied that the financing arrangements under the Senior Facilities Agreement will not result in any infringement of the terms of the Medium Term Notes nor will these arrangements otherwise be unlawful. This conclusion is consistent with the Danish and English legal advice obtained by FS Funding.

Notwithstanding the foregoing, ISS cannot assure that holders of the Medium Term Notes will not seek to institute an action or proceeding against ISS or any of its subsidiaries challenging the financing of the Acquisition, or that if instituted, any such

action or proceeding would not be decided adversely to one or more of ISS or its subsidiaries. If such a suit is successful, a default judgment may be issued with respect to the Medium Term Notes which could lead to an acceleration of debt under other debt instruments containing cross-acceleration or cross-default provisions.

ISS's business may be adversely affected as a result of its substantial indebtedness ISS and its subsidiaries have and will continue to have a substantial amount of outstanding indebtedness and obligations with respect to the servicing of such indebtedness.

The substantial indebtedness could have important consequences, including:

- ISS to dedicate a substantial portion of cash flow to make payments on indebtedness, thereby reducing the availability of cash flow to fund working capital, capital expenditures, new acquisitions and other general corporate purposes;
- increasing the vulnerability of ISS to general adverse economic and industry conditions;
- limiting the flexibility of ISS in planning for, or reacting to, changes in its business and in the facility services industry;
- limiting the ability of ISS to make acquisitions or take other corporate actions;
- placing ISS at a competitive disadvantage compared to competitors who have less indebtedness in relation to cash flow; and
- limiting the ability of ISS and the ability of ISS's subsidiaries to borrow additional funds and increasing the cost of any such borrowings, particularly because of the financial and other restrictive covenants contained in the Senior Facilities, the Medium Term Notes, as well as the security required to be granted in support of the Senior Facilities.

In addition, to the extent that ISS's debt obligations are based on fixed interest rates, its ability to service these debt obligations could be adversely affected by deflationary periods in which prices for its services may decline, resulting in reduced cash inflows.

Changes to the consolidated financial statements of FS Funding and ISS resulting from the Acquisition may negatively affect public perception of the Group's financial condition The consolidated financial statements of ISS and FS Funding are generally available to the public. Existing and potential creditors, customers, suppliers and others may review these financial statements in order to assess the Group's financial condition. The Acquisition has resulted in significant changes to the consolidated financial statements of ISS, which have caused these statements to deviate substantially from its historical consolidated financial statements. For instance, in connection

with the Acquisition, ISS has significantly increased its indebtedness. In addition to the significant indebtedness, the Acquisition has also resulted in a number of accounting adjustments to FS Funding's financial statements, including purchase price accounting adjustments. These adjustments significantly increased consolidated non-cash expenses, resulting in FS Funding incurring a consolidated net loss for the period from March 11, 2005 to December 31, 2005, and FS Funding expects to continue to generate net accounting losses in the foreseeable future due to these non-cash expenses. Because of such accounting losses and the risk of goodwill impairment and other non-cash charges as well as charges recognized directly in equity, such as actuarial losses, foreign exchange rate adjustments and losses on hedges, there is a risk that FS Funding's equity will become negative. There can be no assurance that the effect of the Acquisition on these financial statements will not adversely affect the perception of ISS among third parties, including existing and potential creditors, customers and suppliers, or that the effect of the Acquisition will not adversely affect the willingness of such persons to enter into new contracts with, or to continue to transact business with, ISS. Any such damage to ISS's reputation could have a material adverse effect on its business, results of operations and financial condition. In addition, the changes to the financial statements may make it more difficult for FS Funding and ISS to obtain financing on advantageous terms and creditors may be more likely to require guarantees or security in connection with the extension of credit.

FS Funding is a holding company and is completely dependent on cash flow from its operating subsidiaries to service its indebtedness FS Funding is a holding company, and its primary assets consist of shares in ISS and cash in its bank accounts. FS Funding has no revenue generating operations of its own, and therefore FS Funding's cash flow and ability to service its indebtedness, will depend primarily on the operating performance and financial condition of ISS and its operating subsidiaries, and the receipt by FS Funding of funds from ISS and its subsidiaries in the form of dividends or otherwise. The operating performance and financial condition of ISS and its operating subsidiaries and the ability of ISS and its subsidiaries to provide funds to FS Funding by way of dividends or otherwise will in turn depend, to some extent, on general economic, financial, competitive, market and other factors, many of which are beyond FS Funding's control.

The Senior Facilities contain covenants that restrict FS Funding and its subsidiaries from making distributions or other payments to creditors unless certain financial tests and other criteria are satisfied. The terms of other agreements to which FS Funding and its subsidiaries may be or become subject may also restrict the ability of its subsidiaries to provide funds to FS Funding. In addition, FS Funding and its subsidiaries may incur other debt in the future that may contain financial or other covenants more restrictive than those contained in the Senior Facilities or the Medium Term Notes.

Applicable laws and regulations including local accounting regulations may also limit the amounts that FS Funding's subsidiaries are permitted to pay as dividends or distributions. These restrictions include, among others, prohibitions under Danish and other local laws against the payment of dividends unless these payments are made out of reserves available for distribution. Goodwill impairment and other non-cash charges in ISS's consolidated income statement, as well as charges recognized directly in equity, such as actuarial losses, foreign exchange rate adjustments and losses on hedges, if incurred, could potentially reduce ISS's reserves available for distribution and thus reduce or prevent dividend payments to FS Funding.

FS Funding believes that ISS's expected cash flows, together with available borrowings, will be sufficient to provide FS Funding with the ability to service its indebtedness. There can be no assurance that future borrowings will be available to FS Funding or ISS in an amount sufficient to enable FS Funding to pay its debt when due or to fund other liquidity needs. If ISS's future cash flows from operations and other capital resources are insufficient for FS Funding to pay its obligations as they mature or to fund liquidity needs of FS Funding and its subsidiaries, FS Funding and its subsidiaries may, among other things be forced to:

- reduce or delay business activities and capital expenditures;
- sell assets;
- obtain additional debt or equity capital;
- restructure or refinance all or a portion of their debt on or before maturity; or
- forego opportunities such as acquisitions of other businesses.

There can be no assurance that any of these alternatives can be accomplished on a timely basis or on satisfactory terms, if at all. In addition, the terms of FS Funding's and its subsidiaries' existing and future debt, including the Medium Term Notes and the Senior Facilities, may limit their ability to pursue any of these alternatives.

Restrictions in ISS's debt instruments may limit FS Funding's ability to operate its business The Senior Facilities and the Medium Term Notes each contain covenants that limit the discretion of management with respect to certain business matters. For example, these covenants will significantly restrict the ability of FS Funding and certain of its subsidiaries to, among other things:

- incur additional debt;
- pay dividends or distributions on, redeem or repurchase capital stock;
- make certain payments and investments;
- create certain liens;
- transfer or sell assets;
- engage in sale and leaseback transactions;
- merge or consolidate with other entities;
- enter into transactions with affiliates; and
- provide security over assets.

These covenants could materially and adversely affect FS Funding's ability to finance the future operations or capital needs of ISS or its subsidiaries or to engage in other business activities that may be in the best interests of ISS or its subsidiaries.

The failure by FS Funding or any of its subsidiaries to comply with the terms of their respective debt instruments may result in acceleration of such indebtedness as well as cross-defaults under other indebtedness, and FS Funding or its subsidiaries may not have sufficient assets to repay the accelerated indebtedness If FS Funding or any of its subsidiaries, as the case may be, does not comply with the covenants (including financial tests) and restrictions of the Senior Facilities or the Medium Term Notes and any future new credit facilities and debt instruments, FS Funding could be in default under those agreements, and the debt incurred under those agreements, together with accrued interest, could then be declared immediately due and payable. If a default occurs under the Senior Facilities or the Medium Term Notes, the lenders under such indebtedness could, subject to restrictions on enforcement rights, cause all the outstanding debt obligations thereunder to become due and payable, thereby requiring FS Funding or ISS Global, as the case may be, to apply cash to repay the debt thereunder and/or prevent it from making debt service payments on its other debt. In addition, any default under the Senior Facilities or the Medium Term Notes could lead to an acceleration of debt under other debt instruments that contain cross-acceleration or cross-default provisions.

If the debt under the Senior Facilities, the Medium Term Notes or other debt instruments is accelerated, FS Funding or ISS Global, as the case may be, may not have sufficient assets to repay amounts due thereunder. FS Funding's ability to comply with the provisions of the Senior Facilities, the Medium Term Notes and agreements governing its other debt may be affected by changes in economic or business conditions or other events beyond its control.

ISS may not be able to raise the funds necessary to refinance indebtedness at the maturity date

In 2010, EUR 850 million of the Medium Term Notes of ISS Global will mature and EUR 500 million of the Medium Term Notes of ISS Global will mature in 2014. In addition, the Senior Facilities will mature in 2012. ISS intends to repay the principal amount of such indebtedness and the principal amount of the notes at maturity using funds obtained from other financing sources, rather than with cash from operations. Although ISS expects to be able to raise funds to repay such indebtedness as it matures, and to repay the principal amount of the notes at their maturity, through the use of other sources of indebtedness, it may not be able to do so on terms as favorable as its existing indebtedness, if at all. The failure to pay the principal amount of this indebtedness at maturity would constitute an event of default under such indebtedness and would result

in a cross-default under the Group's other financing arrangements.

Despite its current levels of indebtedness, FS Funding and its subsidiaries are still able to incur substantially more debt

FS Funding and its subsidiaries are able to incur substantial additional indebtedness in the future, including in connection with any future acquisition resulting in an increase in the debt to book equity ratio. The terms of the Senior Facilities limit, but not prohibit, FS Funding or its subsidiaries from incurring such additional indebtedness. ISS expects to incur additional indebtedness in connection with future acquisitions as part of its growth strategy. If FS Funding or its subsidiaries incur new debt in addition to that which will be outstanding under the Senior Facilities or other borrowings, the related risks, as described above, would become more significant. Any such new debt may be senior to the existing debt or be effectively senior by virtue of it being secured by assets that do not secure the notes, to the extent of the value of such assets. In addition, although FS Funding intends over time to reduce its leverage on a multiple basis, particularly in terms of debt to pro forma adjusted EBITDA, FS Funding may not be able to do so.

Financial Statements

Signatures to the Annual Report

COPENHAGEN, APRIL 10, 2006

The Board of Directors and the Executive Management have today discussed and approved the Annual Report 2005 of ISS Global A/S. The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's financial position at December 31, 2005 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2005.

EXECUTIVE MANAGEMENT

Steen Parsholt
Managing Director

BOARD OF DIRECTORS

Leif Östling
Chairman

Richard Sharp
Vice-Chairman

Ole Andersen

Sanjay Patel

Jørgen Lindegaard *)

Christoph Sander *)

*) Elected as member of the Board on an Extraordinary General Meeting on April 6, 2006

Auditor's Report

COPENHAGEN, APRIL 10, 2006

TO THE SHAREHOLDER OF ISS GLOBAL A/S

We have audited the Annual Report 2005 of ISS Global A/S, pages 1-123, prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

The Annual Report is the responsibility of the Company's Board of Directors and Executive Management. Our responsibility is to express an opinion on the Annual Report based on our audit.

BASIS OF OPINION

We conducted our audit in accordance with Danish and International Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the Annual Report is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the

Annual Report. An audit also includes assessing the accounting policies used and significant estimates made by the Board of Directors and the Executive Management, as well as evaluating the overall Annual Report presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not resulted in any qualification.

OPINION

In our opinion, the Annual Report, pages 1-123, gives a true and fair view of the Group's and the Parent Company's financial position at December 31, 2005 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2005 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Finn L. Meyer
State Authorized Public Accountant

Jesper Ridder Olsen
State Authorized Public Accountant

Financial Review

The consolidated financial statements of ISS Global as of and for the year ending December 31, 2005 have been prepared in accordance with the International Financial Reporting Standards (IFRS). These are ISS Global's first IFRS consolidated financial statements and IFRS 1 "First-time Adoption of International Financial Reporting Standards" has been applied. The applied accounting policies are described in note 1 and the impact of adopting IFRS is discussed in note 35 to the consolidated financial statements.

INCOME STATEMENT

Revenue in total operations increased DKK 6,088 million, or 15%, from DKK 40,365 million in 2004 to DKK 46,453 million in 2005, primarily due to net growth from acquisitions and divestments of 11% and organic growth of 3%. Revenue attributable to the continuing operations increased DKK 6,426 million, or 16%, from DKK 39,668 million in 2004 to DKK 46,094 million in 2005.

Northern Europe revenue increased DKK 2,391 million, or 13%, from DKK 17,959 million in 2004 to DKK 20,350 million in 2005. The increase was related primarily to 12% growth from acquisitions, of which the acquisition of the Engel Group, a Finnish facility services company acquired in July 2004, contributed the most. Organic growth increased revenue by approximately DKK 0.4 billion, or 2%, mainly due to organic growth in the United Kingdom, Norway, Denmark and Ireland.

Continental Europe revenue increased DKK 3,432 million, or 17%, from DKK 19,771 mil-

lion in 2004 to DKK 23,203 million in 2005. The increase was due primarily to 15% growth from acquisitions, of which the acquisition of Grupo Unica, a Spanish provider of cleaning services acquired in July 2004, contributed the most. Following the decision to discontinue the hospital cleaning services business in Germany through a phase-out, revenue from this business is excluded in the calculation of organic growth. ISS Global estimates that excluding the revenue effect of the phase-out of the German hospital cleaning services business, organic growth increased revenue by approximately DKK 0.8 billion, or 4%, which primarily stemmed from organic growth in France, Spain, Austria and Belgium.

Overseas revenue increased by DKK 603 million, or 31%, from DKK 1,938 million in 2004 to DKK 2,541 million in 2005 (including the discontinued operations in Japan, Overseas revenue was DKK 2,016 million in 2004). The increase was due primarily to 19% growth from acquisitions, of which the acquisition of Manchester Property Care Ltd., New Zealand, contributed the most. Organic growth increased revenue by approximately DKK 0.2 billion, or 8%, which primarily stemmed from organic growth in Brazil, Hong Kong, Australia, Indonesia and Thailand.

In February 2005, ISS Global acquired the remaining 51% stake in CarePartner and subsequently sold all its interest and 100% of its Swedish health care business to a newly formed joint venture entity, now named Aleris Holding AB ("Aleris"), owned by EQT III Limited, ISS Global and Aleris's management. Results from

Revenue growth										
Amounts in DKK billions	Northern Europe		Continental Europe		Overseas		Discontinued operations		Total ISS Global ¹⁾	
Revenue 2004	18.0	100%	19.8	100%	1.9	100%	0.7	100%	40.4	100%
Phase-out of German hospital cleaning services business	-	-	(0.2)	(1)%	-	-	-	-	(0.2)	(0)%
Foreign currency adjustments	0.0	0%	0.0	0%	0.0	4%	(0.0)	(2)%	0.2	1%
Acquisitions	2.1	12%	2.9	15%	0.3	19%	0.0	5%	5.3	13%
Divestments	(0.2)	(1)%	(0.1)	(1)%	(0.0)	(0)%	(0.4)	(55)%	(0.7)	(2)%
Organic growth	0.4	2%	0.8	4%	0.2	8%	0.0	0%	1.3	3%
Revenue 2005 ¹⁾	20.4	113%	23.2	117%	2.5	131%	0.4	48%	46.5	115%

¹⁾ Due to rounding, the sum of the growth components may differ from the total figure.

Organic growth

ISS Global uses estimates of its organic growth in analyzing its revenue, including in the analysis set forth below. Organic growth is intended to represent the percentage change in ISS Global's revenue as compared to the prior period, excluding changes in revenue attributable to businesses acquired or divested and the effect of changes in foreign exchange rates. Organic growth is not a measure of financial performance under Danish GAAP or IFRS and should not be considered as a substitute for operating profit, net profit, cash flow or other financial measures computed in accordance with Danish GAAP or IFRS or as a measure of ISS Global's results of operations.

In calculating organic growth, ISS Global applies two different methodologies with respect to the revenue generated by acquired businesses, based upon the size of the acquisitions.

Acquisitions of businesses with reported annual revenue of less than DKK 50 million (EUR 7 million). Acquisitions of businesses with reported annual revenue of less than DKK 50 million (EUR 7 million) and which do not establish an ISS Global presence in a new jurisdiction are treated as having been integrated into ISS Global upon acquisition and ISS Global's calculation of organic growth includes changes in revenue of these acquired businesses from the date of acquisition. Accordingly, for such acquisitions, ISS Global calculates organic growth by including revenue generated by these acquired businesses in the current period, beginning with the date of acquisition. To establish a comparable base, revenue of the acquired businesses for the comparable prior period is added to ISS Global's actual prior period consolidated revenue. The prior period revenue is generally based on internal management accounts of the acquired businesses and is subject to adjustments, on a case by case basis, to take into account additional information, available at the time of acquisition, regarding known material positive or negative changes in the acquired businesses, such as contract gains and losses. Such information may come from interim reports, management accounts of the acquired businesses or other sources. The difference between ISS Global's actual current period consolidated revenue and its adjusted prior period consolidated revenue is deemed by ISS Global to be its organic growth, which is expressed as a percentage calculated by dividing organic growth calculated in this manner by ISS Global's actual prior period consolidated revenue. The calculations of organic growth are based on the unaudited internal management accounts of the acquired businesses and related estimates. These organic growth numbers have not been, and cannot be, audited.

Acquisitions of businesses with reported annual revenue of DKK 50 million (EUR 7 million) or more. Prior to January 1, 2005, ISS Global used the methodology it applies to acquisitions of businesses with reported annual revenue of less than DKK 50 million (EUR 7 million) to acquisitions of businesses with reported annual revenue of DKK 50 million (EUR 7 million) or more, as well as to acquisitions that establish an ISS Global presence in a new jurisdiction. Since that date, ISS Global has treated these acquisitions differently. Under the new approach, ISS Global excludes from its calculation of organic growth any growth generated by such larger acquisitions during the first 12 months of ISS Global ownership. The determination of current period revenue is straightforward for acquisitions that have not been integrated into ISS Global's operations, and the revenue from these separate entities is disregarded in calculating organic growth. The determination of current period revenue is more complex for acquired businesses that have been integrated into ISS Global. In relation to integrated businesses ISS Global estimates current period revenue based on internal management reports, and exercises discretion in allocating revenue between the integrated and pre-existing operations, which may significantly affect the organic growth calculation. These organic growth numbers have not been, and cannot be, audited.

ISS Global calculates organic growth by excluding revenue generated by divested businesses from its current period revenue. Such revenue is derived from ISS Global's unaudited internal management accounts.

ISS Global's 45% interest in this joint venture were consolidated on a proportional basis in ISS Global's financial statements from February 2005 until the end of June 2005, when ISS Global sold this 45% interest to EQT III Limited.

Together with the divestment of ISS Global's interest in a 50/50 percent joint venture in Japan, the Health Care operations were reported as discontinued operations in ISS Global's consolidated financial statements for the year ended December 31, 2005.

Revenue from the discontinued operations was DKK 359 million in 2005.

Staff costs increased DKK 4,002 million, or 15%, from DKK 26,517 million in 2004 to DKK 30,519 million in 2005. This increase was due primarily to an increase in the overall number of employees as a result of acquisitions and organic growth. Staff costs as a percentage

of revenue remained essentially unchanged at 65.7%.

Cost of sales increased DKK 608 million, or 19%, from DKK 3,145 million in 2004 to DKK 3,753 million in 2005. This increase was due primarily to acquisitions and organic growth. Cost of sales as a percentage of revenue increased from 7.8% in 2004 to 8.1% in 2005 due to increased revenue from services with higher average cost of sales such as pest control, catering and landscaping.

Other operating expenses increased DKK 995 million, or 13%, from DKK 7,676 million in 2004 to DKK 8,671 million in 2005. This increase was due primarily to acquisitions and organic growth. Other operating expenses as a percentage of revenue decreased from 19.0% in 2004 to 18.7% in 2005.

Depreciation and amortization increased DKK 41 million, or 7%, from DKK 606 million in 2004 to DKK 647 million in 2005. Depreciation and amortization, excluding amortization of intangibles related to acquisitions remained essentially unchanged, as a percentage of revenue at 1.4% in 2005 compared to 1.5% in 2004.

Operating profit before other items for the total operations increased DKK 442 million, or 18%, from DKK 2,421 million in 2004 to DKK 2,863 million in 2005, due to the factors discussed above. Operating profit before other items as a percentage of revenue, i.e. the operating margin, was 6.2% in 2005 compared to 6.0% in 2004. Operating profit before other items from the continuing operations increased by DKK 468 million or 20% to DKK 2,823 million compared to DKK 2,355 million in 2004. The operating margin in the continuing business was 6.1% in 2005 compared to 5.9% in 2004.

In Northern Europe the operating margin was 6.4% in 2005 compared to 6.2% in 2004. The improvement stemmed from better performance in Denmark and Sweden compared with 2004. In addition, the operating margin in Norway increased due to a settlement of a defined benefit plan. The increase was partially offset by a decrease in the operating margin in Finland.

In Continental Europe, the operating margin was 6.2% in 2005 compared to 6.0% in 2004. Improvements in the operating margin in Belgium, Germany, Spain, Austria and Switzerland were partially offset by a decrease in the operating margin in France.

In Overseas, the operating margin increased by 0.2 percentage points to 6.6% in 2005 from 6.4%

in 2004. The operating margin was impacted by operation establishments in 2005 through acquisitions.

Corporate overhead costs remained relatively unchanged at 0.2% of revenue.

Other income and expenses, net for the total operations was a net expense of DKK 21 million in 2004 and a net expense of DKK 65 million in 2005. ISS Global's gain on the sale of its Health Care operations was included in Other income and expenses in 2005. The sale took place in two steps. When ISS Global sold its Swedish health care business and its 49% interest in CarePartner to a joint venture between ISS Global and EQT III Limited, ISS Global realized a gain of DKK 123 million. At the end of June 2005, when ISS Global sold its interest in this joint venture to EQT III Limited, ISS Global realized a further gain of DKK 114 million.

In the autumn of 2005, ISS initiated a Group Restructuring Project comprising certain organizational and structural changes to reduce ongoing costs in a number of countries. The project included physical relocations, termination of leaseholds, redundancy payments, and contract restructuring. The Board of Directors approved an expenditure of DKK 250 million, of which DKK 221 million was recognized in Other income and expenses in 2005. The remaining is expected to be expensed in 2006.

ISS Global's decision to discontinue its hospital cleaning services business in Germany through a phase-out of the remaining customer contracts resulted in a DKK 35 million provision for termination costs, primarily redundancy payments. A downsizing of ISS Global's damage control activities in Denmark, Norway and

Operating results ¹⁾

	Revenue			Operating profit before other items			Operating margin	
	DKK millions			DKK millions				
	2005	2004	Change	2005	2004	Change	2005	2004
Northern Europe	20,350	17,959	13 %	1,306	1,113	17 %	6.4 %	6.2 %
Continental Europe	23,203	19,771	17 %	1,436	1,190	21 %	6.2 %	6.0 %
Overseas	2,541	1,938	31 %	168	125	34 %	6.6 %	6.4 %
Discontinued operations	359	697	(48)%	40	66	(39)%	11.1 %	9.5 %
Corporate	-	-		(87)	(73)	(19)%	(0.2)%	(0.2)%
Group	46,453	40,365	15 %	2,863	2,421	18 %	6.2 %	6.0 %

¹⁾ ISS Global has prepared its consolidated financial statements for 2005 in accordance with International Financial Reporting Standards (IFRS). Comparative figures for 2004 have been restated to IFRS and consequently may differ from the figures published in the Annual Report 2004, which was prepared in accordance with Danish GAAP. The applied accounting policies are described in note 1 to the consolidated financial statements and the impact of adopting IFRS is discussed in note 35 to the consolidated financial statements.

Sweden and the divestment of damage control activities in Israel and Sweden led to a loss of DKK 35 million.

Also included in Other income and expenses was a gain of DKK 33 million resulting from the sale of ISS Global's interest (PFI-stake) in Catalyst Healthcare Holdings Ltd. which operates certain facilities at Calderdale Royal Hospital in the United Kingdom.

Integration costs decreased in 2005 to DKK 62 million from DKK 142 million in 2004. Integration costs in 2005 primarily related to redundancy payments and rental obligations with respect to acquired companies in Belgium, China, Finland, France, Germany.

Operating profit increased DKK 488 million, or 27%, from DKK 1,805 million in 2004 to DKK 2,293 million in 2005 due to the factors discussed above.

Operating profit in the continuing operations increased DKK 258 million to DKK 2,007 million in 2005 from DKK 1,749 million in 2004, and was negatively affected by the costs related to the Group Restructuring Project.

Share of profit from associates decreased DKK 18 million, or 55%, from DKK 33 million in 2004 to DKK 15 million in 2005. This decrease was due primarily to the sale of ISS's 49% interest in CarePartner to a newly formed joint venture entity in which ISS retained a 45% interest. As a result of the sale, the results from CarePartner were no longer included in share of profit from associates, but were consolidated on a proportionate basis in ISS Global's financial statements from February 2005. Accordingly, the share of profits from CarePartner included in share of profit from associates decreased from DKK 23 million in 2004 to DKK 1 million in 2005. The decrease was partially offset by the results of the investment in Australian-based Tempo Services Ltd. held through a 49% stake in Pacific Services Solutions Pty. Limited.

Net finance costs increased DKK 158 million, or 46%, from DKK 347 million in 2004 to DKK 505 million in 2005, due primarily to higher net debt resulting from borrowings to fund dividend payments of DKK 5,740 million as well as from financing acquisitions.

Historically, ISS Global has swapped the interest on its Medium Term Notes from fixed into floating rates. At the end of June 2005, ISS Global settled the interest rate swaps relating to ISS Global's EUR 850 million 2010 Medium Term Notes and partially settled the interest rate swaps relating to ISS Global's EUR 500 million 2014 Medium Term Notes. The closing of these

swaps generated proceeds of DKK 782 million, of which DKK 268 million was accrued interest. A gain of DKK 514 million will be recognized in ISS Global's income statement under finance costs over the remaining term of the Medium Term Notes. The recognized gain in the 2005 income statement amounted to DKK 45 million.

Profit before tax and impairment/amortization of intangibles increased DKK 312 million, or 21%, from DKK 1,491 million in 2004 to DKK 1,803 million in 2005, as a result of the foregoing factors.

Profit before tax and impairment/amortization of intangibles in the continuing operations increased DKK 89 million, or 6.2%, from DKK 1,438 million to DKK 1,527 million, negatively impacted by costs related to the Group Restructuring Project and higher financing costs.

Income taxes increased DKK 35 million, or 7%, from DKK 469 million in 2004 to DKK 504 million in 2005. The effective tax rate decreased to 29% in 2005 from 31% in 2004, mainly due to a decrease in the weighted average statutory tax rate and the effect of a tax free gain regarding the sale of the Health Care operations.

ISS Global is jointly taxed with ISS and all Danish resident affiliates. The Danish income tax payable is allocated between the jointly taxed Danish companies on the basis of their respective shares of taxable income (full absorption including reimbursement of tax deficits).

Profit before impairment/amortization of intangibles increased DKK 277 million, or 27%, from DKK 1,022 million in 2004 to DKK 1,299 million in 2005.

Profit before impairment/amortization of intangibles from the continuing operations increased DKK 60 million, or 6%, from DKK 976 million in 2004 to DKK 1,036 million in 2005, negatively impacted by costs related to the Group Restructuring Project and higher finance costs, net of tax.

Goodwill impairment and write-down was DKK 191 million in 2005 compared to DKK 344 million in 2004. In 2005, a write-down of DKK 80 million was primarily related to the winding up and divestment of part of the damage control activities in Sweden. Following impairment tests, impairment charges during the same period consisted of DKK 93 million relating to ISS Global's business in Germany, DKK 8 million relating to ISS Global's business in Italy and DKK 10 million relating to ISS Global's damage control activities in The Netherlands. For the year ended December 31, 2004, goodwill

impairment and write-down was DKK 344 million of which DKK 38 million related to write-downs in connection with divestments and DKK 288 million related to goodwill impairment in connection with ISS Global's activities in Germany.

Amortization of customer contracts increased DKK 123 million, from DKK 78 million in 2004 to DKK 201 million in 2005. Customer contract portfolios and related customer relationships are separated from goodwill for acquisitions carried out after January 1, 2004. In 2005 ISS Global incurred charges with respect to the amortization of customer contract portfolios and related customer relationships associated with 198 acquisitions, while the comparative charges for 2004 were associated with 95 acquisitions.

Tax effect of goodwill impairment and write-down and amortization of customer contract portfolios and related customer relationships, which is presented separately in the income statement to show the effective tax percentage before impairment/amortization of intangibles, was DKK 33 million in 2004 and DKK 58 million in 2005. This increase mainly related to the increase in amortization of customer contract portfolios and related customer relationships.

Net profit increased DKK 332 million, or 52%, from DKK 633 million in 2004 to DKK 965 million in 2005 as a result of the foregoing factors. In 2005, DKK 952 million was attributable to the equity holders of ISS Global and DKK 13 million to minority interests. In 2004, the comparative figures were DKK 613 million and DKK 20 million, respectively.

Net profit from the continuing operations increased DKK 115 million, or 20%, from DKK 588 million to DKK 703 million, negatively impacted by the aforementioned costs related to the Group Restructuring Project and higher finance costs, net of tax.

CASH FLOW STATEMENT

Cash flow from operating activities in 2005 was a net inflow of DKK 1,628 million compared to DKK 1,811 million in 2004.

During 2005, changes in working capital was a cash outflow of DKK 220 million, compared to an inflow of DKK 220 million in 2004. The difference mainly derives from higher trade receivables partly compensated by higher trade payables. The increase in trade receivables was partly due to an expected increase in debtor days as a result of organic growth in Continental European countries operating with debtor days above Group average and partly due to weaker cash collection, in part due to the fact that the year

ended on a weekend causing some customer payments to be made or received in 2006.

Interest paid, net, represented a cash inflow of DKK 18 million. Historically, ISS Global has swapped the interest on its Medium Term Notes from fixed into floating rates. At the end of June 2005, ISS settled the interest rate swaps relating to ISS Global's EUR 850 million 2010 Medium Term Notes and partially settled the interest rate swaps relating to ISS Global's EUR 500 million 2014 Medium Term Notes. This resulted in a net cash inflow of DKK 782 million, of which DKK 268 million were accrued interest. This was offset by the September 2005 coupon payment of DKK 301 million on the notes expiring in September 2010 and the December 2005 coupon payment of DKK 168 million on the notes expiring in December 2014. Interest paid used DKK 345 million of cash in 2004. Due to the increased indebtedness of ISS Global, a significant part of cash flows will be used to pay interest going forward.

Income taxes paid, net, amounted to DKK 780 million in 2005 compared with DKK 460 million in 2004. This increase was mainly due to a tax payment of DKK 160 million resulting from an advanced payment of tax on interest rate swaps.

Integration costs paid amounted to DKK 125 million in 2005 compared to DKK 45 million in 2004. The costs related mainly to acquisitions in Belgium, China, Finland, France, Germany and Spain.

Cash outflow from changes in provisions increased DKK 103 million to DKK 191 million in 2005 compared to DKK 88 million in 2004 partly due to a one-time transfer of a pension liability to an independent insurance company in Norway, but primarily due to a payment arising from a pension deficit in the pension schemes in the United Kingdom.

Payments related to Other income and expenses, net, were DKK 141 million, which was an increase of DKK 96 million compared with 2004. The increase was primarily due to payments of DKK 65 million related to the Group Restructuring Project.

Cash flow from investing activities represented a net outflow of DKK 2,269 million in 2005. During this period, acquisitions of businesses used DKK 2,581 million in cash. These comprised of a number of smaller acquisitions, including a facility management company in Hong Kong and catering and office support companies in Norway. This outflow was partly offset by proceeds from divestments of DKK 845 million, primarily DKK 778 million related to the

sale of the Health Care operations and the joint venture stake in Japan. Investments in intangible assets and property, plant and equipment, net, (which excludes goodwill and customer contract portfolios and related customer relationships) were DKK 542 million during the period, representing 1.2% of revenue. Investments in financial assets, net, were an inflow of DKK 9 million of cash in 2005.

Net cash flow from investing activities represented an outflow of DKK 4,455 million in 2004. During this period, acquisitions of businesses used DKK 3,853 million of cash. These comprised a number of smaller acquisitions, including a facility management company and a catering company in the United Kingdom and two larger acquisitions of Engel Group in Finland and Grupo Unica in Spain. This outflow was partly offset by proceeds from divestments of DKK 36 million. In 2004, Investments in intangible assets and property, plant and equipment, net, (which excludes goodwill and customer contract portfolios and related relationships) were DKK 550 million, equivalent to 1.4% of revenue, reflecting relatively high investments primarily due to contract start-ups in the French waste management business. Investments in financial assets, net, represented the investment of DKK 88 million of surplus cash.

Cash flow from financing activities was a net inflow of DKK 70 million in 2005. This amount reflected DKK 5,867 million of cash received following an increase in indebtedness. Net payments related to settlement of warrants were DKK 47 million. Payment of dividends to shareholders was a cash outflow of DKK 5,740 million. Payments to minority interests amounted to DKK 10 million.

Net cash flow from financing activities represented an inflow of DKK 4,075 million in 2004. This amount reflected cash received following an increase in indebtedness of DKK 3,330 million and proceeds from issuance of share capital of 750 million which was partly offset by the net payment to minority interests of DKK 5 million.

Cash conversion was 102% in 2005. The free cash flow of DKK 1,086 million did not include the gain on the divestment of the Health Care operations, which was included in profit before impairment/ amortization of intangibles. Accordingly, the calculation of cash conversion was adjusted for the gain of DKK 237 million. Cash conversion was impacted by cash flows, which were only partially included in the income statement. This included a cash inflow of DKK 514 million related to the gain on settlement of interest rate swaps, and a cash outflow of DKK

276 million, primarily tax payments related to the settlement of interest rate swaps and tax payments related to prior years.

ISS Global expects to continue to generate positive free operating cash flow, although it does not expect that its cash conversion ratios will continue to be above 100% as they have been in recent years. Cash conversion ratios for individual years may vary. The cash flows from operations for the individual periods are dependent on the timing of a number of payments around the end of the individual months and years.

BALANCE SHEET

Total assets amounted to DKK 31,782 million at December 31, 2005, an increase of DKK 2,882 million, or 10% from DKK 28,900 million at December 31, 2004. The increase was primarily due to higher levels of intangible assets and trade receivables, offset by cash and cash equivalents.

Intangible assets increased by DKK 1,926 million, or 12% from DKK 16,622 million at December 31, 2004 to DKK 18,548 million at December 31, 2005. Intangible assets were primarily related to Goodwill and Customer contract portfolios and related customer relationships.

Goodwill relates to acquisitions carried out under varying circumstances and at different stages of macroeconomic cycles. The goodwill is distributed on most of the countries in which ISS Global 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 ISS Global's operations in France, representing 25% of the total carrying amount of goodwill. At December 31, 2005, goodwill stood at DKK 16,642 million, an increase of DKK 1,258 million, or 8%, from DKK 15,384 million in 2004. Additions of DKK 2,094 million related to acquisitions in 2005 and positive currency adjustments of DKK 124 million were partly offset by DKK 769 million related to divestments of ISS's Health Care operations and ISS's activities in Japan and impairment and write-down of DKK 191 million.

Customer contract portfolios and related customer relationships increased by DKK 678 million from DKK 1,108 million at December 31, 2004 to DKK 1,786 million at December 31, 2005. Additions of DKK 869 million from acquisitions and DKK 10 million of foreign exchange adjustments were partly offset by amortization of DKK 201 million.

Investment in associates decreased from DKK 180 million at December 31, 2004 to DKK 132 million at December 31, 2005, primarily due to the disposal of the 49% stake in CarePartner.

Securities increased from DKK 16 million at December 31, 2004 to DKK 59 million at December 31, 2005 and **Cash and cash equivalents** decreased from DKK 1,784 million at December 31, 2004 to DKK 1,231 million at December 31, 2005. The decrease was primarily due to a planned increase of financial leverage following the change of ownership of ISS A/S.

Total equity decreased from DKK 7,106 million at December 31, 2004 to DKK 2,192 million at December 31, 2005.

Equity attributable to the equity holder of ISS Global amounted to DKK 2,137 million at December 31, 2005, a decrease of DKK 4,869 million from DKK 7,006 million at December 31, 2004. The decrease was part of the planned increase of financial leverage, which was implemented through dividend payments of DKK 5,740 million. Settlement of warrants, net of tax, reduced equity by DKK 32 million.

Net income and expenses recognized directly in equity reduced equity by DKK 43 million. This included currency adjustments relating to investments in foreign subsidiaries of DKK 164 million and realized and unrealized net losses on hedges of DKK 67 million. Declining discount rates and use of updated mortality tables resulted in an increase in pension liabilities. Thus, net unrecognized actuarial losses on defined benefit pension schemes amounted to DKK 224 million. The losses were primarily related to pension schemes in the Netherlands, Norway, Sweden, Switzerland and the United Kingdom. As described in note 1 to the consolidated financial statements, such losses are taken directly to equity. Fair value adjustments related to equity stakes in PFIs in the United Kingdom increased equity by DKK 36 million. Other entries recognized in equity reduced equity by DKK 32 million and tax effect of entries recognized directly in equity was DKK 80 million.

Net profit for the year attributable to the equity holder of ISS Global was DKK 952 million.

The equity ratio, defined as total equity relative to total assets, decreased from 24.6% at December 31, 2004 to 6.9% at December 31, 2005, which was primarily due to capital structure adjustments through the payment of dividends of DKK 5,740 million.

Pensions and similar obligations amounted to DKK 833 million at December 31, 2005, against

DKK 714 million at December 31, 2004. The majority of the pension plans are defined contribution plans. Contributions to such plans are accrued and expensed on an ongoing basis. In certain countries, mainly in the Netherlands, Norway, Sweden, Switzerland and the United Kingdom, ISS Global has defined benefit plans. As mentioned above, actuarial losses, net, of DKK 224 million were taken directly to equity. The net liability for the defined benefit plans amounted to DKK 801 million at December 31, 2005, representing an increase from DKK 680 million at December 31, 2004, primarily due to a decrease in discount rates and use of updated mortality tables. Based on the current discount rates ranging between 2.7% and 5.0%, pension costs are expected to amount to approximately DKK 125 million in 2006. A simultaneous change in the discount rates of 0.5 percentage point is estimated to increase or decrease, as the case may be, the costs in 2006 to approximately DKK 139 million or approximately DKK 112 million, all other things being equal. For detailed information on pension obligations, please see note 25 to the consolidated financial statements.

Other provisions were DKK 715 million at December 31, 2005, of which DKK 476 million had an estimated maturity of less than one year. Comparative figures at December 31, 2004, were DKK 646 million and DKK 377 million, respectively. Provisions related to acquisitions, mainly transaction costs, redundancy payments and termination of rental of properties, amounted to DKK 56 million against DKK 115 million at December 31, 2004. This was a decrease of DKK 59 million compared with 2004. The remaining provisions comprise various obligations incurred in the ordinary course of business, e.g. labor related obligations, legal obligations, contract closures etc.

Interest-bearing debt, net was DKK 15,685 million, an increase against DKK 9,219 million at December 31, 2004. Long- and short-term debt amounted to DKK 17,559 million, including non-interest-bearing debt of DKK 443 million, which were primarily related to unamortized gains from settled interest rate swaps. Receivable from affiliates, securities and cash and cash equivalents amounted to DKK 1,431 million. The interest-bearing debt, net, was mainly affected by the free cash flow of DKK 1,086 million, dividend payments of DKK 5,740 million and cash outflow related to acquisitions of DKK 2,581 million.

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

January 1 – December 31. Amounts in DKK millions

Note		2005			2004		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
2	Revenue	46,094	359	46,453	39,668	697	40,365
3	Staff costs	(30,288)	(231)	(30,519)	(26,150)	(367)	(26,517)
	Cost of sales	(3,733)	(20)	(3,753)	(3,100)	(45)	(3,145)
4	Other operating expenses	(8,609)	(62)	(8,671)	(7,480)	(196)	(7,676)
13, 15	Depreciation and amortization	(641)	(6)	(647)	(583)	(23)	(606)
2	Operating profit before other items	2,823	40	2,863	2,355	66	2,421
5	Other income and expenses, net	(312)	247	(65)	(20)	(1)	(21)
	Integration costs	(62)	-	(62)	(142)	-	(142)
	Royalty	(442)	(1)	(443)	(444)	(9)	(453)
2	Operating profit	2,007	286	2,293	1,749	56	1,805
16	Share of profit from associates	14	1	15	8	25	33
6	Net finance costs	(494)	(11)	(505)	(319)	(28)	(347)
	Profit before tax and impairment/ amortization of intangibles	1,527	276	1,803	1,438	53	1,491
7	Income taxes	(491)	(13)	(504)	(462)	(7)	(469)
	Profit before impairment/ amortization of intangibles	1,036	263	1,299	976	46	1,022
8, 13, 14	Goodwill impairment and write-down	(191)	-	(191)	(344)	-	(344)
13	Amortization of customer contracts ¹⁾	(200)	(1)	(201)	(77)	(1)	(78)
7	Tax effect	58	-	58	33	-	33
	Net profit for the year	703	262	965	588	45	633
	Attributable to:						
	Equity holders of ISS Global	690	262	952	568	45	613
	Minority interests	13	-	13	20	-	20
	Net profit for the year	703	262	965	588	45	633

¹⁾ Includes customer contract portfolios and related customer relationships.

CONSOLIDATED CASH FLOW STATEMENT

January 1 – December 31. Amounts in DKK millions

Note		2005	2004
	Operating profit before other items	2,863	2,421
13, 15	Depreciation and amortization	647	606
9	Changes in working capital	(220)	220
	Changes in provisions	(191)	(88)
	Interest paid, net ¹⁾	18	(345)
7	Income taxes paid, net	(780)	(460)
	Payments related to other income and expenses, net	(141)	(45)
	Payments related to integration costs	(125)	(45)
	Payments related to royalties	(443)	(453)
		<hr/>	<hr/>
2	Cash flow from operating activities	1,628	1,811
10	Acquisition of businesses	(2,581)	(3,853)
10	Divestment of businesses	845	36
11	Investments in intangible assets and property, plant and equipment, net	(542)	(550)
11	Investments in financial assets, net	9	(88)
		<hr/>	<hr/>
	Cash flow from investing activities	(2,269)	(4,455)
12	Financial payments, net	5,867	3,330
	Proceeds from issuance of share capital	-	750
	Dividends paid to shareholders	(5,740)	-
	Warrants settled	(47)	-
	Minority interests	(10)	(5)
		<hr/>	<hr/>
	Cash flow from financing activities	70	4,075
		<hr/>	<hr/>
	Total cash flow	(571)	1,431
	Cash and cash equivalents at January 1	1,784	358
	Total cash flow	(571)	1,431
	Foreign exchange adjustments	18	(5)
		<hr/>	<hr/>
22	Cash and cash equivalents at December 31	1,231	1,784

¹⁾ In 2005 interest paid, net included DKK 514 million in cash flow from the settlement of interest rate swaps.

CONSOLIDATED BALANCE SHEET

At December 31. Amounts in DKK millions

Note		2005	2004
Assets			
13, 14	Intangible assets	18,548	16,622
15	Property, plant and equipment	1,935	1,774
16	Investments in associates	132	180
7, 17	Deferred tax assets	645	604
18	Other financial assets	230	285
Total non-current assets		21,490	19,465
19	Inventories	300	263
20	Trade receivables	7,564	6,376
20	Contract work in progress	153	156
7	Tax receivables	130	102
21	Other receivables	855	738
22	Securities	59	16
22	Cash and cash equivalents	1,231	1,784
Total current assets		10,292	9,435
Total assets		31,782	28,900
Equity and liabilities			
Total equity attributable to equity holders of ISS Global		2,137	7,006
Minority interests		55	100
23, 35	Total equity	2,192	7,106
24	Long-term debt	16,358	10,359
25	Pensions and similar obligations	833	714
7, 17	Deferred tax liabilities	473	486
26	Other provisions	239	269
Total long-term liabilities		17,903	11,828
27	Short-term debt	1,201	939
	Trade payables	1,905	1,750
7	Tax payables	81	180
28	Other liabilities	8,024	6,720
26	Other provisions	476	377
Total current liabilities		11,687	9,966
Total liabilities		29,590	21,794
Total equity and liabilities		31,782	28,900

CONSOLIDATED STATEMENT OF TOTAL RECOGNIZED INCOME AND EXPENSE AND CHANGES IN EQUITY

At December 31. Amounts in DKK millions

2005	Attributable to equity holders of ISS Global						Total equity
	Share capital	Retained earnings	Cumulative fx adj.	Realized gain/(loss) on hedges	Unrealized gain/(loss) on hedges	Minority interests	
Total recognized income and expense							
Net profit for the year	-	952	-	-	-	13	965
Foreign exchange adj. of subsidiaries and minorities	-	-	159	-	-	5	164
Gain/(loss) on hedges, net	-	8	-	(82)	7	-	(67)
Actuarial losses, net	-	(224)	-	-	-	-	(224)
Fair value adjustment of PFIs	-	36	-	-	-	-	36
Other	-	(32)	-	-	-	-	(32)
Tax on entries recognized directly in equity	-	60	-	18	2	-	80
Net income and expense recognized directly in equity	-	(152)	159	(64)	9	5	(43)
Total recognized income and expense for the year	-	800	159	(64)	9	18	922
Equity at January 1, 2005	160	6,892	(33)	2 ¹⁾	(15) ¹⁾	100	7,106
Changes in equity							
Total recognized income and expense for the year	-	800	159	(64)	9	18	922
Impact from acquired and divested companies, net	-	-	(1)	-	-	(47)	(48)
Dividends paid	-	(5,740)	-	-	-	(16)	(5,756)
Settlement of warrants, net of taxes ²⁾	-	(32)	-	-	-	-	(32)
Total changes in equity	-	(4,972)	158	(64)	9	(45)	(4,914)
Equity at December 31, 2005 ³⁾	160	1,920	125	(62) ¹⁾	(6) ¹⁾	55	2,192

¹⁾ Net of taxes.

²⁾ Warrants settled in countries in connection with the acquisition of ISS by FS Funding A/S.

³⁾ At December 31, 2005, retained earnings included DKK 800 million in proposed dividends.

Continues

CONSOLIDATED STATEMENT OF TOTAL RECOGNIZED INCOME AND EXPENSE AND CHANGES IN EQUITY

At December 31. Amounts in DKK millions

	Attributable to equity holders of ISS Global							Total equity
	Share capital	Share premium	Retained earnings	Cumulative fx adj.	Realized gain/(loss) on hedges	Unrealized gain/(loss) on hedges	Minority interests	
2004								
Total recognized income and expense								
Net profit for the year	-	-	613	-	-	-	20	633 ²⁾
Foreign exchange adj. of subsidiaries and minorities	-	-	-	(33)	-	-	(2)	(35)
Gain/(loss) on hedges, net	-	-	3	-	2	5	-	10
Actuarial losses, net	-	-	(40)	-	-	-	-	(40)
Tax on entries recognized directly in equity	-	-	12	-	-	(2)	-	10
Net income and expense recognized directly in equity	-	-	(25)	(33)	2	3	(2)	(55)
Total recognized income and expense for the year	-	-	588	(33)	2	3	18	578
Equity at January 1, 2004	150	-	6,037	(191)	-	(18) ¹⁾	108	6,086
Impact from transition to IFRS	-	-	(473)	191	-	-	-	(282)
Adjusted equity at January 1, 2004	150	-	5,564	-	-	(18) ¹⁾	108	5,804 ²⁾
Changes in equity								
Total recognized income and expense for the year	-	-	588	(33)	2	3	18	578
Impact from acquired and divested companies, net	-	-	-	-	-	-	(20)	(20)
Dividends paid	-	-	-	-	-	-	(6)	(6)
Share issue	10	740	-	-	-	-	-	750
Transfer ³⁾	-	(740)	740	-	-	-	-	-
Total changes in equity	10	-	1,328	(33)	2	3	(8)	1,302
Equity at December 31, 2004	160	-	6,892	(33)	2 ¹⁾	(15) ¹⁾	100	7,106

¹⁾ Net of taxes.

²⁾ See note 35, Transition to IFRS for an explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of ISS Global. This note includes reconciliations of equity and net result reported under previous GAAP to those reported under IFRS.

³⁾ In accordance with changed legislation, the share premium was transferred to retained earnings at December 31, 2004.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note		Page
	Accounting policies	
1	Significant accounting policies	40
	Income statement	
2	Segment information	47
3	Staff costs	52
4	Fees to ISS Global's auditors	52
5	Other income and expenses, net	53
6	Net finance costs	53
7	Taxes	54
8	Goodwill impairment and write-down	55
	Cash flow statement	
9	Changes in working capital	55
10	Acquisition and divestment of businesses	56
11	Investments in non-current assets	64
12	Financial payments, net	64
	Balance sheet	
13	Intangible assets	65
14	Impairment tests	66
15	Property, plant and equipment	68
16	Associates	69
17	Deferred tax	70
18	Other financial assets	70
19	Inventories	71
20	Trade receivables and contract work in progress	71
21	Other receivables	71
22	Securities, cash and cash equivalents	72
23	Share capital	72
24	Long-term debt	73
25	Pensions and similar obligations	74
26	Other provisions	77
27	Short-term debt	78
28	Other liabilities	78
	Other	
29	Contingent liabilities	79
30	Derivatives	81
31	Related party transactions	84
32	Interests in joint ventures	85
33	Subsidiaries, joint ventures and associates	86
34	Discontinued operations	90
35	Transition to IFRS	91
36	Subsequent events	93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31

1. Significant accounting policies

The consolidated financial statements of ISS Global A/S as of and for the year ended December 31, 2005 comprise ISS Global A/S and its subsidiaries (together referred to as "ISS Global") and ISS Global's interests in associates and jointly controlled entities.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU being effective for accounting periods beginning on January 1, 2005 and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act. These are ISS Global's first IFRS consolidated financial statements and IFRS 1, "First-time Adoption of International Financial Reporting Standards" has been applied. ISS Global has opted for early adoption of the amendment to IAS 19, "Employee Benefits" issued in December 2004 and IAS 39, "Financial Instruments: Recognition and Measurement" is applied from January 1, 2005 with no restatement of comparative figures for 2004.

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, unless otherwise stated, and in preparing the IFRS opening balance sheet as at January 1, 2004 for the purpose of the transition to IFRS.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of ISS Global is provided in note 35, Transition to IFRS. This note includes reconciliations of equity and net profit reported under previous GAAP to those reported under IFRS.

BASIS OF PREPARATION

The consolidated financial statements have been prepared on the historical cost basis, as modified by the revaluation of available-for-sale financial assets, and financial assets and liabilities (including derivative financial instruments) at fair value through the income statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

BASIS OF CONSOLIDATION

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

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

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

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31

1. Significant accounting policies (continued)

Joint ventures ISS Global's interests in jointly controlled entities are regarded as joint ventures and recognized in the consolidated financial statements by including ISS Global's proportionate share of the entities' assets, liabilities, income and expenses on a line-by-line basis with items of a similar nature.

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

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

For acquisitions made prior to January 1, 2004, goodwill is included on the basis of its deemed cost, which represents the net book value as at December 31, 2003 recorded under previously applied accounting policies. The accounting treatment of acquisitions that occurred prior to January 1, 2004 has in accordance with IFRS 1 "First-time Adoption of International Financial Reporting Standards" not been reconsidered in preparing ISS Global's opening IFRS balance sheet as at January 1, 2004. Goodwill recognized in the IFRS opening balance sheet has been tested for impairment.

Acquisitions made after January 1, 2004, are treated in accordance with the purchase method, under which identifiable assets, liabilities and contingent liabilities of acquired entities are recognized in the balance sheet at fair value at the date of acquisition. Identifiable intangible assets are recognized if separable or if they arise from contractual or other legal rights, provided that the fair value can be measured reliably. Tax impact related to fair value adjustments is taken into account.

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

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

Gains or losses on the divestment or winding-up of subsidiaries or associates are measured as the difference between the sales or winding-up sum adjusted for directly related divestment or winding-up costs and the carrying amount of the net assets at the time of disposal or winding-up including any carrying value of goodwill. Accumulated exchange rate adjustments on divested or wound-up subsidiaries or associates recognized in equity after January 1, 2004, the date of transition to IFRS, are included in the income statement under Net finance costs.

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

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

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

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

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31

1. Significant accounting policies (continued)

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

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

Realized and unrealized exchange gains and losses related to the translation of the above four groups of transaction are taken directly to equity. The related tax impact is taken into account.

INCOME STATEMENT

Revenue comprises the value of services provided during the year less VAT and duties as well as price and quantity discounts. Revenue is recognized when it is realized or realizable and earned. Revenue is considered to have been earned when ISS Global has substantially accomplished what it must do to be entitled to the revenue. Contract work in progress is recognized using the percentage-of-completion method based on the value of work completed at the balance sheet date.

In assessing whether revenue should be reported on a gross or a net basis (i.e. net of related costs), ISS Global 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.

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

Operating expenses **Staff costs** comprises salaries and wages, pensions, social security expenses and other employee related expenses. **Cost of sales** comprises materials consumption related to the recorded revenue. **Other operating expenses** include 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, losses and loss provisions on receivables etc.

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

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

Integration costs includes costs regarding the acquiring ISS company and the acquired company that are a consequence of the integration. Integration costs include costs of compensating employees for termination of their employment, closing facilities, elimination of service lines of the acquired company, and termination of contracts of the acquired company.

Royalty comprises payments to ISS Global's parent company ISS A/S.

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

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

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31

1. Significant accounting policies (continued)

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

Where the tax base can be calculated using different tax regulations, deferred tax is measured based on the planned use of the asset or the unwinding of the liability, as applicable.

Deferred tax is computed based on the tax rate expected to apply when the temporary differences are balanced out. No deferred tax provisions are made for undistributed profits of subsidiaries and goodwill not deductible for tax purposes. Deferred tax assets, including the tax value of losses carried forward, are recognized at the value at which they are expected to be applied either by eliminating tax on future earnings or by setting off deferred tax liabilities within the same legal tax unit and jurisdiction.

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

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

Goodwill impairment and write-down and **Amortization of customer contracts** are presented in separate line items below operating profit as this presentation is seen to provide a clearer view of ISS Global profitability. The tax effect of goodwill impairment and write-down and amortization of customer contracts is presented in a separate line item in connection with these two line items.

CASH FLOW STATEMENT

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

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

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

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

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

Cash flow from financing activities comprises proceeds from and repayment of loans, dividends, proceeds from share issues, purchase and sale of treasury shares, cash flow related to derivatives hedging net investments and dividends to Minority interests.

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

BALANCE SHEET

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

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. The determination of cash-generating units follows the level of monitoring for internal management purposes. This is generally equal to Facility Services at country level. Goodwill is tested for impairment annually.

An impairment loss is recognized whenever the carrying amount of a cash-generating unit exceeds its recoverable amount. The recoverable amount is calculated as the greater of net selling price and value in use. In assessing value in use the estimated future cash flows are discounted to their present value. An impairment loss is not reversed.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31

1. Significant accounting policies (continued)

Customer contract portfolios and related customer relationships Acquisition related customer contract portfolios and related customer relationships are recognized at fair value at the date of acquisition and subsequently carried at cost less accumulated amortization and any accumulated impairment losses. The value is amortized 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.

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

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

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

The value of customer contract portfolios and related customer relationships is tested for impairment as part of the impairment test.

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

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

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

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

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

Non-current assets

	Expected useful life
Software and other intangible assets	5-10 years
Buildings	20-40 years
Leasehold improvements	Over the lease term
Plant and equipment	3-10 years

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

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

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

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31

1. Significant accounting policies (continued)

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

Costs related to tenders for public offers for PPP (Public Private Partnership)/PFI (Private Finance Initiative) contracts are recognized in the income statement as incurred. If ISS Global is awarded status as preferred bidder, directly attributable costs and investments from that date, if any, are recognized under Financial assets. For PPP/PFI contracts awarded, the costs are amortized over the term of the contract. If ISS Global is not awarded the contract, all costs are recognized in the income statement.

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

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

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

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

Securities are measured at fair value at the balance sheet date, with any resulting gains or losses recognized in the income statement. The fair value is the quoted bid price at the balance sheet date.

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

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

Pensions and similar obligations Net obligations in respect of defined benefit pension plans are calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets is deducted. Discount rates are based on the market yield of high quality corporate bonds in the country concerned approximating to the terms of ISS Global's pension obligations. The calculations are performed by a qualified actuary using the Projected Unit Credit Method. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized as an expense in the income statement on a straight-line basis over the average period until the benefits vest. To the extent that the benefits vest immediately, the expense is recognized immediately in the income statement.

All actuarial gains and losses were recognized directly in equity as at January 1, 2004, the date of transition to IFRS. Actuarial gains and losses arising subsequent to January 1, 2004 are also recognized directly in equity.

Net pension assets are only recognized to the extent that ISS Global is able to derive future economic benefits in the way of refunds from the plan or reductions of future contributions.

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

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31

1. Significant accounting policies (continued)

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

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

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

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

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

Non-current assets held for sale Assets are classified as held for sale when the carrying amount of the assets will primarily be recovered through a sale within 12 months according to a formal plan rather than through continuing use. Assets held for sale are recognized at the lower of the carrying amount and fair value less costs to sell. Assets held for sale are not amortized or depreciated. Impairment losses on initial classification as held for sale are included in the income statement. The same applies to gains and losses on subsequent remeasurement. Assets and related liabilities are separated in the balance sheet and the main elements are specified in the notes to the financial statements.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

2. Segment information

The geographical segment is the primary segment. Compared to 2004 the two Business Builds, Damage Control and Food Hygiene, were merged into the Facility Services business segment. Furthermore, the Health Care operations were sold as at June 30, 2005. Accordingly, in line with the internal management structure, the geographical segment is the primary segment.

Geographical (Primary Segment)	External revenue	Total revenue ¹⁾	Operating profit before other items	Operating margin %	Operating profit	Share of profit from associates	Cash flow from operating activities
2005							
France	8,822	8,822	564	6.4	402	0	46
United Kingdom	6,036	6,039	370	6.1	299	-	142
Norway	3,724	3,724	271	7.3	187	2	82
Denmark	3,528	3,528	252	7.1	177	-	164
Netherlands	3,259	3,259	200	6.1	135	-	171
Sweden (excluding Health Care)	3,170	3,172	133	4.2	16	-	133
Finland	3,132	3,132	235	7.5	187	1	146
Spain	2,675	2,675	158	5.9	113	-	63
Belgium and Luxembourg	2,341	2,341	146	6.2	106	-	85
Germany	1,791	1,791	56	3.2	(41)	0	14
Switzerland	1,399	1,399	95	6.8	68	-	73
Austria	1,367	1,367	105	7.7	98	-	22
Central Eastern Europe	486	486	38	7.8	30	-	28
Ireland	463	463	40	8.7	34	-	39
Brazil	458	458	25	5.5	19	-	11
Hong Kong	434	434	26	6.1	21	-	24
Israel	375	375	23	6.1	10	-	0
Singapore	366	366	21	5.7	15	-	18
Australia	338	338	40	11.8	28	11	16
Turkey	298	298	17	5.7	13	-	7
Portugal	283	283	20	7.0	16	-	15
Greece	208	208	13	6.1	9	-	6
Italy	202	202	22	10.9	19	-	18
Iceland	136	136	10	7.1	8	-	9
Thailand	115	115	8	6.7	7	-	2
Greenland	105	105	5	4.4	0	-	4
Indonesia	92	92	9	9.4	8	-	9
Argentina	77	77	1	1.7	(2)	-	(10)
Poland	72	72	3	3.7	2	-	2
Malaysia	70	70	5	7.3	4	-	6
Chile	58	58	4	6.7	3	-	0
New Zealand	55	55	2	2.8	1	-	(1)
China	48	48	2	3.5	2	-	2
Estonia	33	33	1	3.6	1	-	2
Russia	24	24	(6)	(26.0)	(6)	-	(9)
Sri Lanka	20	20	1	3.7	1	-	(1)
Brunei	16	16	3	20.9	3	-	3
India	13	13	0	2.5	0	-	(1)
Uruguay	5	5	0	4.5	0	-	0
Regional items, not allocated to countries	-	-	(8)	-	(8)	-	81
Continuing operations	46,094	46,099	2,910	6.3	1,985	14	1,421
Japan	49	49	2	3.3	11	-	1
Health Care	310	310	38	12.2	275	1	(1)
Discontinued operations	359	359	40	11.1	286	1	0
Corporate functions/eliminations	-	(5)	(87)	-	22	-	207
Total	46,453	46,453	2,863	6.2	2,293	15	1,628

¹⁾ Internal revenue has not been disclosed due to immateriality.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

2. Segment information (continued)

Geographical (Primary Segment)	Segment assets	Investment in intangible assets and property, plant and equipment, net	Investments in associates	Depreciation and amortization	Goodwill impairment and write- down	Amortization of customer contracts	Segment liabilities	Number of employees at year-end
2005								
France	8,005	(129)	3	156	-	27	6,350	40,168
United Kingdom	2,888	(56)	-	63	-	18	2,422	38,015
Norway	1,903	(44)	45	64	-	11	1,515	9,528
Denmark	1,722	(34)	-	52	-	6	844	12,424
Netherlands	2,513	(8)	4	30	10	8	1,710	21,024
Sweden (excluding Health Care)	1,788	(42)	-	49	73	8	1,657	10,156
Finland	2,609	(48)	1	66	-	32	1,715	12,488
Spain	1,807	(12)	-	14	-	33	1,616	20,664
Belgium and Luxembourg	1,361	(13)	-	18	-	7	926	10,921
Germany	1,378	(13)	1	17	93	13	685	13,982
Switzerland	932	(25)	-	24	2	5	682	7,393
Austria	845	(6)	-	7	-	5	963	7,477
Central Eastern Europe	321	(11)	-	8	-	0	126	11,178
Ireland	319	(15)	-	7	-	10	220	2,950
Brazil	189	(5)	-	6	-	0	98	12,571
Hong Kong	468	(6)	-	5	-	2	309	7,475
Israel	243	(7)	-	5	5	2	83	5,891
Singapore	199	(9)	-	6	-	1	101	4,693
Australia	763	(10)	78	7	-	2	518	860
Turkey	197	(4)	-	3	-	2	67	5,953
Portugal	154	(1)	-	3	-	1	250	4,058
Greece	124	(4)	-	1	-	1	106	1,490
Italy	259	(2)	-	4	8	1	169	590
Iceland	102	(3)	-	2	-	-	18	694
Thailand	52	(3)	-	2	-	0	24	7,456
Greenland	103	(3)	-	6	-	-	56	291
Indonesia	36	(8)	-	4	-	0	17	11,700
Argentina	68	(4)	-	1	-	1	26	2,171
Poland	31	(2)	-	1	-	-	17	1,834
Malaysia	77	(1)	-	2	-	0	15	2,292
Chile	56	(1)	-	1	-	1	50	2,443
New Zealand	42	(1)	-	1	-	0	31	1,042
China	27	(2)	-	1	-	2	12	8,428
Estonia	85	-	-	-	-	1	70	1,608
Russia	17	(2)	-	1	-	-	5	638
Sri Lanka	9	-	-	1	-	-	7	4,960
Brunei	25	(1)	-	1	-	-	3	271
India	38	(1)	-	0	-	0	17	2,768
Uruguay	3	-	-	0	-	0	1	209
Regional items, not allocated to countries	3,148	-	-	-	-	-	920	-
Continuing operations	34,906	(536)	132	639	191	200	24,421	310,754
Japan	-	(0)	-	0	-	-	-	-
Health Care	-	(3)	-	6	-	1	-	-
Discontinued operations	-	(3)	-	6	-	1	-	-
Corporate functions/eliminations ¹⁾	(3,124)	(3)	-	2	-	-	5,169	91
Total	31,782	(542)	132	647	191	201	29,590	310,845

¹⁾ Includes eliminations of intra-group balances and investments.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

2. Segment information (continued)

Geographical (Primary Segment)	External revenue	Total revenue ¹⁾	Operating profit before other items	Operating margin %	Operating profit	Share of profit from associates	Cash flow from operating activities
2004							
France	7,799	7,799	530	6.8	423	-	326
United Kingdom	5,537	5,537	364	6.6	281	2	274
Norway	3,084	3,084	209	6.8	167	5	187
Denmark	3,358	3,358	220	6.6	190	-	163
Netherlands	3,094	3,094	193	6.2	150	1	90
Sweden (excluding Health Care)	3,009	3,013	106	3.5	65	-	138
Finland	2,441	2,441	195	8.0	99	0	164
Spain	1,791	1,791	102	5.7	55	-	40
Belgium and Luxembourg	2,072	2,072	123	5.9	94	-	123
Germany	1,568	1,568	27	1.7	(17)	0	42
Switzerland	1,153	1,153	72	6.2	53	0	77
Austria	1,150	1,150	91	7.9	77	-	50
Central Eastern Europe	466	466	30	6.4	37	-	50
Ireland	300	300	24	7.9	20	-	7
Brazil	341	341	19	5.4	15	-	12
Hong Kong	355	355	18	5.1	14	0	11
Israel	373	373	19	5.0	13	-	7
Singapore	307	307	20	6.6	16	-	18
Australia	242	242	28	11.7	25	-	14
Turkey	-	-	-	-	-	-	-
Portugal	226	226	16	6.9	13	-	20
Greece	193	193	11	5.8	9	-	3
Italy	192	192	13	6.6	11	-	10
Iceland	106	106	8	7.3	7	-	7
Thailand	93	93	6	6.9	5	-	4
Greenland	123	123	2	1.4	-	-	6
Indonesia	69	69	6	9.4	5	-	7
Argentina	39	39	(1)	(2.8)	(2)	-	(7)
Poland	67	67	3	4.3	2	-	(1)
Malaysia	69	69	5	7.6	4	-	0
Chile	19	19	1	5.2	1	-	1
New Zealand	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-
Estonia	-	-	-	-	-	-	-
Russia	-	-	-	-	-	-	-
Sri Lanka	17	17	(0)	(0.0)	0	-	(1)
Brunei	13	13	3	24.5	3	-	3
India	-	-	-	-	-	-	-
Uruguay	2	2	0	9.6	0	-	0
Regional items, not allocated to countries	-	-	(35)	-	(34)	-	34
Continuing operations	39,668	39,672	2,428	6.1	1,801	8	1,879
Japan	78	78	2	2.2	0	-	(2)
Health Care	619	619	64	10.4	56	25	69
Discontinued operations	697	697	66	9.5	56	25	67
Corporate functions/eliminations	-	(4)	(73)	-	(52)	-	(135)
Total	40,365	40,365	2,421	6.0	1,805	33	1,811

¹⁾ Internal revenue has not been disclosed due to immateriality.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

2. Segment information (continued)

Geographical (Primary Segment)	Segment assets	Investment in intangible assets and property, plant and equipment, net	Investments in associates	Depreciation and amortization	Goodwill impairment and write- down	Amortization of customer contracts	Segment liabilities	Number of employees at year-end
2004								
France	7,057	(150)	3	134	-	11	6,001	37,973
United Kingdom	2,593	(55)	-	56	36	10	1,783	37,890
Norway	1,317	(57)	64	62	-	4	1,018	7,343
Denmark	1,692	(34)	-	60	15	2	649	12,064
Netherlands	2,449	(20)	4	30	-	3	1,581	21,904
Sweden (excluding Health Care)	1,690	(45)	-	48	-	1	1,103	10,146
Finland	2,515	(45)	1	63	-	17	1,690	13,303
Spain	1,542	(11)	-	12	3	14	1,365	18,091
Belgium and Luxembourg	1,296	(11)	-	17	2	5	903	9,990
Germany	1,513	(16)	1	19	288	3	681	16,462
Switzerland	664	(10)	1	19	-	1	408	7,156
Austria	394	(5)	-	6	-	3	208	7,063
Central Eastern Europe	524	(10)	-	6	-	-	130	8,216
Ireland	124	(5)	-	4	-	1	42	1,998
Brazil	133	(2)	-	5	-	0	75	12,381
Hong Kong	199	(5)	2	4	-	-	65	5,033
Israel	193	(8)	-	5	-	-	70	5,821
Singapore	139	(5)	-	5	-	0	51	3,818
Australia	405	(5)	61	2	-	1	123	487
Turkey	-	-	-	-	-	-	-	-
Portugal	96	(3)	-	2	-	-	56	2,746
Greece	46	0	-	1	-	-	33	1,602
Italy	303	(3)	-	5	-	1	112	616
Iceland	84	(3)	-	2	-	-	18	591
Thailand	43	(3)	-	2	-	0	20	7,726
Greenland	109	(10)	-	7	-	-	61	407
Indonesia	21	(4)	-	3	-	-	9	6,977
Argentina	35	(2)	-	1	-	0	22	2,304
Poland	31	(2)	-	1	-	-	19	1,924
Malaysia	57	(2)	-	2	-	-	7	2,392
Chile	31	(1)	-	0	-	0	25	1,582
New Zealand	-	-	-	-	-	-	-	-
China	-	-	-	-	-	-	-	-
Estonia	-	-	-	-	-	-	-	-
Russia	-	-	-	-	-	-	-	-
Sri Lanka	7	0	-	1	-	-	5	5,650
Brunei	20	0	-	0	-	-	2	161
India	-	-	-	-	-	-	-	-
Uruguay	3	0	-	0	-	0	1	260
Regional items, not allocated to countries	2,606	-	-	-	-	-	413	-
Continuing operations	29,931	(532)	137	584	344	77	18,749	272,077
Japan	36	-	-	0	-	-	9	488
Health Care	1,040	(22)	43	23	-	1	913	892
Discontinued operations	1,076	(22)	43	23	-	1	922	1,380
Corporate functions/eliminations ¹⁾	(2,107)	4	-	(1)	-	-	2,123	-
Total	28,900	(550)	180	606	344	78	21,794	273,457

¹⁾ Includes eliminations of intra-group balances and investments.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

2. Segment information (continued)

The business segment, the secondary segment, is based on the main service areas defined in the Route 101 strategy plan. As ISS Global does not fully allocate balances to the service areas in Facility Services, only revenue is disclosed for the different service areas within the business segment. Comparative figures have been restated accordingly.

Business (Secondary Segment)	2005	2004
External revenue		
Cleaning Services	28,315	26,556
Office Support Services	1,602	956
Property Services	10,719	8,914
Catering Services	2,487	2,003
Integrated Facility Services	2,971	1,239
	<hr/>	<hr/>
Continuing operations	46,094	39,668
Japan	49	78
Health Care	310	619
	<hr/>	<hr/>
Discontinued operations	359	697
	<hr/>	<hr/>
Total	46,453	40,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

3. Staff costs	2005	2004
Wages and salaries	(23,122)	(20,180)
Pension costs, defined benefit plans	(60)	(84)
Pension costs, defined contribution plans ¹⁾	(1,188)	(1,092)
Social charges and other costs ¹⁾	(6,149)	(5,161)
Staff costs	(30,519)	(26,517)
Average number of employees	295,126	267,203

ISS Global A/S did not remunerate its Board of Directors or its Managing Director in 2004 and 2005.

¹⁾ In the 2004 figures, DKK 224 million has been reclassified from Social charges and other costs to Pension costs, defined contribution plans.

4. Fees to ISS Global's auditors	2005	2004
KPMG		
Audit fees ¹⁾	22	24
Other audit related services	9	7
Tax and VAT advisory services	5	5
Other services ²⁾	15	26
Total fees to ISS Global's auditors	51	62

¹⁾ Audit fees comprised audits of the consolidated and local Annual Reports.

²⁾ Other services mainly comprised work related to acquisitions such as financial and tax due diligence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

5. Other income and expenses, net	2005	2004
Gain on sale of Health Care operations ¹⁾	237	-
Gain on sale of activities in Japan	10	-
Other	-	(1)
Discontinued operations	247	(1)
Group Restructuring Project ²⁾	(221)	-
Discontinuation of German hospital cleaning services business ³⁾	(35)	-
Costs related to downscaling and divestment of Damage Control units ⁴⁾	(35)	-
Loss on divestment of building maintenance business in the United Kingdom	(9)	-
Gain on sale of Private Finance Initiative stake in the United Kingdom ⁵⁾	33	-
Loss on discontinuation of aviation businesses	(5)	(4)
Other	(40)	(16)
Continuing operations	(312)	(20)
Other income and expenses, net	(65)	(21)

¹⁾ In February 2005 ISS Global sold its Health Care operations and its 49% interest in CarePartner to a joint venture, now named Aleris Hodling AB ("Aleris"), owned by ISS, EQT III Limited and Aleris's management, and realized a gain of DKK 123 million. At the end of June 2005, ISS Global sold its interest in this joint venture to EQT III Limited, and realized a further gain of DKK 114 million.

²⁾ In the autumn of 2005, ISS Global initiated a Group Restructuring Project comprising certain organizational and structural changes to reduce ongoing costs in a number of countries. The project included physical relocations, termination of leaseholds, redundancy payments, and contract restructuring. The Board of Directors approved an expenditure of DKK 250 million, of which DKK 221 million was recognized in Other income and expenses, net in 2005. The remaining amount is expected to be expensed in 2006.

³⁾ ISS Global's decision to discontinue its hospital cleaning services business in Germany through a phase-out of the remaining customer contracts resulted in a DKK 35 million provision for termination costs, primarily redundancy payments.

⁴⁾ A downsizing of ISS Global's damage control activities in Denmark, Norway and Sweden and the divestment of damage control activities in Israel and Sweden led to costs of DKK 35 million.

⁵⁾ Sale of ISS Global's interest (PFI-stake) in Catalyst Healthcare Holdings Ltd. which operates certain facilities at Calderdale Royal Hospital in the United Kingdom resulted in a gain of DKK 33 million.

6. Net finance costs	2005	2004
Interest income etc.	118	40
Gain from settlement of interest rate swaps ¹⁾	45	-
Interest income from affiliates	1	-
Foreign exchange gain	4	1
Financial income	168	41
Interest expenses etc.	(653)	(378)
Interest expenses from affiliates	(0)	(0)
Foreign exchange loss	(20)	(10)
Financial expenses	(673)	(388)
Net finance costs	(505)	(347)

¹⁾ The total gain from the settlement of interest rate swaps amounted to DKK 514 million. The remaining DKK 469 million will be included in the income statement in the financial years 2006 - 2014 corresponding to the remaining duration of the bond loans (see note 24, Long-term debt).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

7. Taxes	2005			2004		
	Income taxes	Tax payables/ (receivables)	Deferred tax liabilities/ (assets)	Income taxes	Tax payables/ (receivables)	Deferred tax liabilities/ (assets)
Balance at January 1	-	78	(118)	-	90	(29)
Foreign exchange adjustments	-	1	(1)	-	(4)	1
Additions from acquired companies, net	-	51	121	-	10	(63)
Adjustments relating to prior years, net	(7)	7	-	(4)	(65)	69
Tax regarding warrants and employee shares	-	(7)	-	-	(13)	-
Tax regarding other equity movements	-	(80)	(20)	-	(10)	2
Tax on profit before impairment/ amortization of intangibles ¹⁾	(497)	593	(96)	(465)	588	(123)
Subtotal	(504)	643	(114)	(469)	596	(143)
Tax effect of goodwill impairment and write-down and amortization of customer contracts	58	-	(58)	33	(58)	25
Reclassification of joint taxation contribution	-	88	-	-	-	-
Tax paid	-	(780)	-	-	(460)	-
Taxes at December 31	(446)	(49)	(172)	(436)	78	(118)
Tax receivable/deferred tax assets		(130)	(645)		(102)	(604)
Tax payable/deferred tax liabilities		81	473		180	486
Income tax, net/deferred tax, net		(49)	(172)		78	(118)
Computation of effective tax rate				2005	2004	
Statutory income tax rate in Denmark				28.0 %	30.0 %	
Foreign tax rate differential, net				0.9 %	0.7 %	
Non-tax deductible expenses less non-taxable income ²⁾				28.9 %	30.7 %	
Adjustments relating to prior years, net				0.6 %	1.5 %	
Previously unrecognized tax assets				0.4 %	0.3 %	
Effect of changes in tax rates				(0.5)%	(1.1)%	
Tax impact of result after tax in associates				0.3 %	0.3 %	
Effective tax rate (excluding effect from impairment/amortization of intangibles)				29.3 %	31.1 %	

¹⁾ Intangibles cover the value of goodwill and customer contract portfolios and related customer relationships.

²⁾ In 2005, Non-tax deductible expenses less non-taxable income included the effect of tax free gain regarding the sale of Health Care operations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

8. Goodwill impairment and write-down	2005	2004
Impairment	(111)	(306)
Write-down	(80)	(38)
Goodwill impairment and write-down	(191)	(344)

Goodwill impairment of DKK 111 million related mainly to the German Facility Service business. For a further description see note 14, Impairment tests. Goodwill write-down of DKK 80 million related mainly to the winding-up and divestment of part of the Swedish Damage Control activities.

9. Changes in working capital	2005	2004
Changes in inventories	(7)	(9)
Changes in trade receivables etc.	(552)	28
Changes in payables etc.	339	201
Changes in working capital	(220)	220

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

10. Acquisition and divestment of businesses

ISS Global made 103 acquisitions during 2005 (95 during 2004). The total purchase price amounted to DKK 3,020 million (DKK 4,204 million in 2004). Furthermore ISS Global took over all employees in ISS A/S as at July 2005 in connection with a management agreement between ISS A/S and ISS Management A/S, a subsidiary directly owned by ISS Global A/S. The total annual revenue of the acquired businesses is estimated at approximately DKK 4,247 million (DKK 6,095 million in 2004) based on expectations at the time of acquisition. The balance sheet items etc. relating to acquisitions and divestments (including adjustments to acquisitions and divestments in prior years) are specified below:

	Total acquisitions ¹⁾		Total divestments
	Net book value before takeover	Fair value at takeover	
Acquisitions and divestments in 2005			
Goodwill	3	-	(769)
Customer contract portfolios and related customer relationships	-	884	(21)
Other non-current assets	236	222	(212)
Trade receivables	647	691	(150)
Other current assets	617	597	(108)
Other provisions	(48)	(46)	-
Pensions, deferred tax liabilities and minorities	(34)	(186)	35
Long-term debt	(75)	(76)	14
Short-term debt	(161)	(163)	395
Other current liabilities	(829)	(879)	167
Net identifiable assets	356	1,044	(649)
Goodwill ²⁾		2,065	-
Loss/(gain) on divestment of businesses		-	(215)
Acquisition costs, net of tax ³⁾		(89)	-
Purchase/(sales) price		3,020	(864)
Cash and cash equivalents in acquired/divested companies		(379)	42
Net purchase/(sales) price		2,641	(822)
Changes in deferred payments		(140)	(23)
Changes in prepayments regarding acquisitions in the coming year		(12)	-
Acquisition costs paid, net of tax		92	-
Net payments regarding acquisition/divestment of businesses		2,581	(845)

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

¹⁾ In 2005, no acquisition accounted for more than 2% of ISS Global revenue on an individual basis.

²⁾ For description of the factors that contributed to a recognition of goodwill, see note 35, Transition to IFRS.

³⁾ Acquisition costs, net of tax, amounting to DKK 89 million related mainly to the acquisitions of EastPoint Group in Hong Kong, Grangemore Landscapes in Ireland, Hongrun in China and Proser in Turkey.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

10. Acquisition and divestment of businesses (continued)

	Acquisition of Engel ¹⁾		Acquisition of Grupo Unica ¹⁾		Total acquisitions		Total divestments
	Net book value before takeover	Fair value at takeover	Net book value before takeover	Fair value at takeover	Net book value before takeover	Fair value at takeover	
Acquisitions and divestments in 2004							
Goodwill	74	-	144	-	534	-	(9)
Customer contract portfolios and related customer relationships	-	275	-	205	-	1,186	-
Other non-current assets	117	113	15	53	524	396	(45)
Trade receivables	77	77	333	333	995	978	(8)
Other current assets	114	119	14	14	482	463	(4)
Other provisions	-	(5)	(34)	(34)	(39)	(81)	-
Pensions, deferred tax liabilities and minorities	(5)	(83)	(7)	(7)	(23)	(298)	3
Long-term debt	-	-	(72)	(72)	(143)	(147)	-
Short-term debt	-	-	(137)	(137)	(328)	(360)	2
Other current liabilities	(233)	(239)	(193)	(192)	(1,076)	(1,154)	2
Net identifiable assets	144	257	63	163	926	983	(59)
Goodwill ²⁾		1,286		212		3,322	-
Loss/(gain) on divestment of business		-		-		-	(1)
Acquisition costs, net of tax ³⁾		(41)		(11)		(101)	-
Purchase/(sales) price		1,502		364		4,204	(60)
Cash and cash equivalents in acquired/divested companies		(95)		(2)		(327)	-
Net purchase/(sales) price ⁴⁾		1,407		362		3,877	(60)
Changes in deferred payments		-		-		(63)	24
Changes in prepayments regarding acquisitions in the coming year		-		-		(113)	-
Acquisition costs paid, net of tax ⁵⁾		41		11		152	-
Net payments regarding acquisition/divestment of businesses		1,448		373		3,853	(36)

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

¹⁾ In 2004, only the acquisitions of Engel and Grupo Unica accounted for more than 2% of ISS Global revenue on an individual basis.

²⁾ For description of the factors that contributed to a recognition of goodwill, see note 35, Transition to IFRS.

³⁾ Acquisition costs, net of tax, amounting to DKK 101 million related mainly to the acquisitions of Engel in Finland, Grupo Unica in Spain, Nobis Beteiligungen in Germany, and SEDE Holding in France.

⁴⁾ The purchase price, assuming the acquired company had no cash and no debt, was DKK 1,428 million and DKK 542 million for Engel and Grupo Unica, respectively.

⁵⁾ Including payments regarding integration costs from acquisitions made before January 1, 2004.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

10. Acquisition and divestment of businesses (continued)	2005	2004
Pro forma revenue ¹⁾		
Revenue recognized in the income statement	46,453	40,365
Adjustment, assuming all acquisitions in the year were included as of January 1	1,935	2,876
Revenue for ISS Global assuming all acquisitions in the year were included as of January 1	48,388	43,241
Adjustment, assuming all divestments signed in the year were carried out as of January 1	(645)	(33)
Revenue for ISS Global assuming all acquisitions and divestments in the year were carried out as of January 1	47,743	43,208
Pro forma operating profit before other items ¹⁾		
Operating profit before other items recognized in the Income Statement	2,863	2,421
Adjustment, assuming all acquisitions in the year were included as of January 1	140	159
Operating profit before other items for ISS Global assuming all acquisitions in the year were included as of January 1	3,003	2,580
Adjustment, assuming all divestments signed in the year were carried out as of January 1	(70)	(7)
Operating profit before other items for ISS Global assuming all acquisitions and divestments in the year were carried out as of January 1	2,933	2,573

¹⁾ The adjustment for revenue and operating profit before other items assuming all acquisitions and divestments were included as of January 1 is based on estimates of local ISS management in the respective jurisdictions in which such acquisitions and divestments occurred at the times of such acquisitions and divestments or actual results where available. Synergies from acquisitions are not included for periods in which such acquisitions were not controlled by ISS Global. These adjustments and the computation of total revenue and operating profit before other items calculated on a pro forma basis based on such adjustments are presented for informational purposes only and have not been audited. This information does not represent the results ISS Global would have achieved had the divestments and acquisitions during the year occurred on January 1. In addition, the information should not be used as the basis for or prediction of any annualized calculation.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

10. Acquisition and divestment of businesses (continued)

During 2005, ISS Global made 103 acquisitions ¹⁾

Company	Country	Income statement consolidated from	Percentage interest	Annual revenue ²⁾	Number of employees ²⁾
Jakober AG	Switzerland	January	100%	34	39
Motivator	Denmark	January	Activities	13	19
Reif Rein Reinigungs- und Umweltschutz GmbH	Austria	January	100%	55	250
Alois Haltner Gebäudereinigungs AG	Switzerland	January	100%	9	100
Vandezande NV	Belgium	January	100%	72	500
Edens Gave	Norway	January	Activities	12	18
Facility Services RUS LLC	Russia	January	100%	22	600
Mitchell & Struthers Ltd.	UK	January	100%	125	350
LMCB SAS	France	January	100%	114	1,020
Siemens Service Management A/S	Denmark	January	100%	50	29
Groupe Apex	France	January	100%	95	458
Leif Hermansson Miljövård AB	Sweden	January	100%	7	5
Grangemore Landscapes Ltd.	Ireland	January	98%	70	135
Ador Chimie	France	January	Activities	1	2
Park og Landskapspleie	Norway	February	Activities	14	40
Superclean Support Services Plc.	UK	February	100%	62	630
Proser Koruma ve Güvenlik Hizmetleri A.S.	Turkey	February	70%	233	4,219
Lawn Ltd.	Hong Kong	March	100%	2	7
Mark & Miljö i Skåne AB	Sweden	March	100%	100	165
Doya Biologica SA	Spain	March	100%	26	35
Coolit Klima- und Kältetechnik GmbH	Austria	March	100%	18	18
EKS Business Pte Ltd	Singapore	March	100%	2	11
Profolia SAS	France	March	100%	10	13
Satheim SAS	France	April	100%	7	10
Hongrun	China	April	60%	48	6,000
Netteco	Switzerland	April	Activities	5	40
Pharmaclean	Australia	April	Activities	6	35
Erwin Jacober AG	Switzerland	April	100%	63	130
Leni	Austria	April	Activities	5	10
Bjørknes	Norway	May	Activities	9	9
Bedriftsinterne Posttjenester	Norway	May	Activities	58	86
Pépinières de Beaufort	France	May	Activities	10	26
PSS	Portugal	May	Activities	28	407
Standby Pest Control (Holdings) Ltd.	UK	May	100%	34	65
Verhulst Beplantingswerken B.V.	Netherlands	May	100%	22	48
Oulun Puhelin	Finland	May	Activities	5	5
Kirwan Landscaping Services	Australia	May	Activities	75	316
Happy Verde	Spain	May	100%	7	22
ABC Healthcare Services	Australia	June	Activities	3	5
Ventilasjonservice	Norway	June	Activities	13	7
Profilstädarna i Sverige AB	Sweden	June	100%	83	390
Logistikk-Support	Norway	June	Activities	10	18
Teleservice	Norway	June	Activities	10	40
Rubio & Kuschel Ltda.	Chile	June	100%	14	617
Manchester Property Care Ltd.	New Zealand	June	100%	80	900
Nature Environnement SA	France	June	100%	59	89
ISS Finans A/S ¹⁾	Denmark	June	100%	0	0
Subtotal				1,800	17,938

¹⁾ In 2005, ISS Finans A/S was acquired from ISS A/S, the parent of ISS Global, in an Intra-Group transaction.

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

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

10. Acquisition and divestment of businesses (continued)

Company	Country	Income statement consolidated from	Percentage interest	Annual revenue ¹⁾	Number of employees ¹⁾
KASA Limpiezas S.A.	Spain	June	100%	200	2,005
Sethap SAS	France	June	100%	5	9
Stael SAS	France	June	100%	11	13
Restauration Régionale S.A.	Belgium	July	100%	48	106
Grødeggaard AS ²⁾	Norway	July	100%	242	500
Solvognen	Denmark	July	Activities	13	28
Jarrett Hygiene Service	Australia	July	Activities	1	2
WBZ Gartengestaltung GmbH	Austria	July	100%	5	6
Megama Cleaning and Holdings Services	Israel	July	Activities	17	700
Notter Group	Switzerland	July	100%	78	69
NEGH SAS	France	July	100%	166	1,786
Top Service spol. s.r.o.	Slovakia	July	100%	4	215
Interfoon Call Centers B.V.	Netherlands	July	100%	36	193
Woko (F&B) Pte Ltd.	Singapore	July	100%	48	325
Brunner GmbH	Austria	July	100%	34	171
Thomas Cowan	Hong Kong	August	70%	2	5
Biosan	Brazil	August	100%	1	16
BBC Installationservice	Denmark	August	Activities	46	71
Cleantec Hospitality Services Pte Ltd.	India	August	100%	21	2,005
Inhouse (Proffice)	Sweden	August	Activities	67	185
Net y Bien S.I.	Spain	August	100%	72	983
Green Science Co. Ltd.	Thailand	August	Activities	1	9
Kai Thor Catering A/S	Denmark	September	100%	19	19
Holmdrup Kloakservice	Denmark	September	Activities	10	15
Anlægsgartneriet Hedelund	Denmark	September	Activities	13	25
Kartharotechniki S.A.	Greece	September	100%	55	400
Mina Vara / ESS Puhatus	Estonia	September	51%	82	1,500
Loboal Conseils SARL	France	September	100%	31	208
JWN Data A/S and Media Service A/S	Denmark	October	100%	36	46
SVIP Oy	Finland	October	100%	9	23
PHM	France	October	Activities	1	2
Mestarit Yhtiö Oy	Finland	October	100%	7	6
Raypath-Clean a.s.	Slovakia	October	100%	9	308
Peter Borgesen	Norway	October	Activities	6	10
Cynogarde SAS	France	October	100%	18	89
Sodepo Empresa de Trabalho Temporário, SA	Portugal	October	100%	37	480
Van Kerkhoven BVBA	Belgium	October	100%	14	13
Irvak & LGT AG	Switzerland	October	100%	10	34
Niaga Suria Group	Malaysia	October	Activities	6	110
Desipraga Soiedade de Desinfecção e Desinfestação, Lda.	Portugal	October	100%	6	21
Quimicoll	Spain	October	Activities	3	10
U.S. Security Ltd.	Ireland	November	100%	23	200
Helco, Hellfritz AG	Switzerland	November	100%	15	200
Nieow Economisch Onderhoudsbedrijf NV	Belgium	November	100%	69	371
Estera Oy	Finland	November	100%	76	89
Subtotal				3,473	31,519

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

²⁾ The acquisition comprises the remaining 52% stake in Grødeggaard not already owned by ISS Global.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

10. Acquisition and divestment of businesses (continued)

Company	Country	Income statement consolidated from	Percentage interest	Annual revenue ¹⁾	Number of employees ¹⁾
Complete FM	Ireland	November	Activities	8	10
Miva Bohemia s.r.o.	Czech Republic	November	100%	54	1,937
Segula Outsourcing SAS	France	November	100%	38	137
Miljöbyggarna i Borås AB	Sweden	November	100%	31	34
Personalhuset AS	Norway	November	90%	143	55
EastPoint Group Ltd.	Hong Kong	November	100%	233	3,394
Markbolaget i Uppsala AB	Sweden	December	100%	15	14
Cityplant	Denmark	December	Activities	0	0
Nihon Leasekin	Hong Kong	December	Activities	3	19
Hidroplant	Spain	December	100%	10	38
Aker Kværner Industrielt Vedlikehold AS	Norway	December	100%	239	435
Total				4,247	37,592

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

During 2005, ISS Global divested the following 18 companies/activities

Company/activity	Country	Month of disposal	Annual revenue ¹⁾
Fjordkøkkenet A/S	Denmark	January	8
Hotel cleaning activities	Finland	April	78
Concord activities	UK	April	48
Waste Services	Denmark	April	6
Sand & Vattanbläst (Tyringe)	Sweden	May	10
Strålskyddsverksamhet activities outside Sweden (Damage Control)	Sweden	May	13
Health Care	Sweden	June ²⁾	619
Aquagest	France	July	100
Special Service Unit	Finland	July	7
Damage Control activities in Vienna	Germany	July	13
Bussan ISS Holding Co. Ltd (incl. ISS Nesco Ltd.)	Japan	September ²⁾	78
Print and Copy Services	Finland	September	5
Håndværkerservice	Denmark	September	22
Skadeservice (Damage Control)	Sweden	October	131
Restoration Engineering (Damage Control)	Israel	November	8
Mobile Catering	Sweden	November	24
Leisure Business Segment	Sweden	November	17
ÖHS (Damage Control)	Sweden	December	23
Total			1,210

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

²⁾ See note 34, Discontinued operations.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

10. Acquisition and divestment of businesses (continued)

	Total acquisitions	
	Net book value before takeover	Fair value at takeover
Acquisitions and divestments in 2006 ¹⁾		
Goodwill	-	-
Customer contract portfolios and related customer relationships	-	22
Other non-current assets	9	9
Trade receivables	13	13
Other current assets	12	12
Pensions, deferred tax liabilities and minorities	(1)	(6)
Short-term debt	(5)	(5)
Other current liabilities	(16)	(17)
Net identifiable assets	12	28
Goodwill		60
Purchase price		88
Cash and cash equivalents in acquired companies		(8)
Net purchase price		80

¹⁾ In accordance with usual procedures for purchase price allocation, opening balances for acquisitions subsequent to January 31, 2006, are not yet available.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

10. Acquisition and divestment of businesses (continued)

From January 1 to March 31, 2006, ISS Global made 34 acquisitions ¹⁾

Company	Country	Income statement consolidated from	Percentage interest	Annual revenue ²⁾	Number of employees ²⁾
Ejendomsforeningen Danmark	Denmark	January	Activities	0	0
ASM	Portugal	January	Activities	5	17
Sinon International srl	Romania	January	100%	10	365
Sistems Horticulture	Australia	January	Activities	12	35
Insinöörtoimisto Frenta Oy	Finland	January	100%	3	4
PH-Palvelut Oy	Finland	January	Activities	3	6
Vaktmestersentralen AS	Norway	January	100%	12	28
Matpartner	Norway	January	Activities	21	20
Aquaris	Norway	January	Activities	5	4
Plantesevice	Norway	January	Activities	6	11
Planterike	Norway	January	Activities	2	4
Raise Contact Center	Denmark	January	Activities	17	248
Terrakultur Stockholm AB and Codeum Finans AB	Sweden	January	100%	26	65
Agro Top Services SARL	France	January	100%	7	15
Pegasus Security Holdings Limited	UK	January	100%	427	1,581
MPA Securitas Limited	Thailand	January	100%	50	3,500
National Services Company B.V.	Netherlands	January	100%	20	86
Cleaning Plus	New Zealand	February	Activities	34	370
Hygeco SAS	France	February	100%	12	14
Charlestown SA	France	February	100%	159	323
Fruktbilen i Stockholm AB	Sweden	February	100%	6	10
Mats & Gun Wahlin AB	Sweden	February	100%	1	2
Optimal Group	Czech Republic	February	100%	74	415
Janco Pest Management	Australia	February	Activities	1	2
Bluebell Hospitality	India	February	Activities	2	90
Grundell	Finland	February	100%	21	80
B&S Virityspalvelu	Finland	February	Activities	8	16
Tempo Services Ltd. ³⁾	Australia	February	100%	2,900	21,000
Coffee-team	Norway	March	Activities	6	4
EW Service Group	Switzerland	March	Activities	4	30
OS Verktakar	Iceland	March	Activities	2	12
Mandresa AB	Sweden	March	100%	43	29
JB Security Ltd.	Ireland	March	100%	14	54
Merusa	Spain	March	100%	57	239
Total				3,970	28,679

¹⁾ Includes all acquisitions made prior to March 31, 2006, regardless of consolidation date.

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

³⁾ The acquisition comprises the remaining 51% shares in Tempo Services Ltd., not already owned by ISS Global.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

11. Investments in non-current assets	2005	2004
Purchase of intangible assets ¹⁾ and property, plant and equipment	(673)	(675)
Proceeds on sales of intangible assets and property, plant and equipment	131	125
Investments in intangible assets and property, plant and equipment, net	(542)	(550)
Investments in securities, net	130	(36)
Investments in other financial assets, net	(121)	(52)
Investments in financial assets, net	9	(88)

¹⁾ Excluding goodwill and customer contract portfolios and related customer relationships.

12. Financial payments, net	2005	2004
Long-term and short-term debt at January 1	(11,298)	(7,179)
Foreign exchange and other adjustments	(137)	(35)
Additions from acquired and divested companies, net	170	(505)
Fair value adjustment related to swap	(469)	-
Reversal of fair value adjustment related to swap ¹⁾	222	(249)
Recognition of financial lease	(162)	-
Financial payments related to receivables from affiliates	(18)	-
Long-term and short-term debt at December 31	17,559	11,298
Financial payments, net	5,867	3,330

¹⁾ For further information see note 30, Derivatives.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

13. Intangible assets

	Goodwill	Customer contracts ¹⁾	Software and other intangible assets	Total
2005				
Cost at January 1, 2005	15,690	1,186	356	17,232
Foreign exchange adjustments	124	11	0	135
Additions ²⁾	2,094	-	54	2,148
Additions from acquired companies, net	-	866	14	880
Disposals	(849)	-	(10)	(859)
Transfer from Property, plant and equipment	-	-	3	3
Cost at December 31, 2005	17,059	2,063	417	19,539
Impairment, write-down and amortization at January 1, 2005	(306)	(78)	(226)	(610)
Foreign exchange adjustments	-	(1)	0	(1)
Amortization	-	(201)	(70)	(271)
Amortization from acquired companies, net	-	3	(9)	(6)
Impairment	(111)	-	-	(111)
Write-down	(80)	-	(1)	(81)
Disposals	80	-	10	90
Transfer from Property, plant and equipment	-	-	(1)	(1)
Impairment, write-down and amortization at December 31, 2005	(417)	(277)	(297)	(991)
Carrying amount at December 31, 2005	16,642	1,786	120	18,548
2004				
Cost at January 1, 2004	12,465	-	376	12,841
Foreign exchange adjustments	(16)	-	1	(15)
Additions ²⁾	3,289	-	59	3,348
Additions from acquired companies, net	-	1,186	31	1,217
Disposals	(48)	-	(74)	(122)
Transfer to Property, plant and equipment	-	-	(37)	(37)
Cost at December 31, 2004	15,690	1,186	356	17,232
Impairment, write-down and amortization at January 1, 2004	-	-	(233)	(233)
Foreign exchange adjustments	-	-	(1)	(1)
Amortization	-	(78)	(76)	(154)
Amortization from acquired companies, net	-	-	(21)	(21)
Impairment	(306)	-	-	(306)
Write-down	(38)	-	-	(38)
Disposals	38	-	73	111
Transfer to Property, plant and equipment	-	-	32	32
Impairment, write-down and amortization at December 31, 2004	(306)	(78)	(226)	(610)
Carrying amount at December 31, 2004	15,384	1,108	130	16,622

¹⁾ Includes customer contract portfolios and related customer relationships.

²⁾ Additions of goodwill included goodwill of DKK 24 million related to associates now fully owned. In 2004 additions of goodwill was off-set by a DKK 33 million reversal relating to acquisitions in prior years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

14. Impairment tests

ISS Global's intangibles¹⁾ relate to several hundred acquisitions carried out under varying circumstances and at different stages of macro-economic cycles. The intangibles are distributed between most of the countries in which ISS Global operates. The acquired companies, to which the intangibles relate, 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 is in accordance with the monitoring for internal management purposes and should be seen in the light of ISS Global's strategy to integrate acquired companies as quickly as possible in order to benefit from synergies.

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

As a company based in Europe, ISS Global assumes the long-term ISS Global equity risk premium to be 3%. When performing impairment tests for individual CGU's, the risk premium applied may be higher than ISS Global's. When doing acquisitions ISS Global typically applies a hurdle rate, which is significantly higher than the calculated cost of capital.

The carrying amount of intangibles and the key assumptions²⁾ used in the impairment testing for each CGU representing more than 5% of the carrying amount of intangibles are presented below.

	Carrying amount			Applied expected long-term rate		Applied rate
	Goodwill	Customer contracts ³⁾	Total intangibles ¹⁾	Growth	Margin	Discount rate, net of tax
France	4,186	228	4,414	3.0%	6.6%	7.4%
Finland	1,829	248	2,077	3.0%	8.9%	7.8%
Netherlands	1,717	37	1,754	3.0%	7.0%	7.9%
United Kingdom	1,434	141	1,575	3.0%	6.4%	7.8%
Norway	831	167	998	3.0%	7.2%	8.3%
Sweden	889	87	976	3.0%	6.0%	8.5%
Spain	700	264	964	3.0%	5.9%	7.3%
Germany ⁴⁾	841	95	936	3.0%	5.8%	7.9%
Denmark	870	58	928	3.0%	7.0%	8.0%
Other	3,345	461	3,806			
Total carrying amount at December 31, 2005	16,642	1,786	18,428			

¹⁾ In this context intangibles cover the value of goodwill and customer contract portfolios and related customer relationships resulting from the acquisition of companies.

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

³⁾ Includes customer contract portfolios and related customer relationships.

⁴⁾ For impairment test purposes the growth in Germany is expected to be 1.6% on average over the next five years while the margin is expected to be 4.6% on average over the next eight years.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

14. Impairment tests (continued)

Estimates used to measure recoverable amount

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

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

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

In determining the country specific discount rates, which are calculated net of tax, a target ratio of 75/25 between the market value of debt and enterprise value is used. A country specific risk premium has been added to the discount rates to reflect the specific risk associated with each CGU.

ISS's activities in Germany

The impairment test for Germany has been based on a business plan prepared by the German management for ISS Global's activities in Germany. Based on the expectations set out in the business plan an impairment loss of DKK 93 million was incurred as at June 30, 2005. Using the German management's performance estimates in the business plan with an estimated terminal growth rate of 3% from 2011 and an estimated terminal margin of 5.8% from 2014 the test performed as at December 31, 2005 shows no impairment.

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 can change, all other things being equal, before the unit's recoverable amount equals its carrying amount.

	Growth		Margin		Discount rate, net of tax	
	Applied expected long-term rate	Allowed decrease	Applied expected long-term rate	Allowed decrease	Applied rate	Allowed increase
France	3.0%	2.0%	6.6%	2.0%	7.4%	2.0%
Finland	3.0%	> 3.0%	8.9%	4.0%	7.8%	4.0%
Netherlands	3.0%	> 3.0%	7.0%	3.0%	7.9%	3.8%
United Kingdom	3.0%	> 3.0%	6.4%	3.6%	7.8%	6.2%
Norway	3.0%	> 3.0%	7.2%	4.6%	8.3%	9.2%
Sweden	3.0%	> 3.0%	6.0%	3.4%	8.5%	7.4%
Spain	3.0%	1.6%	5.9%	1.5%	7.3%	1.6%
Germany ¹⁾	3.0%	0.0%	5.8%	0.0%	7.9%	0.0%
Denmark	3.0%	> 3.0%	7.0%	4.0%	8.0%	6.8%

¹⁾ For impairment test purposes the growth in Germany is expected to be 1.6% on average over the next five years while the margin is expected to be 4.6% on average over the next eight years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

15. Property, plant and equipment	2005			2004		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
Cost at January 1	290	4,625	4,915	206	3,906	4,112
Foreign exchange adjustments	3	56	59	-	(4)	(4)
Additions	30	589	619	9	609	618
Other additions ¹⁾	63	87	150	78	-	78
Additions from acquired companies, net	(2)	186	184	73	615	688
Disposals	(25)	(468)	(493)	(77)	(558)	(635)
Transfers ²⁾	-	(3)	(3)	1	57	58
Cost at December 31	359	5,072	5,431	290	4,625	4,915
Depreciation at January 1	(56)	(3,085)	(3,141)	(50)	(2,614)	(2,664)
Foreign exchange adjustments	(2)	(43)	(45)	(0)	5	5
Depreciation	(14)	(563)	(577)	(8)	(522)	(530)
Depreciation from acquired companies, net	(1)	(117)	(118)	(11)	(388)	(399)
Disposals	6	378	384	13	466	479
Transfers	-	1	1	-	(32)	(32)
Depreciation at December 31	(67)	(3,429)	(3,496)	(56)	(3,085)	(3,141)
Carrying amount at December 31	292	1,643	1,935	234	1,540	1,774

Land and buildings with a carrying amount of DKK 18 million (DKK 22 million in 2004) were provided as collateral for mortgage debt of DKK 5 million (DKK 10 million in 2004). Plant and equipment with a carrying amount of DKK 6 million (DKK 7 million in 2004) was provided as collateral for long-term and short-term debt of DKK 0 million (DKK 3 million in 2004). The carrying amount of ISS Global's Land and buildings under finance leases was DKK 63 million (DKK 0 million in 2004). The carrying amount of ISS Global's Plant and equipment under finance leases was DKK 164 million (DKK 83 million in 2004).

¹⁾ In 2005, additions to Land and buildings include DKK 63 million of Financial leases, and additions to Plant and equipment include DKK 87 million of Financial leases. In 2004, additions consisted of dismantling costs with counterpart under Other provisions.

²⁾ In 2005, DKK 3 million was transferred to Intangible assets. In 2004, DKK 37 million was transferred from Intangible assets, and DKK 21 million was transferred from Other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

16. Associates		2005	2004							
Investments in associates										
Cost at January 1		157	71							
Foreign exchange adjustments		7	0							
Additions		6	96							
Additions from acquired companies, net		(7)	1							
Disposals ¹⁾		(46)	(11)							
Cost at December 31		117	157							
Revaluation at January 1		23	(4)							
Foreign exchange adjustments		1	1							
Net profit for the year		15	33							
Dividends received		(1)	(4)							
Disposals ¹⁾		(23)	(3)							
Revaluation at December 31		15	23							
Carrying amount at December 31		132	180							
Receivable from associate		179	-							
		ISS Global's share								
		Owner-ship %	Net profit							
2005	Country	Revenue	Operating profit	Net profit	Assets	Liabilities	Equity	Net profit		
	Pacific Service Solution Ltd. ²⁾	Australia	2,446	116	22	1,598	1,435	49	78	11
	CarePartner Sverige AB ³⁾	Sweden	61	4	3	-	-	49	-	1
	Grødegaard AS ⁴⁾	Norway	114	(1)	(4)	-	-	48	-	(2)
	Aircon AS	Norway	157	15	9	49	29	40	7	4
	Other associates		164	5	3	67	42		13	1
			2,942	139	33	1,714	1,506		98	15
	Goodwill at December 31, 2005								34	-
	Total carrying amount at December 31, 2005								132	15
								ISS Global's share		
								Owner-ship %	Equity	Net profit
2004	Country	Revenue	Operating profit	Net profit	Assets	Liabilities	Equity	Net profit		
	CarePartner Sverige AB	Sweden	757	46	47	206	131	49	37	23
	Grødegaard AS	Norway	237	10	10	56	38	48	9	5
	Aircon AS	Norway	134	8	(1)	37	33	40	2	0
	Other associates		382	10	11	225	54		83	5
			1,510	74	67	524	256		131	33
	Goodwill at December 31, 2004								49	-
	Total carrying amount at December 31, 2004								180	33

¹⁾ Including transfers related to associates now fully owned.

²⁾ Including Tempo Services Ltd., Australia. The amounts recognized in the consolidated financial statements for ISS Global are based on reported interim balances prepared in accordance with IFRS. Pacific Service Solution Ltd has entered into a syndicated facility agreement implying that dividend payments can only be made under detailed restrictions until all senior debt has been settled. The remaining 51% shareholding was acquired February, 2006.

³⁾ CarePartner AB was sold at February 1, 2005.

⁴⁾ The remaining 52% shareholding was acquired at July 1, 2005.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

17. Deferred tax

	2005		2004	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax losses carried forward	195	-	176	-
Goodwill	151	149	85	127
Customer contracts ¹⁾	-	444	-	244
Property, plant and equipment	51	154	-	76
Provisions	614	-	369	-
Other	11	103	82	147
Set-off within legal tax units and jurisdictions	(377)	(377)	(108)	(108)
Deferred tax	645	473	604	486

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

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

Unrecognized tax assets

ISS Global has unrecognized deferred tax assets in the following countries:

	2005			2004
	Total	Recognized	Unrecognized	Unrecognized
Germany (tax losses carried forward)	324	164	160	158
Brazil (tax losses carried forward)	24	6	18	24
Belgium (tax losses carried forward)	23	15	8	-
Argentina (tax losses carried forward)	2	-	2	1
Israel (tax losses carried forward)	3	1	2	2
Total			190	185

The unrecognized tax loss can be carried forward indefinitely in the individual countries. Deferred tax assets relating to tax losses carried forward are only recognized to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized.

¹⁾ Includes customer contract portfolios and related customer relationships.

18. Other financial assets

	2005	2004
Investments in Public Finance Initiatives (PFI)	48	18
Costs related to Public Private Partnerships (PPP)/PFI contracts	58	56
Regulatory long-term loans	39	24
Other	85	187
Other financial assets	230	285

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

19. Inventories	2005	2004
Raw materials and supplies	131	128
Work in progress	52	54
Finished goods	117	81
Inventories	300	263
Inventories expensed	3,753	3,145

20. Trade receivables and contract work in progress	2005	2004
Trade receivables ¹⁾	7,564	6,376
Reserve for bad debt included in trade receivables	(202)	(204)
Debtor days ²⁾	47	44
Contract work in progress		
Contract expenses	164	165
Recognized profits	23	29
Contract work in progress, gross	187	194
Advances and prepayments	(34)	(38)
Contract work in progress, net	153	156

¹⁾ The carrying amount of trade receivables approximates their fair values.

²⁾ Debtor days are calculated by dividing trade receivables with daily revenue including VAT.

21. Other receivables	2005	2004
Receivable from affiliates ¹⁾	141	28
Receivable from associate ²⁾	179	-
Interest rate swaps ³⁾	27	249
Prepayments	321	271
Other	187	190
Other receivables ⁴⁾	855	738

¹⁾ Effective interest rate regarding receivable from affiliates was 8.4% (2004: 3.1).

²⁾ Effective interest rate regarding receivable from associate was 15.0%.

³⁾ The marked-to-market value of interest rate swaps.

⁴⁾ The carrying amount of other receivables approximates their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

22. Securities, cash and cash equivalents

	Carrying amount		Average effective rate (%)		Average duration (years)	
	2005	2004	2005	2004	2005	2004
Bonds ¹⁾	55	-	3.1	-	1.6	-
Other	4	16	-	-	-	-
Securities	59	16				
Cash and cash equivalents	1,231	1,784	2.0	1.8	-	-

¹⁾ Listed Danish mortgage bonds.

23. Share capital

	2005	2004
Share capital (in DKK millions)		
Share capital at January 1	160	150
Share issue	-	10
Share capital at December 31	160	160
Share capital (in thousands of shares)		
Number of shares at January 1	160	150
Issued during the year	-	10
Number of shares at December 31 - fully paid	160	160

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

24. Long-term debt

	Carrying amount	
	2005	2004
Bond loans ¹⁾	10,554	10,274
Senior debt ²⁾	4,292	-
Acquisition debt ²⁾	1,304	-
Mortgage loans	8	13
Other bank loans	55	25
Obligations under finance leases	146	48
Long-term debt, due within one year	(1)	(1)
Long-term debt	16,358	10,359
Fair value of long-term debt	14,739	10,454
Long-term debt is payable as follows:	2005	2004
1-5 years	6,848	75
After 5 years	9,510	10,284
Total	16,358	10,359
Effective interest rate ³⁾	4.8%	2.8%

ISS Global's total long-term loans and borrowings at December 31 are denominated in the following original currencies:

	2005	2004
DKK	8.3%	0.0%
EUR	70.2%	99.7%
GBP	9.3%	0.0%
NOK	5.8%	0.0%
SEK	4.6%	0.2%
USD-related	0.0%	0.0%
Others	1.8%	0.1%
	100.0%	100.0%

ISS Global has no subordinated debt and no debt convertible into equity.

Finance lease obligations are payable as follows:

	2005			2004		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Within 1 year	110	(12)	98	37	(4)	33
1-5 years	92	(12)	80	54	(6)	48
After 5 years ⁴⁾	84	(18)	66	-	-	-
	286	(42)	244	91	(10)	81

¹⁾ ISS Global A/S listed a Euro Medium Term Note program in September 2003 and subsequently launched its inaugural issue. The EUR 850 million notes maturing on September 18, 2010, have an annual coupon of 4.75%. In December 2004, ISS Global A/S issued EUR 500 million of notes maturing on December 8, 2014, with an annual coupon of 4.50%. ISS Global A/S swapped one-third of the fixed interest rates of the EUR 500 million notes into floating rates.

²⁾ The senior debt and the acquisition debt are subject to customary undertakings, covenants (including financial covenants) and other restrictions.

³⁾ Weighted average taking the effect of interest rate hedges into account.

⁴⁾ Financial lease obligations after 5 years related to buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

25. Pensions and similar obligations

ISS Global 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 ISS Global has no legal or constructive obligation to pay further contributions irrespective of the funding by these insurance companies. Pension costs related to such plans are recorded as expenses when incurred.

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

In certain countries, ISS Global participates in multiemployer pension schemes. The funds are currently not able to provide the necessary information in order for ISS Global to account for the schemes as defined benefit plans.

In Norway the majority of the defined benefit plans were settled in 2005 and converted into a defined contribution plan. The settlement has resulted in a settlement gain of DKK 58 million which amount has been recognized in the income statement.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

25. Pensions and similar obligations (continued)

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:

	2005	2004
Discount rates at December 31 ¹⁾	2.7-5.0%	2.5-5.5%
Expected return on plan assets at December 31	3.0-6.5%	2.5-7.2%
Future salary increases	2.0-4.0%	2.0-4.0%
Future pension increases	0.3-2.8%	0.5-3.0%

The amounts recognized in the income statement are as follows:

Current service costs	96	93
Interest on obligation	99	103
Expected return on plan assets	(78)	(95)
Recognized past service costs, net	0	(13)
Gains on curtailments and settlements, net	(57)	(4)
Recognized in the income statement as staff costs	60	84
Actual return on plan assets	107	49

The amounts recognized in the balance sheet are as follows:

Present value of funded obligations	1,827	1,991
Fair value of plan assets	(1,441)	(1,652)
Funded obligations, net	386	339
Present value of unfunded obligations	413	339
Unrecognized past service costs	2	2
Net liability	801	680

Changes in the net liability recognized in the balance sheet are as follows:

Net liability at January 1 before reclassifications	680	616
Reclassifications	-	20
Net liabilities at January 1 after reclassifications	680	636
Foreign exchange adjustments	2	2
Additions from acquired companies, net	48	22
Net expenses recognized in the income statement	60	84
Contributions	(213)	(104)
Actuarial losses recognized through equity, net	224	40
Net liability for defined benefit plans at December 31	801	680
Other pensions and obligations	32	34
Pensions and similar obligations at December 31	833	714

¹⁾ Based on high quality corporate bonds.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

25. Pensions and similar obligations (continued)	2005	2004
Accumulated net actuarial (gains)/losses in the statement of total recognized income and expense		
Actuarial losses recognized, net	264	40
Changes in the obligations (funded and unfunded)		
Opening present value of obligation	2,330	2,112
Foreign exchange adjustments	22	16
Additions from acquired companies	69	148
Interest on obligation	99	103
Current service costs	96	93
Benefits paid	(141)	(76)
Employee contributions	47	62
Actuarial (gains)/losses	253	(6)
Recognized past service costs	0	(13)
Liabilities extinguished on settlements and curtailments	(535)	(109)
Closing present value of obligations at December 31	2,240	2,330
Changes in fair value of plan assets are as follows:		
Opening fair value of plan assets	1,652	1,485
Foreign exchange adjustments	18	7
Expected return on plan assets	78	95
Actuarial gains/(losses)	29	(46)
Assets distributed on settlements	(478)	(105)
Contributions	233	136
Additions from acquired companies	21	126
Benefits paid	(112)	(46)
Fair value of plan assets at December 31	1,441	1,652
The major categories of plan assets as a percentage of total plan assets are as follows:		
Bonds	53%	56%
Equities	33%	27%
Property	6%	7%
Cash	5%	7%
Other	3%	3%
	100%	100%

ISS Global expects to contribute DKK 98 million to its defined benefit plans in 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

26. Other provisions

	Labor-related items	Self-insurance	Acquisitions	Other	Total
2005					
Carrying amount at January 1, 2005	71	36	115	424	646
Foreign exchange adjustments	0	0	1	4	5
Transfer	3	-	-	(3)	-
Additions from acquired companies, net	18	13	-	15	46
Provisions included in goodwill during the year ¹⁾	-	-	103	-	103
Provisions made during the year (included in the income statement)	40	37	62	269	408
Other provisions made ²⁾	2	-	4	10	16
Provisions not used (reversed against the income statement)	(14)	(2)	-	(22)	(38)
Provisions not used (reversed against goodwill)	-	-	(6)	(1)	(7)
Provisions used during the year	(24)	(9)	(223)	(208)	(464)
Carrying amount at December 31, 2005	96	75	56	488	715
Expected maturity					
Within 1 year	72	42	54	308	476
1-5 years	22	33	2	154	211
After 5 years	2	-	-	26	28
Carrying amount at December 31, 2005	96	75	56	488	715
2004					
Carrying amount at January 1, 2004	83	38	61	347	529
Foreign exchange adjustments	0	0	0	(1)	(1)
Additions from acquired companies, net	14	-	-	66	80
Provisions included in goodwill during the year ¹⁾	-	-	120	-	120
Provisions made during the year (included in the income statement)	29	16	142	104	291
Other provisions made ²⁾	-	-	-	69	69
Provisions not used (reversed against the income statement)	(14)	(3)	-	(40)	(57)
Provisions not used (reversed against goodwill)	-	-	(7)	(26)	(33)
Provisions used during the year	(41)	(15)	(201)	(95)	(352)
Carrying amount at December 31, 2004	71	36	115	424	646
Expected maturity					
Within 1 year	64	16	114	183	377
1-5 years	7	20	1	138	166
After 5 years	-	-	-	103	103
Carrying amount at December 31, 2004	71	36	115	424	646

Provisions are not discounted because the effect of time value of money is not material.

Labor-related items: In 2005, the provision mainly related to obligations in Belgium, Brazil, France, the Netherlands, Spain and Turkey. In 2004, the provision mainly related to obligations in Belgium, France, the Netherlands and Spain.

Self-insurance: In the United Kingdom and Ireland, ISS Global carries an insurance provision on employers' liability. ISS Global is self-insured up to an annual limit of DKK 34 million (DKK 41 million in 2004) for employers' liability. ISS Corporate has taken out a group third party liability insurance program. The ISS Global captive insurance company Global Insurance A/S carries part of the risk on the third party liability program with a maximum annual limit of DKK 38 million.

Acquisitions: The provision includes obligations incurred in the normal course of acquisitions mainly related to transaction costs, redundancy payments and termination of rental of properties.

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

¹⁾ Includes only transaction costs related to acquisitions, as integration costs are included in the income statement.

²⁾ In 2005, Other provisions made consisted of provisions transferred from Other liabilities. In 2004, Other provisions made consisted of dismantling costs with counterpart in Other additions under Land and buildings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

27. Short-term debt	2005	2004
Long-term debt, due within one year	1	1
Bank loans and overdrafts ¹⁾	940	706
Finance leases	98	35
Debt to affiliates ²⁾	162	134
Debt to associate ³⁾	-	63
Short-term debt	1,201	939

¹⁾ The weighted average effective interest rate regarding bank loans and overdrafts was 5.3% (2004: 3.5%).

²⁾ Effective interest rate regarding debt to affiliates was 8.9% (2004: 3.5%).

³⁾ Effective interest rate regarding debt to associate for 2004 was 3.0%.

28. Other liabilities	2005	2004
Accrued wages and holiday allowances	3,161	2,729
Tax withholdings, VAT etc.	2,540	2,274
Prepayments from customers	357	215
Other payables and accrued expenses	1,966	1,502
Other liabilities	8,024	6,720

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

29. Contingent liabilities

Senior Facility Agreement

On November 7, 2005 FS Funding announced that it had finalized the financing arrangements relating to its acquisition of ISS A/S. FS Funding was the original borrower and guarantor under the senior facilities and the subordinated bridge facility, which were entered into on March 28, 2005, (subsequently amended and restated) and used for financing the acquisition of ISS A/S. FS Funding has executed a share pledge over its shares in ISS A/S as security for the senior facilities and the subordinated bridge facility. On July 26, 2005, ISS Global A/S, a 100% owned subsidiary of ISS A/S, acceded to the senior facilities agreement and thereby obtained a right to make future borrowings under the senior facilities.

ISS A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Belgium, Denmark, Finland, France, The Netherlands, Norway, Spain, Sweden and the United Kingdom have provided guarantees for ISS Global A/S' borrowings under the senior facilities. The guarantees have been backed up by security over bank accounts, trade receivables, intra-group receivables and intellectual property rights of ISS A/S and these subsidiaries. In addition, the shares in the material subsidiaries and shares in certain of their subsidiaries as well as shares in certain subsidiaries in Austria, Germany, Hong Kong, Ireland, Portugal, Singapore and Switzerland have been pledged. Neither ISS A/S nor any of its direct or indirect subsidiaries have guaranteed or granted any security for FS Funding's borrowing used for financing the acquisition of ISS A/S.

Operating leases

Operating leases consist of leases and rentals of properties, vehicles (primarily cars) and other equipment. The total expense under operating leases in the income statement amounted to DKK 1,462 million (DKK 1,257 million in 2004). Assuming the current car fleet etc. is maintained, the future minimum lease payments under operating leases are:

	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payment
At December 31, 2005	1,029	749	511	323	205	303	3,120
At December 31, 2004	920	691	489	313	220	400	3,033

Additional future lease payments of DKK 26 million existed regarding associates at December 31, 2005 (Pacific Service Solutions). In 2004, DKK 28 million of the total future lease payments at December 31, 2004 related to sub-leasing of properties and cars to associates (CarePartner).

Commitment vehicle leases

On January 1, 2005 ISS Global entered into a new global car fleet lease framework agreement for three years, including an option for extension for a further three-year term. The framework agreement contains an option for ISS Global to terminate the underlying agreement for an entire country or the entire commitment with four weeks notice, to the end of a quarter subject to payment of a termination amount. The majority of the underlying agreements have a duration of 3-5 years. The disclosed contingent liability includes ISS Global's total leasing commitment assuming no early termination of any agreement.

Guarantee commitments

Indemnity and guarantee commitments at December 31, 2005 amounted to DKK 122 million (DKK 130 million in 2004).

Performance guarantees

ISS Global has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,062 million (DKK 611 million in 2004) of which DKK 861 million (DKK 448 million in 2004) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

Outsourcing of IT

ISS Global has an IT-outsourcing agreement with Computer Sciences Corporation (CSC) running until 2015. ISS Global's contractual obligation related to the agreement at December 31, 2005 amounted to approximately DKK 430 million (DKK 280 million in 2004). ISS and CSC are currently in discussions on implications on certain aspects of the outsourcing agreement. These discussions include various claims of each party and could lead to change of scope of the contract.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

29. Contingent liabilities (continued)

Divestments

ISS Global makes provisions for claims from purchasers or other parties in connection with divestments. Management believes that provisions made at December 31, 2005 are adequate. However, there can be no assurance that one or more major claims arising out of ISS Global's divestment of companies will not adversely affect ISS Global's activities, results of operations and financial position.

In February 2005, ISS Global acquired the remaining 51% stake in CarePartner and subsequently sold all its interest and 100% of its Swedish health care business to a newly formed joint venture entity, now named Aleris Holding AB ("Aleris"), owned by EQT III Limited, ISS Global and Aleris's management. In June 2005, ISS Global sold its interest in Aleris to EQT III Limited.

Following the sale of the Health Care operations, Aleris has claimed that the purchase price should be reduced by DKK 35 million. ISS disputes the claim.

Legal proceedings

ISS Global is party to certain legal proceedings. Management believes that these proceedings (which are to a large extent labor cases incidental to its business) will not have a material impact on ISS Global's financial position.

Other contingent liabilities

The Brazilian tax authorities have filed two claims and raised certain other inquiries against ISS Brazil relating to corporate income tax for the year 1995 on realization of inflationary gain, federal taxes related to 1999 and other federal taxes and social securities amounting to DKK 60 million. These claims and inquiries are unlikely to be resolved in the short to medium term and the outcome is uncertain.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

30. Derivatives

ISS Global's financial risk management is based on policies approved by the Board of Directors, specifying guidelines and risk limits for ISS Global's financial transactions and positions. ISS Global may use derivatives to hedge financial risks. Hedging of financial risks is managed at corporate level.

Currency risk can be classified in three categories: economic, transaction and translation.

In practical terms, the economic currency risk is somewhat limited for ISS Global, as ISS Global and its competitors generally have similar cost structures. However, currency movements may have an adverse effect on the general economic situation of countries in which ISS Global operates and ISS Global may be impacted by such events.

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

The main currency exposure relates to the risk involved in translating the income statements of foreign subsidiaries into Danish kroner based on average exchange rates for the year and in relation to the risk of translating the equity in foreign subsidiaries into Danish kroner based on year-end exchange rates.

ISS Global may choose to hedge the currency exposure on foreign investments by funding such investments in local currencies or entering into hedging transactions.

In 2005, the currencies in which ISS Global's revenue was denominated increased by 0.5% on average (2004: decreased by 0.4%) relative to Danish kroner, increasing ISS Global's revenue by DKK 215 million (2004: reducing ISS Global's revenue by DKK 159 million). Currency movements led to an increase of operating profit of DKK 16 million (2004: a decrease of DKK 8 million). The effect of the translation of investments in foreign subsidiaries and the effect of hedge transactions, net of tax, increased equity by DKK 101 million (2004: reduced equity by DKK 28 million).

Interest rate risk is measured by the duration of the net debt. The duration reflects the effect of a simultaneous increase or decrease in the general level of interest rates for the currencies included in the debt portfolio. As at December 31, 2005, the duration of net debt was approximately 3.4 years (December 31, 2004: 0.2 years). Thus, all other things being equal, an increase/(decrease) of one percentage point in the relevant interest rates would reduce/(increase) the market value of net debt by approximately DKK 542 million (2004: DKK 14 million). Based on the net debt and taking into account the effect of hedging instruments as at December 31, 2005, a general decrease/(increase) of one percentage point in relevant interest rates would reduce/(increase) the annual net interest expense by approximately DKK 65 million, all other things being equal.

ISS Global's loan portfolio primarily consists of bonds issued under the EMTN-program and bank loans. A part of the interest payments on the corporate bonds have been swapped from fixed into floating rates (see note 24, Long-term debt). To manage the duration of the net debt, ISS Global applies derivatives, such as interest rate swaps, futures and options. The deferred gain or loss on the interest rate instruments will in accordance with the matching principle be charged to the income statement as a financial item at the time when the hedged interest expense is recognized in the income statement.

Credit risk represents the risk of the accounting loss that would be recognized if counterparties failed to perform as contracted. Losses on bad debt relating to individual customers or counterparties have historically been relatively low. ISS Global performs ongoing credit evaluations of the financial condition of ISS Global's counterparties in order to reduce the credit risk exposure.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

30. Derivatives (continued)

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

2005	Contractual value	Unrealized gain/(loss) on revaluation to fair value	Included in the income statement for 2005	Taken directly to equity on December 31, 2005	Maturity
Financial instruments					
Forward foreign currency, purchases					
CHF	124	0	0	-	2006
EUR	5,670	(0)	(0)	-	2006
GBP	454	1	1	-	2006
NOK	445	3	3	-	2006
SEK	289	1	1	-	2006
Others	31	0	0	-	2006
	7,013	5	5	-	
Forward foreign currency, sales					
AUD	578	(8)	(3)	(5)	2006
CHF	209	(0)	-	(0)	2006
EUR	4,939	0	0	0	2006
GBP	521	0	(0)	-	2006
HKD	214	(2)	(2)	-	2006
NOK	224	(1)	-	(1)	2006
SGD	12	(0)	(0)	-	2006
USD-related	221	(2)	-	(2)	2006
Others	99	(0)	(0)	0	2006
	7,017	(13)	(5)	(8)	
Interest rate instruments					
Interest rate swap - 2014 (EUR), receiver ¹⁾	1,243	30	30	-	2014
Total financial instruments		22	30	(8)	
Millions					
Hedging of net investments in foreign subsidiaries at December 31, 2005	Net investments in foreign subsidiaries, DKK	Hedging, DKK	Net investments with translation risk, DKK	Net investments with translation risk, local currency	
AUD	245	(369)	(124)	(27)	
CHF	250	(209)	41	9	
EUR	4,651	(2,611)	2,040	273	
GBP	465	(467)	(2)	(0)	
NOK	384	(224)	160	171	
SEK	27	-	27	34	
USD-related	378	(221)	157	-	
Others	765	(70)	695	-	
	7,165	(4,171)	2,994		

¹⁾ The swap converts one-third of the fixed interest rate on the EUR 500 million bond loan into a floating rate. The income of DKK 30 million off-sets a similar expense in the income statement related to the bond loan. Of this amount DKK 27 million represented the positive marked-to-market value of the interest rate swap.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

30. Derivatives (continued)

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

2004	Contractual value	Unrealized gain/(loss) on revaluation to fair value	Included in the income statement for 2004	Taken directly to equity on December 31, 2004	Maturity
Financial instruments					
Forward foreign currency, purchases					
AUD	63	(0)	(0)	0	2005
EUR	3,228	(1)	(1)	-	2005
GBP	52	0	-	0	2005
HKD	38	0	0	-	2005
SEK	74	(0)	(0)	-	2005
SGD	13	-	-	-	2005
Others	16	1	1	-	2005
	3,484	(0)	(0)	0	
Forward foreign currency, sales					
AUD	254	(14)	-	(14)	2005
CHF	409	(0)	-	(0)	2005
EUR	3,585	2	1	1	2005
GBP	1,013	8	5	3	2005
NOK	294	(1)	(1)	(0)	2005
SEK	1,259	1	1	(0)	2005
USD-related	71	-	-	-	2005
Others	66	(5)	-	(5)	2005
	6,951	(9)	6	(15)	
Interest rate instruments					
Interest rate swap - 2010 (EUR), receiver ¹⁾	6,322	325	325	-	2010
Interest rate swap - 2014 (EUR), receiver ¹⁾	3,719	5	5	-	2014
Interest rate swap (EUR), payer	298	(7)	-	(7)	2005
		323	330	(7)	
Total financial instruments		314	336	(22)	

Hedging of net investments in foreign subsidiaries at December 31, 2004	Millions			
	Net investments in foreign subsidiaries, DKK	Hedging, DKK	Net investments with translation risk, DKK	Net investments with translation risk, local currency
AUD	282	(212)	70	17
CHF	247	(283)	(36)	(7)
EUR	4,649	(671)	3,978	535
GBP	711	(315)	396	38
NOK	284	(112)	172	191
SEK	539	(534)	5	6
USD-related	269	(71)	198	-
Others	465	(66)	399	-
	7,446	(2,264)	5,182	

¹⁾ The swaps convert the fixed interest rate on the EUR 850 million and EUR 500 million bond loans into a floating rate. The income of DKK 330 million offsets a similar expense in the income statement related to the bond loans. Of this amount DKK 249 million represented the positive marked-to-market value of the interest rate swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

31. Related party transactions

The sole shareholder of ISS Global A/S, ISS A/S, has controlling influence in ISS Global. The ultimate controlling company of ISS Global is FS Invest Sarl (Luxembourg), which is 55% owned by funds advised by EQT. Related parties to ISS Global with a significant, but not controlling influence are:

Members of the Board of Directors and the Executive Management

There were no significant transactions with members of the Board of Directors or the Executive Management during the year. For a description of business relationships see below.

Joint ventures and associates

Transactions with joint ventures and associates are limited to transactions related to shared service agreements. There were no significant transactions with joint ventures and associates during the year. All transactions are made on market terms. The significant joint ventures and associates are specified in note 33, Subsidiaries, joint ventures and associates.

Sale of Swedish health care operations

In February 2005, ISS Global acquired the remaining 51% stake in CarePartner and subsequently sold all its interest and 100% of its Swedish health care business to a newly formed joint venture entity, now named Aleris Holding AB ("Aleris"), owned by EQT III Limited, ISS Global and Aleris' management. In June 2005, ISS Global sold its interest in Aleris to EQT III Limited. A contingent liability exists related to this sale, see note 29, Contingent liabilities.

In addition to the above and except for intra-group transactions, which were eliminated in the consolidated accounts, there were no material transactions with related parties and shareholders during the year.

ISS Global's Board of Directors' and Managing Director's external directorships and external executive positions

	Board Member	Executive Position
Board of Directors		
Leif Östling	Scania AB, AB SKF, Svenskt Näringsliv (Confederation of Swedish Enterprise) and Teknikföretagen (The Association of Swedish Engineering Industries).	President and CEO of Scania AB.
Jørgen Lindegaard	Telenor ASA, Efsen Engineering A/S.	President and CEO of SAS Group.
Ole Andersen	Contex Holding A/S, Aleris AB, Brandtex Group A/S.	Head of the Copenhagen office of EQT Partners.
Sanjay Patel	Ahsell AB and R.L. Winston Rod Company. Advisor to International Asset Transactions, SmartAnalyst and India Real Estate Opportunities Fund.	Co-head of Private Equity in Europe for the Principal Investment Area of Goldman Sachs.
Christoph Sander	-	-
Richard Sharp	Goldman Sachs International and Congas GmbH & Co. KG.	Head of the Principal Investment Area of Goldman Sachs in Europe.
Peter Korsholm (alternate)	Contex Holding A/S (deputy director), Brandtex Group A/S.	Partner at EQT Partners.
Steven Sher (alternate)	Ahsell AB and Rhiag Group Ltd.	Vice-President in Europe for the Principal Investment Area of Goldman Sachs.
Managing Director		
Steen Parsholt	Aon Denmark A/S, Bakmann Holding A/S, Company Watch Ltd., and Cura Management A/S.	-

Affiliates

ISS Global had the following transactions with affiliated companies. All transactions were made on market terms.

- ISS Global paid royalty and management fees to ISS A/S.
- ISS Global received management fees to from ISS A/S.
- ISS Global received/paid interest from/to affiliated companies, see note 6, Net finance costs.
- ISS Global paid/received joint taxation contribution equal to 28% of taxable income to/from FS Equity A/S (the ultimate parent company in Denmark), see note 7, Taxes.
- ISS Global received dividends from affiliated companies.
- ISS Global paid dividends to ISS A/S.
- ISS Global took over all employees in its parent company, ISS A/S, as at July, 2005 in connection with the management services agreement between ISS Management A/S and ISS A/S. The transaction resulted in a goodwill of DKK 50 million.
- ISS Global acquired ISS Finans A/S from its parent company, ISS A/S., See note 10: Acquisition and divestment of businesses.

Apart from the above there were no other material transactions with related parties and shareholders during the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

32. Interests in joint ventures

As of December 31, 2005, ISS Global had interests in 6 joint ventures (5 in 2004). The significant joint ventures are specified in note 33, Subsidiaries, joint ventures and associates. In 2005, ISS Global's interest in a joint venture in Japan was divested. The net profit for the year and the balance sheet items of ISS Global's interests in the 6 joint ventures are included in ISS Global's consolidated income statement and balance sheet with the following amounts:

	2005	2004
Revenue	189	300
Operating profit before other items	8	19
Profit before impairment/amortization of intangibles	12	17
Net profit for the year	11	15
Intangible assets ¹⁾	0	0
Property, plant and equipment	4	1
Deferred tax assets	0	1
Financial assets	0	29
Current assets	62	82
Total assets	66	113
Equity	33	48
Long-term liabilities	1	1
Current liabilities	32	64
Total equity and liabilities	66	113
ISS Global's part of contingent liabilities (operating leases) in joint ventures	35	6

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2005

33. Subsidiaries, joint ventures and associates

Argentina		
Facility Services S.R.L.	100%	
ISS Argentina S.A.	100%	
Servicios Integrales de Mantenimiento S.A.	100%	
Solkin S.A.	100%	
Australia		
ISS Facility Services Pty Ltd.	100%	
ISS Fumigation Pty Ltd.	100%	
ISS Holdings Pty Ltd.	100%	
ISS Hygiene Service Pty Ltd.	100%	
ISS Management Pty Ltd.	100%	
Pacific Invest December 2004 Pty Ltd.	100%	
Pacific Service Solutions Pty Ltd.	49% **	
Partnership Catering Services Pty Ltd.	49% **	
Prestige Property Services Pty Ltd.	49% **	
Prestige Property Services Hunter Region Pty Ltd.	49% **	
Prestige Protection Services Pty Ltd.	49% **	
Tempo Facility Services Pty Ltd.	49% **	
Tempo Franchise Business Systems Pty Ltd.	49% **	
Tempo Health Support Services Pty Ltd.	49% **	
Tempo Security Pty Ltd.	49% **	
Tempo Services Ltd.	49% **	
Austria		
CoolIT Klima- und Kältetechnik GmbH	100%	
ISS Airest Bodenabfertigungsdienste GmbH	51%	
ISS Alpha Beteiligungsverwaltung GmbH	100%	
ISS Austria Holding GmbH	100%	
ISS Beta Beteiligungsverwaltung GmbH	100%	
ISS Facility Services GmbH	100%	
Steinbauer GmbH	100%	
WBZ Gartengestaltung GmbH	100%	
Belgium and Luxembourg		
ISS Building Services N.V.	100%	
ISS Facility Services S.A. (Luxembourg)	100%	
ISS Food N.V.	100%	
ISS Hygiene Services N.V.	100%	
ISS Industrial Services N.V.	100%	
ISS N.V.	100%	
ISS Office Support N.V.	100%	
Party & Dinner N.V.	100%	
Restauration Régionale S.A.	100%	
Van Kerhoven BVBA	100%	
Vending Industries N.V.	100%	
Brazil		
ISS Biosystem Saneamento Ambiental Ltda.	100%	
ISS Servisystem do Brasil Ltda.	100%	
Brunei		
ISS Thomas Cowan Sdn. Bhd.	50%	
Multi-Clean Enterprise Sdn. Bhd.	50%	
Chile		
ISS Chile S.A.		100%
ISS Facility Services S.A.		100%
China and Hong Kong		
EastPoint Group Ltd.		100%
ISS China Holdings Ltd.		100%
ISS China Holdings I Ltd.		100%
ISS EastPoint Facility Services Ltd.		100%
ISS Environmental Services (HK) Ltd.		100%
ISS ESGO Beijing Xin Sha Building Services Co. Ltd.		50% **
ISS Greater China Ltd.		100%
ISS Hongrun Facility Services (Shanghai) Ltd.		60%
ISS Mediclean (HK) Ltd.		100%
ISS Nihon Leaskin Co. Ltd.		100%
ISS Thomas Cowan Co. Ltd.		70%
LAWN Environmental Protection Ltd.		100%
Roboclean (HK) Co. Ltd		100%
Croatia		
ISS Usluzne Djelatnosti d.o.o.		100%
The Czech Republic		
ISS Automotive Services s.r.o.		100%
ISS Facility Services s.r.o		100%
Maintec s.r.o.		50% *
Miva Bohemia s.r.o.		100%
Denmark		
Albertslund Kloakservice ApS		100%
Global Insurance A/S		100%
House of Coffee A/S		100%
ISS Facility Services A/S		100%
ISS Finans A/S		100%
ISS Funding A/S		100%
ISS Grønland A/S		100%
ISS Holding France A/S		100%
ISS Management A/S		100%
ISS Venture A/S		100%
JWN Data A/S		100%
Kai Thor Catering A/S		100%
Media Service A/S		100%
P/f ISS Føoyar		55%
Slotsholmen Teknik A/S		50%
Estonia		
ISS Haldus Ou		51%
ISS Holding Ou		100%

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2005

33. Subsidiaries, joint ventures and associates (continued)

Finland

Estera Oy	100%	Sede Holding SAS	100%
ISS Palvelut Oy	100%	Sede Mortis SASU	100%
ISS Proko Oy	100%	Segula Outsourcing SAS	100%
ISS Security Oy	100%	Sethap SAS	100%
ISS Tekniset Palvelut Oy	100%	SNC Channel SAS	100%
ISS Teollisuus Palvelut Oy	100%	Sol Verts Paysage SAS	100%
ISS Vahinkosaneeraus Oy	100%	Stael SAS	100%
Suomen Laatumakuu Palvelut Oy	100%	Verts Paysages & Aménagement SAS	100%
		ViaPark SAS	100%

France

Agro Top Services Sarl	100%	Germany	
Allobo SAS	100%	ISS Damage Control Deutschland GmbH	100%
Aquaplant SAS	100%	ISS Facility Services GmbH	100%
Assainic SNC	100%	ISS HWD GmbH	100%
Atrya Sécurité SAS	100%	ISS HWS GmbH & Co. KG	100%
Axoma SAS	100%	ISS Personaldienstleistungen GmbH i.L.	100%
Berthier Sarl	100%	ISS Personalservice GmbH	100%
Brio SAS	100%	ISS Wäschservice GmbH & Co. KG	100%
BSE SAS	100%	Klaus Harren GmbH	100%
Chloroville SAS	100%	NOBIS Facility Services GmbH	100%
Cogepar SAS	100%	NOBIS Security GmbH	100%
CPMS SA	100%	Vatro Trocknungs- und Sanierungstechnik GmbH & Co	86%
Cynogarde SAS	100%	Vatro Verwaltungs GmbH	86%
Europrop SAS	100%		
FCF Sarl	100%	Greece	
Force Protection Sarl	100%	ISS Facility Services S.A.	100%
FSI SA	100%	ISS Human Resources S.A.	100%
Gabriel Recyclage Sarl	100%	Katharotechniki S.A.	100%
GIE ISS Services	100%		
Groupe F2E SAS	100%	Hungary	
Ifopro Sarl	100%	ISS Servisystem Kft.	100%
ISS Abilis France SAS	100%		
ISS Bati Services SASU	100%	Iceland	
ISS Energie SAS	100%	ISS Island ehf.	100%
ISS Environnement SAS	100%		
ISS Espaces Verts SAS	100%	India	
ISS Holding Paris SA	100%	Cleantec Hospitality Services Pte Ltd.	100%
ISS Hygiène SASU	100%	ISS Facility Services India Pte Ltd.	100%
ISS Hygiene Services SAS	100%		
ISS Logistique et Production SAS	100%	Indonesia	
ISS Multiservices SAS	100%	Pt. ISS Servisystem	100%
ISS Sécurité SAS	100%		
ISS Surete Securite Sarl	100%	Ireland	
Jardem SAS	100%	Contract Cleaners Ltd.	100%
LMCB SAS	100%	Corporate Personnel Services Ltd.	100%
Loboal conseil SAS	100%	Grangemore Landscapes Ltd.	100%
L'Impeccable SAS	100%	Grangemore Plants Ltd.	100%
Nature Environnement SA	100%	ISS Ireland Ltd.	100%
NEGH SAS	100%	ISS Hygiene Services Ltd.	100%
Paysages de France SAS	100%	U.S. Security Ltd.	100%
Poirel Parcs & Jardins SAS	100%		
Profolia SAS	100%	Israel	
Provence Sarl	100%	ISS-Ashmoret Ltd.	90%
Qualitec SAS	100%	ISS-Israel Manpower Services Ltd.	90%
Sede Coppex SASU	100%	M.A.S.H. Machatz Agencies Ltd.	90%

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2005

33. Subsidiaries, joint ventures and associates (continued)

Italy		Portugal	
Insecto Srl	100%	Desipraga Soiedade de Desinfecção e Desinfestação, Lda.	100%
ISS Facility Services Srl	100%	ISS Facility Services Gestão e Manutenção de Edifícios, Lda.	100%
ISS Hygiene Services Srl	100%	ISS Servisystem Serviços de Limpeza, Lda.	100%
		ISS Portugal Serviços de Gestão, Lda.	100%
		Sodepo Empresa de Trabalho Temporário, SA	100%
Malaysia		Romania	
ISS Facility Services Sdn. Bhd.	30%	3D Romania S.A.	100%
ISS Hygiene Services Sdn. Bhd.	100%	ISS Facility Services S.R.L.	100%
The Netherlands		Russia	
De Loge Schoonmaakdiensten B.V.	100%	Facility Services RUS LLC	100%
Het Groene Team B.V.	100%		
Huib van den Hoven Plantsoenwerken B.V.	100%	Singapore	
Interfoon Call Centers B.V.	100%	CDCS-eks Catering Services Pte Ltd.	100%
ISS Arbo Plus B.V.	100%	Gourmet Wok Pte Ltd.	100%
ISS Catering Services B.V.	100%	ISS Bakery Pte Ltd.	100%
ISS Damage Services B.V.	100%	ISS-CDCS Catering Pte Ltd.	100%
ISS Food Hygiene B.V.	100%	ISS Facility Services Pte Ltd.	100%
ISS Holding Nederland B.V.	100%	ISS Hygiene Services Pte. Ltd.	100%
ISS Hospital Services B.V.	100%	ISS Sanitation Services Pte Ltd.	100%
ISS Hygiene Services B.V.	100%	Serve 1st Services Pte Ltd.	100%
ISS Integrated Facility Services B.V.	100%	Woko (F&B) Pte Ltd.	100%
ISS Landscaping Services B.V.	100%		
ISS Nederland B.V.	100%	Slovakia	
ISS Reception Services B.V.	100%	ISS Automotive Services s.r.o.	100%
Verhulst Beplantingswerken B.V.	100%	ISS Facility Services s.r.o.	100%
		ISS Security s.r.o.	100%
New Zealand		Slovenia	
Basecare Ltd.	100%	ISS Servisystem d.o.o.	100%
ISS Facilities Services Ltd.	100%		
ISS Holdings NZ Ltd.	100%	Spain	
ISS Management Services Ltd.	100%	Gelim S.A.	100%
Tempo Building Services Ltd. (New Zealand)	49% **	Integrated Service Solutions S.L.	100%
		ISS Facility Services S.A.	100%
Norway		ISS Higiene Ambiental 3D S.A.	100%
Aircon Miljø og Renholdssystemer AS	40% **	ISS Logística, Producción y Mantenimiento S.L.	100%
Aker Kværner Industrielt Vedlikehold AS	100%	ISS Salud y Servicios Sociosanitarios S.A.	100%
ForvaltningsCompagniet AS	100%	ISS Serv. Auxiliares y Complem. de Oficinas S.A.	100%
Hero Mottak og Kompetanse AS	50% *	ISS Soluciones de Jardinería S.A.	100%
ISS Facility Services AS	100%	Sri Lanka	
ISS Lufthavnservice AS	15%	ISS Abans Environmental Services (PT) Ltd.	50% *
ISS Skaaret AS	100%		
ISS Vaktmester Kompaniet AS	100%		
NSB Trafikservice AS	45% *		
Personalhuset AS	90%		
PSP Procuero Servicepartner AS	100%		
Raufoss Beredskap AS	51%		
Serveringspartner AS	100%		
Vaktmestersentralen AS	100%		
Varig Gruppen AS	70%		
Eidomsinvestor AS	49% **		
Poland			
ISS Facility Services Sp. Z.o.o.	100%		

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At December 31, 2005

33. Subsidiaries, joint ventures and associates (continued)

Sweden		Mitchell & Struthers Ltd.	100%
Codeum Finans AB	100%	RCO Group Ltd.	100%
GK Rengörarna AB	100%	RCO Support Services Ltd.	100%
ISS Ekonomiförvaltning AB	100%	Spectrum Franchising Ltd.	100%
ISS Facility Services AB	100%	Spectrum Holdings Ltd.	100%
ISS Invita AB	100%	Standby Pest Control (Holdings) Ltd.	100%
ISS Mark och Miljö AB	100%	Standby Pest Control Ltd.	100%
ISS Markbolaget i Uppsala AB	100%	Superclean Support Services (Holdings) Ltd.	100%
ISS Miljöbyggarna i Borås AB	100%	Superclean Support Services Plc.	100%
ISS Teleoffice AB	100%		
ISS TraffiCare AB	100%	Uruguay	
Lemonia AB	100%	ISS de Uruguay S.A.	100%
Terrakultur Stockholm AB	100%	Samilar S.A.	100%
Terrakultur Växtservice AB	100%		
Switzerland		Undertakings of immaterial interest are left out	
AMH Airport Multiservice Holding AG	100%	* Joint venture	
Erwin Jakober AG	100%	** Associate	
Helco. Hellfritz AG	100%		
Irvak & LGT AG	100%		
ISS Holding AG	100%		
ISS Aviation AG Dietikon	100%		
ISS Aviation SA	100%		
ISS Bernasconi SA	100%		
ISS Facility Services AG	100%		
ISS Facility Services AG (Liechtenstein)	100%		
ISS Gartenbau AG	100%		
ISS Pest Control AG	100%		
Jakober AG	100%		
Jakober Transporte und Kanalreinigungs AG	100%		
Notter Kanaldicht AG	100%		
Notter Kanalservice AG	100%		
Thailand			
ISS Facility Services Co., Ltd.	100%		
Sara Service Co., Ltd.	100%		
Turkey			
ISS Tesis Yönetim Hizmetleri A.S.	70%		
Proser Koruma ve Güvenlik Hizmetleri A.S.	70%		
The United Kingdom			
ISS Damage Control Ltd.	100%		
ISS Damage Control (Scotland) Ltd.	76%		
ISS Facility Services Ltd.	100%		
ISS Finance and Investment (Bishop Auckland) Ltd.	100%		
ISS Finance and Investment Ltd.	100%		
ISS Food Hygiene Ltd.	100%		
ISS Mediclean Ltd.	100%		
ISS UK Holdings Ltd.	100%		
ISS UK Ltd.	100%		
Mitchell & Struthers (Contracts) Ltd.	100%		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

34. Discontinued operations

In February 2005, ISS Global acquired the remaining 51% stake in CarePartner and subsequently sold all its interests and 100% of its Swedish health care business to a newly formed joint venture entity, now named Aleris Holding AB ("Aleris"), owned by EQT III Limited, ISS Global and Aleris' management. In June 2005, ISS Global sold its interest in Aleris to EQT III Limited. A contingent liability exists related to this sale, see note 29, Contingent liabilities.

In September 2005, ISS Global sold its activities in Japan to Mitsui & Co., Ltd. The sale consisted of a sale of the 50% share in Bussan ISS Holding Co., Ltd., which is a holding company owning all shares of ISS Nesco Ltd. The sale of Japan resulted in a gain before tax of DKK 10 million.

During 2005 the discontinued operations had a cash outflow from operating activities of DKK 0 million (2004: cash inflow of DKK 67 million), a cash outflow from investing activities of DKK 10 million (2004: cash outflow of DKK 119 million) and a cash inflow from financing activities of DKK 10 million (2004: cash inflow of DKK 69 million).

The discontinued operations resulted in proceeds of DKK 778 million and a decrease in net assets of DKK 539 million. Cash and cash equivalents in the discontinued operations were DKK 8 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

35. Transition to IFRS

As stated in note 1, Significant accounting policies, these are ISS Global's first consolidated financial statements prepared in accordance with IFRS as adopted by the EU.

The accounting policies under IFRS set out in note 1 have been applied consistently in preparing the consolidated financial statements as of and for the year ended December 31, 2005, and in the comparative information presented in these financial statements as of and for the year ended December 31, 2004, and in the preparation of the opening IFRS balance sheet at January 1, 2004 (the date of transition).

In preparing the opening IFRS balance sheet, ISS Global has adjusted amounts reported previously in consolidated financial statements prepared in accordance with its old basis of accounting (previous GAAP).

An explanation of how the transition from previous GAAP to IFRS has affected ISS Global's financial position, financial performance and cash flows is set out in the following table and the notes that accompany the table.

	January 1, 2004			2004	December 31, 2004			
	Note	Assets	Liabilities	Equity ¹⁾	Net Profit	Assets	Liabilities	Equity ¹⁾
According to previous GAAP		21,485	15,399	6,086	(58)	27,771	21,051	6,720
Reversal of goodwill amortization, net of goodwill impairment and write-down		-	-	-	873	873	-	873
Amortization of customer contracts ²⁾	1	-	-	-	(78)	(78)	-	(78)
Integration costs	2	-	(17)	17	(110)	(93)	-	(93)
Recognition of unrecognized actuarial losses	3	-	407	(407)	(3)	-	450	(450)
Tax impact on the above adjustments	4	108	-	108	9	427	293	134
Total adjustments		108	390	(282)	691	1,129	743	386
According to IFRS		21,593	15,789	5,804	633	28,900	21,794	7,106

¹⁾ Including minority interests.

²⁾ Includes customer contract portfolios and related customer relationships.

1. In accordance with IFRS 1, ISS Global has not applied IFRS 3 retrospectively for business combinations made prior to January 1, 2004. Accordingly, the carrying amount under previous GAAP of assets acquired, including goodwill, and liabilities assumed are their deemed cost under IFRS. Regarding provisions for integration costs reference is made to note 3 below.

ISS Global has applied IFRS 3 to all business combinations occurring since January 1, 2004. Accordingly, from January 1, 2004 goodwill is no longer amortized but is tested annually for impairment. Goodwill impairment tests are also prepared at interim reporting dates if there is an indication of impairment.

The impairment tests are carried out at the lowest level of cash-generating units at which the carrying amount of goodwill can be allocated and monitored with any reasonable certainty. The determination of cash-generating units follows the level of monitoring for internal management purposes. This is generally equal to Facility Services at country level.

The level of allocation and monitoring of goodwill should be seen in light of ISS Global's strategy to integrate acquired companies as quickly as possible to benefit from synergies. Acquired companies are typically merged with (or activities transferred to) existing companies shortly after completion of the acquisition. Furthermore, synergies and other effects resulting from cooperation with existing ISS Global 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 goodwill of acquired companies (or activities) with any reasonable certainty.

For the year ended December 31, 2004, the effect was a reversal of goodwill amortization of DKK 1,217 million and a recognition of goodwill impairment of DKK 344 million including DKK 38 million related to write-downs in connection with divestments. The goodwill impairment primarily related to ISS Global's activities in Germany as DKK 188 million in amortization and DKK 100 million in goodwill impairment recognized under previous GAAP was recognized as goodwill impairment in the IFRS figures for the year ended December 31, 2004.

The net effect of the above adjustments was an increase in the carrying amount of goodwill of DKK 873 million as at December 31, 2004.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

35. Transition to IFRS (continued)

2. Under IFRS 3, the purchase price allocation requires more intangible assets, mainly customer contract portfolios and related customer relationships, to be recognized before the residual value is assigned to goodwill.

As ISS Global is a service company that acquires businesses in order to apply the ISS Global model and generate value by restructuring and refining the acquired business, the main impact from acquisitions derives from synergies, the value of human resources and the creation of platforms for growth. Accordingly, the main part of the purchase price will generally still be allocated to goodwill.

However, as part of the transition to IFRS, ISS Global has for acquisitions made subsequent to January 1, 2004 developed a model to value acquired customer contract portfolios and related customer relationships.

This valuation model is based on discounted cash flows related to the acquired customer contract portfolios and related customer relationships. The discounted cash flow model is based on a number of assumptions with respect to the churn rates and profitability of the acquired portfolio at the time of the acquisition. The net present value of the cash flows is uplifted with part of the discounted tax amortization benefit applicable for a potential buyer when acquired as a trade and asset purchase.

The value of the acquired customer contract portfolios and related customer relationships is amortized over the estimated useful lives based on the churn rate of the acquired portfolio using the declining balance method.

As a result of the above, DKK 1,108 million is separated from goodwill and allocated to customer contract portfolios and related customer relationships as at December 31, 2004 after amortization of DKK 78 million for the year ended December 31, 2004.

At the time of the acquisition a deferred tax liability is calculated at the local tax rate on the difference between the customer contract portfolios' carrying amount and the tax value. The recognition of this deferred tax liability has increased the amount of goodwill by DKK 271 million as at December 31, 2004.

The value of customer contract portfolios and related customer relationships are allocated to cash-generating units and tested for impairment consistent with the method used for goodwill.

3. Under IFRS 3, integration costs cannot be included in the calculation of goodwill. Instead integration costs must be charged to the income statement when a legal or constructive obligation occurs.

Accordingly, a provision for integration costs of DKK 17 million, that does not qualify under IFRS 3, has been reversed via equity in the IFRS opening balance sheet as at January 1, 2004.

For the year ended December 31, 2004, integration costs of DKK 110 million, net of tax of DKK 35 million, have been expensed in the income statement and reduced goodwill by DKK 75 million as at December 31, 2004.

Costs related to integration in the acquiring ISS Global company are reclassified from Other income and expenses, net to Integration costs in the income statement.

4. In certain countries, mainly in the Netherlands, Sweden, Switzerland, France, Norway and the UK, ISS Global has defined benefit plans. Under previous GAAP ISS Global used the accounting principle known as the corridor approach in the recognition of actuarial gains and losses and certain transition gains and losses were amortized.

In accordance with IFRS 1, these unrecognized actuarial gains and losses and transition gains and losses are included in equity net of taxes in the IFRS opening balance sheet at January 1, 2004. The effect is a reduction of equity by DKK 407 million before a tax related impact of DKK 114 million.

For the year ended December 31, 2004 the effect of early adoption of the amendment to IAS 19, "Employee benefits", is a further reduction of equity by DKK 41 million related to actuarial losses occurring during the year. The tax impact hereof is DKK 16 million.

Furthermore, calculated interest related to defined benefit obligations, DKK 8 million, are reclassified from Net finance costs to Staff costs.

ISS Global participates in the Finnish TEL pension insurance scheme, which covers employees in the private sector in Finland. Due to continued uncertainty in Finland regarding the appropriate classification of this scheme, ISS Global has continued to account for its liability under the scheme as a defined contribution plan. In December 2004, the Finnish Ministry of Social Affairs and Health approved certain changes to the principles for calculating disability pension liabilities under the TEL pension insurance scheme effective from the beginning of 2006. Hereafter, the uncertainty is reduced and the TEL pension insurance scheme should more clearly meet the criteria for classification as a defined contribution plan.

In certain countries, ISS Global participates in multi-employer pension schemes. The funds are currently not able to provide the necessary information in order for ISS Global to account for the schemes as defined benefit plans.

Continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

January 1 – December 31. Amounts in DKK millions

35. Transition to IFRS (continued)

5. The above changes increased the deferred tax assets/(deferred tax liabilities) as follows:

	Note	2004	
		January 1	December 31
Reversal of goodwill amortization, net of goodwill impairment and write-down	1	-	(49)
Amortization of customer contracts ¹⁾	2	-	(247)
Integration costs	3	(6)	(6)
Recognition of unrecognized actuarial losses	4	114	130
Increase in deferred tax assets/deferred tax liabilities		108	(172)
Tax relief on integration costs (previously netted in goodwill)			35
Initial deferred tax liabilities on customer contracts ¹⁾ (increased goodwill, see note 2 above)			271
Impact on equity			134

The effect on the income statement for the year ended December 31, 2004 was a decrease of the previously reported tax charge for the year of DKK 9 million.

¹⁾ Includes customer contract portfolios and related customer relationships.

Other transition impacts

In addition to the above changes impacting the recognition and measurement principles, the transition to IFRS impacts the classification and presentation of certain items in the consolidated financial statements as set out below:

- In accordance with IAS 1, "Presentation of Financial Statements", the minority interests' proportionate share of the profit or loss and equity of subsidiaries is presented as separate line items in the income statement and in equity. Previously, the minority interests' proportionate share of the profit or loss was presented before the parent company's share of the consolidated profit, while the minority interests' proportionate share of equity was presented as a separate line item between equity and liabilities.
- In accordance with IFRS 1, ISS Global has reset cumulative translation differences related to foreign subsidiaries, joint ventures and associates in the IFRS opening balance sheet as at January 1, 2004. Translation differences arisen subsequent to January 1, 2004 are presented as a separate component of equity.
- The cash flow statement is primarily impacted by securities (bonds) being excluded from cash and cash equivalents. Furthermore, cash from operating activities are impacted by reclassification of integration costs, DKK 33 million, from the acquisition of businesses (under investing activities) to payments related to integration costs (under operating activities).
- In accordance with IAS 1 certain balance sheet items have been reclassified in order to comply with the requirement of separate classification of current and non-current assets and liabilities.

The consolidated financial statements is further impacted by additional note disclosures, primarily regarding acquisitions, impairment tests, derivatives and related parties.

36. Subsequent events

ISS Global has made a number of acquisitions subsequent to December 31, 2005, see note 10, Acquisition and divestment of businesses. Most significantly on February 13, 2006, ISS announced the acquisition of the remaining 51% of the shares in Tempo which were previously owned by investors managed by DB Capital Partners. Net purchase price amounted to DKK 1,079 million.

Apart from the above and the events described in this Annual Report, ISS Global is not aware of events subsequent to December 31, 2005, which are expected to have a material impact on ISS Global's financial position.

Parent Company Financial Statements

INCOME STATEMENT OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

Note	2005	2004
3 Other operating income and expenses, net	13	3
Operating profit before other items	13	3
Other income and expenses, net	-	0
Operating profit	13	3
7 Income from subsidiaries and joint ventures	4,361	(81)
4 Net finance costs	(89)	(103)
Profit before tax	4,285	(181)
5 Income taxes	24	29
Net profit for the year	4,309	(152)
Attributable to:		
Retained earnings	4,309	(152)
Net profit for the year	4,309	(152)

CASH FLOW STATEMENT FOR THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

	2005	2004	Note
Operating profit before other items	13	3	
Changes in working capital	13	(3)	
Interest paid, net ¹⁾	436	(105)	
Income taxes paid, net	(230)	28	5
Cash flow from operating activities	232	(77)	
Increase of share capital in subsidiaries and joint ventures	(321)	(1,821)	7
Acquisition of subsidiaries and joint ventures	(4,539)	(234)	7
Proceeds from sale of subsidiaries and joint ventures	5,814	(3)	7
Dividends received from subsidiaries and joint ventures	474	199	7
Investments in financial assets, net	102	(6)	
Cash flow from investing activities	1,530	(1,865)	
Financial payments, net	5,453	3,828	6
Payments to affiliates, net	(2,120)	(1,310)	
Proceeds from issuance of share capital	-	750	
Dividends paid to shareholder	(5,740)	-	
Cash flow from financing activities	(2,407)	3,268	
Total cash flow	(645)	1,326	
Cash and cash equivalents at January 1	1,364	38	
Total cash flow	(645)	1,326	
Cash and cash equivalents at December 31	719	1,364	8

¹⁾ In 2005 interest paid, net included DKK 514 million in cash from the settlement of interest rate swaps.

BALANCE SHEET OF THE PARENT COMPANY

At December 31. Amounts in DKK millions

Note		2005	2004
Assets			
7	Investments in subsidiaries	13,984	11,014
7	Investments in joint ventures	2	39
7, 8	Receivables from affiliates	2,196	452
7	Other securities and investments	-	70
5	Deferred tax assets	155	0
Total non-current assets		16,337	11,575
8	Receivables from affiliates	6,538	5,424
5	Tax receivables	19	-
	Other receivables	35	260
8	Cash and cash equivalents	719	1,364
Total current assets		7,311	7,048
Total assets		23,648	18,623
Equity and liabilities			
9, 14	Total equity	5,809	7,287
10	Long-term debt	16,150	10,274
Total long-term liabilities		16,150	10,274
8	Short-term debt	4	88
8	Debt to affiliates	1,471	868
8	Debt to associates	-	63
	Trade payables	1	0
5	Tax payables	-	7
	Other liabilities	213	36
Total current liabilities		1,689	1,062
Total liabilities		17,839	11,336
Total equity and liabilities		23,648	18,623

STATEMENT OF TOTAL RECOGNIZED INCOME AND EXPENSE AND CHANGES IN EQUITY OF THE PARENT COMPANY

At December 31. Amounts in DKK millions

2005	Share capital	Retained earnings	Realized gain/(loss) on hedges	Unrealized gain/(loss) on hedges	Total equity
Total recognized income and expense					
Net profit for the year	-	4,309	-	-	4,309
Gain/(loss) on hedges, net	-	8	(82)	7	(67)
Tax on entries recognized directly in equity	-	-	18	2	20
Net income and expense recognized directly in equity	-	8	(64)	9	(47)
Total recognized income and expense for the year	-	4,317	(64)	9	4,262
Equity at January 1, 2005	160	7,140	2	(15)	7,287
Changes in equity					
Total recognized income and expense for the year	-	4,317	(64)	9	4,262
Dividends paid	-	(5,740)	-	-	(5,740)
Total changes in equity	-	(1,423)	(64)	9	(1,478)
Equity at December 31, 2005 ²⁾	160	5,717	(62) ¹⁾	(6) ¹⁾	5,809
2004					
Total recognized income and expense					
Net profit for the year	-	(152)	-	-	(152)
Gain/(loss) on hedges, net	-	3	2	5	10
Tax on entries recognized directly in equity	-	-	-	(2)	(2)
Net income and expense recognized directly in equity	-	3	2	3	8
Total recognized income and expense for the year	-	(149)	2	3	(144)
Equity at January 1, 2004	150	5,846	-	(18)	5,978
Impact from transition to IFRS	-	703	-	-	703
Adjusted equity at January 1, 2004	150	6,549	-	(18)	6,681
Changes in equity					
Total recognized income and expense for the year	-	(149)	2	3	(144)
Share issue	10	740	-	-	750
Total changes in equity	10	591	2	3	606
Equity at December 31, 2004	160	7,140	2 ¹⁾	(15) ¹⁾	7,287

¹⁾ Net of taxes.

²⁾ At December 31, 2005, retained earnings included DKK 800 million in proposed dividends.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

Note		Page
	Accounting policies	
1	Significant accounting policies	99
	Income statement	
2	Staff costs	102
3	Fees to auditors	102
4	Net finance costs	102
5	Taxes	103
	Cash flow statement	
6	Financial payments, net	103
	Balance sheet	
7	Non-current assets	104
8	Financial assets and liabilities	105
9	Share capital	105
10	Long-term debt	105
	Other	
11	Contingent liabilities, pledges etc.	106
12	Derivatives	107
13	Related party transactions	110
14	Transition to IFRS	111
15	Subsidiaries and joint ventures	112

1. Significant accounting policies

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU being effective for accounting periods beginning on January 1, 2005 and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act. These are ISS Global A/S's first IFRS financial statements and IFRS 1, "First-time Adoption of International Financial Reporting Standards" has been applied.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise stated, and in preparing the IFRS opening balance sheet as at January 1, 2004 for the purpose of the transition to IFRS.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of ISS Global A/S is provided in note 14, Transition to IFRS. This note includes reconciliations of equity and net profit reported under previous GAAP to those reported under IFRS.

BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of available-for-sale financial assets, and financial assets and liabilities at fair value through the income statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

- the impairment testing of cost of investments in subsidiaries
- the assessment of ongoing litigation and the valuation of contingent liabilities
- the valuation of tax assets and
- bad debt provisions.

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

GENERAL

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

Realized and unrealized exchange gains and losses are included in the income statement under Net finance costs.

INCOME STATEMENT

Other operating income and expenses, net include 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, losses and loss provisions on receivables etc.

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

Continues

1. Significant accounting policies (continued)

Income from subsidiaries and joint ventures comprise dividends declared in the year and gains and losses from divestment of subsidiaries and joint ventures. If dividends declared exceed the accumulated profit since takeover, the dividend is not recognized in the income statement but instead recognized as a write-down in the cost of the investment.

Net finance costs comprise interest payable on borrowings calculated using the effective interest rate method, interest receivable on funds invested and foreign exchange gains and losses.

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

Where the tax base can be calculated using different tax regulations, deferred tax is measured based on the planned use of the asset or the unwinding of the liability, as applicable.

Deferred tax is computed based on the tax rate expected to apply when the temporary differences are balanced out. No deferred tax provisions are made for undistributed profits of subsidiaries and goodwill not deductible for tax purposes. Deferred tax assets, including the tax value of losses carried forward, are recognized at the value at which they are expected to be applied either by eliminating tax on future earnings or by setting off deferred tax liabilities within the same legal tax unit and jurisdiction.

The recognized income tax is allocated to Income taxes and Equity, as applicable.

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

CASH FLOW STATEMENT

The cash flow statement shows ISS Global A/S's cash flows for the period stemming from operating, investing and financing activities, the change in cash position during the period as well as ISS Global A/S's cash position at the beginning and the end of the period.

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

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

Cash flow from investing activities comprises investments in or sale of subsidiaries and joint ventures and cash flow from purchase and sale of non-current assets.

Cash flow from financing activities comprises proceeds from and repayment of loans, dividends and proceeds from share issues.

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

BALANCE SHEET

Financial assets Investments in subsidiaries and joint ventures are recognized at cost. Investments are written down to the recoverable amount if this is exceeded by the cost. Cost is written down to the extent that the dividends declared exceeds the accumulated profit since take-over.

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

Securities are measured at fair value at the balance sheet date, with any resulting gains or losses recognized in the income statement. The fair value is the quoted bid price at the balance sheet date.

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

Continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31

1. Significant accounting policies (continued)

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

2. Staff costs

ISS Global A/S did not remunerate its Board of Directors or its Managing Director in 2005 and 2004. ISS Global A/S did not have any other employees (2004: 0).

3. Fees to auditors	2005	2004
KPMG		
Audit fees ¹⁾	0	0
Other services	0	0
Total KPMG	0	0

¹⁾ Audit fees comprised statutory audit of the Annual Report for the parent company.

4. Net finance costs	2005	2004
Interest income etc.	50	3
Gain from settlement of interest rate swaps ¹⁾	45	-
Interest income from affiliates	375	205
Financial income	470	208
Interest expenses etc.	(506)	(277)
Interest expenses to affiliates	(34)	(25)
Foreign exchange loss	(19)	(9)
Financial expenses	(559)	(311)
Net finance costs	(89)	(103)

¹⁾ The total gain from the settlement of interest rate swaps amounted to DKK 514 million. The remaining DKK 469 million will be included in the income statement in the financial years 2006 - 2014 corresponding to the remaining duration of the bond loans (see note 10, Long-term debt).

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

5. Taxes	2005			2004		
	Income taxes	Tax payables/ (receivables)	Deferred tax liabilities/ (assets)	Income taxes	Tax payables/ (receivables)	Deferred tax liabilities/ (assets)
Balance at January 1	-	7	(0)	-	6	(0)
Adjustments relating to prior years, net	2	91	(93)	0	(0)	-
Tax regarding equity movements	-	(20)	-	-	2	-
Tax on profit before tax	22	40	(62)	29	(29)	0
	24	118	(155)	29	(21)	(0)
Reclassification of joint taxation contribution	-	93	-	-	-	-
Tax paid	-	(230)	-	-	28	-
Taxes at December 31	24	(19)	(155)	29	7	(0)

	2005	2004
Equipment	0	0
Provisions	155	-
Deferred tax assets	155	0

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

6. Financial payments, net	2005	2004
Long-term and short-term debt at January 1	(10,362)	(6,348)
Foreign exchange and other adjustments	(92)	63
Fair value adjustment related to swap	(469)	-
Reversal of fair value adjustment related to swap ¹⁾	222	(249)
Long-term and short-term debt at December 31	16,154	10,362
Financial payments, net	5,453	3,828

¹⁾ For further information see note 12, Derivatives.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

7. Non-current assets

	Investments in subsidiaries	Investments in joint ventures	Receivables from affiliates	Other securities and investments
2005				
Cost at January 1, 2005	11,774	39	452	54
Additions	4,860	-	1,744	-
Disposals	(1,716)	(37)	-	(54)
Cost at December 31, 2005	14,918	2	2,196	-
Revaluation at January 1, 2005	(760)	-	-	16
Impairment	(174)	-	-	-
Disposals	-	-	-	(16)
Revaluation at December 31, 2005	(934)	-	-	-
Carrying amount at December 31, 2005	13,984	2	2,196	-
2004				
Cost at January 1, 2004	9,721	39	1,046	23
Additions	2,055	-	-	31
Disposals	(2)	-	(594)	-
Cost at December 31, 2004	11,774	39	452	54
Revaluation at January 1, 2004	(485)	-	-	16
Impairment	(275)	-	-	-
Revaluation at December 31, 2004	(760)	-	-	16
Carrying amount at December 31, 2004	11,014	39	452	70
			2005	2004
Income from subsidiaries and joint ventures				
Impairment ¹⁾			(174)	(275)
Dividends received from subsidiaries and joint ventures			474	199
Hereof in excess of accumulated profits			-	-
Proceeds from sale of subsidiaries and joint ventures			5,814	(3)
Carrying amounts of sold subsidiaries and joint ventures			(1,753)	(2)
			4,361	(81)

¹⁾ The recoverable amount of investments in subsidiaries and joint ventures is determined on the basis of the value-in-use adjusted for net debt. The impairment loss of DKK 174 million (2004: DKK 275 million) relates to Germany. The impairment test for Germany has been based on a business plan prepared by the German management using a discount rate, net of tax of 7.9% (2004: 5.1% excluding risk adjustment of future cash flows).

For a list of directly owned subsidiaries and joint ventures, see note 15, Subsidiaries and joint ventures.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

8. Financial assets and liabilities

	Carrying amount		Effective interest rate (%)	
	2005	2004	2005	2004
Receivables from affiliates, long-term	2,196	452	7.8	2.8
Receivables from affiliates, current	6,538	5,424	8.5	3.5
Cash and cash equivalents	719	1,364	1.6	2.2
Short-term debt	4	88	4.7	2.8
Debt to affiliates	1,471	868	7.6	3.2
Debt to associate	-	63	-	3.0

9. Share capital

	2005	2004
Share capital (in DKK millions)		
Share capital at January 1	160	150
Capital increase	-	10
Share capital at December 31	160	160
Share capital (in thousands of shares)		
Number of shares at January 1	160	150
Issued during the year	-	10
Number of shares at December 31 - fully paid	160	160

10. Long-term debt

	Carrying amount	
	2005	2004
Bond loans ¹⁾	10,554	10,274
Senior debt ²⁾	4,292	-
Acquisition debt ²⁾	1,304	-
Long-term debt	16,150	10,274
Fair value of long-term debt	14,530	10,369
Long-term debt is payable as follows:	2005	2004
1-5 years	6,717	-
After 5 years	9,433	10,274
Total	16,150	10,274
Effective interest rate ³⁾	4.8%	2.8%

¹⁾ ISS Global A/S listed a Euro Medium Term Note program in September 2003 and subsequently launched its inaugural issue. The EUR 850 million notes maturing on September 18, 2010, have an annual coupon of 4.75%. In December 2004, ISS Global A/S issued EUR 500 million of notes maturing on December 8, 2014, with an annual coupon of 4.50%. ISS Global A/S has swapped one-third of the fixed interest rates of the EUR 500 million notes into floating rates.

²⁾ The senior debt and the acquisition debt are subject to customary undertakings, covenants (including financial covenants) and other restrictions.

³⁾ Weighted average taking the effect of interest rate hedges into account.

Continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

10. Long-term debt (continued)

ISS Global A/S' total long-term debt at December 31 is denominated in the following original currencies:

	2005	2004
DKK	8.1%	0.0%
EUR	70.8%	100.0%
GBP	9.4%	0.0%
NOK	5.4%	0.0%
SEK	4.6%	0.0%
CHF	1.7%	0.0%
	100.0%	100.0%

ISS Global A/S has no subordinated debt and no debt convertible into equity.

11. Contingent liabilities, pledges etc.

Senior Facilities Agreement - guarantees and security

On November 7, 2005 FS Funding A/S announced that it had finalized the financing arrangements relating to its acquisition of ISS A/S, the parent company of ISS Global A/S. FS Funding A/S was the original borrower and guarantor under the senior facilities and the subordinated bridge facility, which were entered into on March 28, 2005 (subsequently amended and restated) and used for financing the acquisition of ISS A/S. FS Funding A/S has executed a share pledge over its shares in ISS A/S as security for the senior facilities and the subordinated bridge facility. On July 26, 2005 ISS Global A/S acceded to the senior facilities agreement and thereby obtained a right to make further borrowings under the senior facilities.

ISS A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Belgium, Denmark, Finland, France, the Netherlands, Norway, Spain, Sweden and the United Kingdom have provided guarantees for ISS Global A/S' borrowings under the senior facilities. The guarantees have been backed up by security over bank accounts, trade receivables, intra-group receivables and intellectual property rights of ISS A/S and these subsidiaries. In addition, the shares in the material subsidiaries and shares in certain of their subsidiaries as well as shares in certain subsidiaries in Austria, Germany, Hong Kong, Ireland, Portugal, Singapore and Switzerland have been pledged. Neither ISS A/S nor any of its direct or indirect subsidiaries have guaranteed or granted any security for FS Funding A/S' borrowing used for financing the acquisition of ISS A/S.

Commitment vehicle leases

On January 1, 2005 ISS Global A/S entered into a new global car fleet lease framework agreement for three years, including an option for extension for a further three-year term. The framework agreement contains an option for ISS Global A/S to terminate the underlying agreement for an entire country or the entire commitment with four weeks notice, to the end of a quarter subject to payment of a termination amount. The majority of the underlying agreements have a duration of 3-5 years. ISS Global A/S guarantees for all payments from directly and indirectly owned subsidiaries. The total contingent liability amounted to DKK 1,019 million as per December 31, 2005.

Outsourcing of IT

ISS Global A/S has an IT-outsourcing agreement with Computer Sciences Corporation (CSC) running until 2015. ISS Global A/S's contractual obligation related to the agreement at December 31, 2005 amounted to approximately DKK 430 million (DKK 280 million in 2004). ISS and CSC are currently in discussions on implications on certain aspects of the outsourcing agreement. These discussions include various claims of each party and could lead to change of scope of the contract.

Parent company guarantees

ISS Global A/S has issued guarantees for subsidiaries' local bank overdrafts totalling DKK 3,497 million (DKK 3,764 million in 2004). As per December 31, 2005 DKK 1,463 million is utilized (DKK 1,232 million in 2004). Furthermore, ISS Global A/S has issued other guarantees for subsidiaries totalling DKK 143 million (DKK 149 million in 2004). In 2004 ISS Global A/S had issued a DKK 17 million guarantee towards the seller in connection with an acquisition in Brazil. The guarantee expired in 2005.

VAT

ISS Global A/S and certain Danish affiliates are jointly registered for VAT and are jointly liable for the payment hereof.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

12. Derivatives

ISS Global A/S's financial risk management is based on policies approved by the Board of Directors, specifying guidelines and risk limits for ISS Global A/S's financial transactions and positions. ISS Global A/S may use derivatives to hedge financial risks.

Currency risk can be classified in three categories: economic, transaction and translation.

In practical terms, the economic currency risk is somewhat limited for ISS Global A/S, as ISS Global A/S and its competitors generally have similar cost structures. However, currency movements may have an adverse effect on the general economic situation of countries in which ISS Global A/S operates and ISS Global A/S may be impacted by such events.

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

ISS Global A/S's translation risk primarily relates to foreign investments and loans and receivables to/from affiliates.

ISS Global A/S may choose to hedge the currency exposure on foreign investments by funding such investments in local currencies or entering into hedging transactions.

Interest rate risk is measured by the duration of the net debt. The duration reflects the effect of a simultaneous increase or decrease in the general level of interest rates for the currencies included in the debt portfolio. As at December 31, 2005, the duration of net debt was approximately 5.2 years (2004: 0.5 year). Thus, all other things being equal, an increase (decrease) of one percentage point in the relevant interest rates would reduce (increase) the market value of net debt by approximately DKK 539 million (2004: DKK 19 million). Based on the net debt and taking into account the effect of hedging instruments as at December 31, 2005, a general decrease (increase) of one percentage point in relevant interest rates would reduce (increase) the annual net interest expense by approximately DKK 17 million (2004: DKK 37 million), all other things being equal.

ISS Gloal A/S's loan portfolio primarily consists of bonds issued under the EMTN-program and bank loans. A part of the interest payments on the corporate bonds have been swapped from fixed into floating rates (see note 10, Long-term debt). To manage the duration of the net debt, ISS Global A/S applies derivatives, such as interest rate swaps, futures and options. The deferred gain or loss on the interest rate instruments will in accordance with the matching principle be charged to the income statement as a financial item at the time when the hedged interest expense is recognized in the income statement.

Credit risk represents the risk of the accounting loss that would be recognized if counterparties failed to perform as contracted. Losses on bad debt relating to individual customers or counterparties have historically been relatively low. ISS Global A/S performs ongoing credit evaluations of the financial condition of ISS Global A/S' counterparties in order to reduce the credit risk exposure.

Continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

12. Derivatives (continued)

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

2005	Contractual value	Unrealized gain/(loss) on revaluation to fair value	Included in the income statement for 2005	Taken directly to equity on December 31, 2005	Maturity
Financial instruments					
Forward foreign currency, purchases					
CHF	124	0	0	-	2006
EUR	7,998	(0)	(0)	-	2006
GBP	400	1	1	-	2006
NOK	444	3	3	-	2006
SEK	289	1	1	-	2006
Others	31	0	0	-	2006
	9,286	5	5	-	
Forward foreign currency, sales					
AUD	578	(8)	(3)	(5)	2006
CHF	209	(0)	-	(0)	2006
EUR	4,939	0	0	0	2006
GBP	467	0	(0)	-	2006
HKD	214	(2)	(2)	-	2006
NOK	224	(1)	-	(1)	2006
SGD	12	(0)	(0)	-	2006
USD-related	221	(2)	-	(2)	2006
Others	99	(0)	(0)	0	2006
	6,963	(13)	(5)	(8)	
Interest rate instruments					
Interest rate swap - 2014 (EUR), receiver ¹⁾	1,243	30	30	-	2014
Total financial instruments		22	30	(8)	
Millions					
Hedging of net investments in foreign subsidiaries at December 31, 2005	Net investments in foreign subsidiaries, DKK	Hedging, DKK	Net investments with translation risk, DKK	Net investments with translation risk, local currency	
AUD	245	(369)	(124)	(27)	
CHF	250	(209)	41	9	
EUR	4,651	(2,611)	2,040	273	
GBP	465	(467)	(2)	(0)	
NOK	384	(224)	160	171	
SEK	27	-	27	34	
USD-related	378	(221)	157	-	
Others	765	(70)	695	-	
	7,165	(4,171)	2,994		

¹⁾ The swap converts one-third of the fixed interest rate on the EUR 500 million bond loan into a floating rate. The income of DKK 30 million off-sets a similar expense in the income statement related to the bond loan. Of this amount DKK 27 million represented the positive marked-to-market value of the interest rate swap.

Continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

12. Derivatives (continued)

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

2004	Contractual value	Unrealized gain/(loss) on revaluation to fair value	Included in the income statement for 2004	Taken directly to equity on December 31, 2004	Maturity
Financial instruments					
Forward foreign currency, purchases					
AUD	21	-	-	-	2005
EUR	5,216	(1)	(1)	-	2005
HKD	38	-	-	-	2005
SGD	30	-	-	-	2005
Others	28	1	1	-	2005
	5,333	-	-	-	
Forward foreign currency, sales					
AUD	266	(14)	-	(14)	2005
CHF	260	(0)	-	(0)	2005
EUR	2,433	2	1	1	2005
GBP	1,016	8	5	3	2005
NOK	183	(1)	(1)	(0)	2005
SEK	1,060	1	1	(0)	2005
USD-related	137	-	-	-	2005
Others	136	(5)	-	(5)	2005
	5,491	(9)	6	(15)	
Interest rate instruments					
Interest rate swap - 2010 (EUR), receiver ¹⁾	6,322	325	325	-	2010
Interest rate swap - 2014 (EUR), receiver ¹⁾	3,719	5	5	-	2014
Interest rate swap (EUR), payer	298	(7)	-	(7)	2005
		323	330	(7)	
Total financial instruments		314	336	(22)	
Millions					
Hedging of net investments in foreign subsidiaries at December 31, 2004	Net investments in foreign subsidiaries, DKK	Hedging, DKK	Net investments with translation risk, DKK	Net investments with translation risk, local currency	
AUD	282	(212)	70	17	
CHF	247	(283)	(36)	(7)	
EUR	4,649	(671)	3,978	535	
GBP	711	(315)	396	38	
NOK	284	(112)	172	191	
SEK	539	(534)	5	6	
USD-related	269	(71)	198	-	
Others	465	(66)	399	-	
	7,446	(2,264)	5,182		

¹⁾ The swaps convert the fixed interest rate on the EUR 850 million and EUR 500 million bond loans into a floating rate. The income of DKK 330 million offsets a similar expense in the income statement related to the bond loans. Of this amount DKK 249 million represented the positive marked-to-market value of the interest rate swaps.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

13. Related party transactions

The sole shareholder of ISS Global A/S, ISS A/S, has controlling influence in ISS Global A/S. The ultimate controlling company of ISS Global A/S is FS Invest Sarl (Luxembourg), which is 55% owned by funds advised by EQT. Related parties to ISS Global A/S with a significant, but not controlling influence are:

Members of the Board of Directors and the Executive Management

There were no significant transactions with members of the Board of Directors or the Executive Management during the year. For a description of business relationships see below.

ISS Global A/S' Board of Directors' and Managing Directors external directorships and external executive positions

	Board Member	Executive Position
Board of Directors		
Leif Östling	Scania AB, AB SKF, Svenskt Näringsliv (Confederation of Swedish Enterprise) and Teknikföretagen (The Association of Swedish Engineering Industries).	President and CEO of Scania AB.
Ole Andersen	Contex Holding A/S, Aleris AB and Brandtex Group A/S.	Head of the Copenhagen office of EQT Partners.
Jørgen Lindegaard	Telenor ASA, Efsen Engineering A/S.	President and CEO of SAS Group.
Sanjay Patel	Ahlsell AB and R.L. Winston Rod Company. Advisor to International Asset Transactions, SmartAnalyst and India Real Estate Opportunities Fund.	Co-head of Private Equity in Europe for the Principal Investment Area of Goldman Sachs.
Christoph Sander	-	-
Richard Sharp	Goldman Sachs International and Congas GmbH & Co. KG.	Head of the Principal Investment Area of Goldman Sachs in Europe.
Peter Korsholm (alternate)	Contex Holding A/S (deputy director) and Brandtex Group A/S.	Partner at EQT Partners.
Steven Sher (alternate)	Ahlsell AB and Rhiag Group Ltd.	Vice-President in Europe for the Principal Investment Area of Goldman Sachs.
Managing Director		
Steen Parsholt	Aon Denmark A/S, Bakmann Holding A/S, Company Watch Ltd. and Cura Management A/S.	-

Affiliates

ISS Global A/S had the following transactions with affiliated companies. All transactions were made on market terms.

- ISS Global A/S received/paid interest from/to affiliated companies, see note 4, Net finance costs.
- ISS Global A/S paid/received joint taxation contribution equal to 28% of taxable income to/from FS Equity A/S (the ultimate parent company in Denmark), see note 5, Taxes.
- ISS Global A/S received dividends from affiliated companies, see note 7, Non-current assets.
- ISS Global A/S paid dividends to ISS A/S.
- ISS Global A/S took over all employees in its parent company, ISS A/S, as at July, 2005 in connection with the management services
- ISS Global A/S acquired ISS Finans A/S from its parent company, ISS A/S., See note 10: Acquisition and divestment of

Apart from the above there were no other material transactions with related parties and shareholder during the year.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

January 1 – December 31. Amounts in DKK millions

14. Transition to IFRS

As stated in note 1, Significant accounting policies, these are ISS Global A/S's first financial statements prepared in accordance with IFRS as adopted by the EU.

The accounting policies under IFRS set out in note 1 have been applied consistently in preparing the financial statements as of and for the year ended December 31, 2005, and in the comparative information presented in these financial statements as of and for the year ended December 31, 2004, and in the preparation of the opening IFRS balance sheet at January 1, 2004 (the date of transition).

In preparing the opening IFRS balance sheet, ISS Global A/S has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (previous GAAP).

An explanation of how the transition from previous GAAP to IFRS has affected ISS Global A/S's financial position, financial performance is set out in the following table and the notes that accompany the table.

	January 1, 2004			2004	December 31, 2004			
	Note	Assets	Liabilities	Equity	Net Profit	Assets	Liabilities	Equity
According to previous GAAP		13,298	7,320	5,978	(77)	17,956	11,336	6,620
Subsidiaries and joint ventures to cost or recoverable value	1	703	-	703	(75)	667		667
Total adjustments		703	-	703	(75)	667	-	667
According to IFRS		14,001	7,320	6,681	(152)	18,623	11,336	7,287

1. Investments in subsidiaries and joint ventures has to be accounted for the lower of cost or recoverable value according to IAS 27. The income statement will reflect the dividends received from the subsidiaries and joint ventures.

Other transition impacts

In addition to the above changes impacting the recognition and measurement principles, the transition to IFRS impacts the classification and presentation of certain items in the financial statements as set out below:

- A cash flow statement for ISS Global A/S is included in the financial statements.
- In accordance with IAS 1, "Presentation of Financial Statements", certain balance sheet items have been reclassified in order to comply with the requirement of separate classification of current and non-current assets and liabilities.

The financial statements is further impacted by additional note disclosures.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

At December 31, 2005

15. Subsidiaries and joint ventures

Directly owned subsidiaries and joint ventures:

Facility Services S.R.L.	Argentina	100%
ISS Argentina S.A.	Argentina	100%
ISS Facility Services Pty Ltd.	Australia	100%
Pacific Invest December 2004 Pty Ltd.	Australia	100%
ISS Alpha Beteiligungsverwaltung GmbH	Austria	100%
ISS N.V.	Belgium and Luxembourg	100%
ISS Sulamericana Brasil Ltda.	Brazil	100%
ISS Thomas Cowan Sdn. Bhd.	Brunei	50%
ISS Chile S.A.	Chile	100%
ISS Usluzne Djelatnosti d.o.o.	Croatia	100%
ISS Automotive Services s.r.o.	The Czech Republic	100%
ISS Facility Services s.r.o.	The Czech Republic	100%
House of Coffee A/S	Denmark	100%
ISS Facility Services A/S	Denmark	100%
ISS Finans A/S	Denmark	100%
ISS Funding A/S	Denmark	100%
ISS Holding France A/S	Denmark	100%
ISS Management A/S	Denmark	100%
ISS Venture A/S	Denmark	100%
ISS Palvelut Oy	Finland	100%
ISS Holding Paris SA	France	100%
ISS Facility Services GmbH	Germany	100%
NOBIS Facility Services GmbH	Germany	100%
ISS Facility Services S.A.	Greece	100%
ISS ESGO Services (HK) Ltd.	Hong Kong	100%
ISS Greater China Ltd.	Hong Kong	100%
ISS Servisystem Kft.	Hungary	100%
ISS Facility Services India Pte Ltd.	India	100%
Pt. ISS Servisystem	Indonesia	100%
ISS Ireland Holding Ltd.	Ireland	100%
ISS Facility Services Srl	Italy	100%
ISS Facility Services Sdn. Bhd.	Malaysia	30%
ISS Holding Nederland B.V.	The Netherlands	100%
ISS Holdings NZ Ltd.	New Zealand	100%
ISS Facility Services AS	Norway	100%
ISS Facility Services Sp. Z.o.o.	Poland	100%
ISS Portugal Serviços de Gestão, Lda.	Portugal	100%
3D Romania S.A.	Romania	100%
Facility Services RUS LLC	Russia	100%
ISS Facility Services Pte Ltd.	Singapore	100%
ISS Sanitation Services Pte Ltd.	Singapore	100%
Serve 1st Services Pte Ltd.	Singapore	100%
ISS Automotive Services s.r.o.	Slovakia	100%
ISS Facility Services s.r.o.	Slovakia	100%
ISS Servisystem d.o.o.	Slovenia	100%
Integrated Service Solutions S.L.	Spain	100%
ISS Abans Environmental Services (PT) Ltd.	Sri Lanka	50% *
ISS Facility Services Holding AB	Sweden	100%
ISS Health Care AB	Sweden	100%
ISS Holding AG	Switzerland	100%
ISS Facility Services Co., Ltd.	Thailand	100%
ISS Tesis Yönetim Hizmetleri A.S.	Turkey	70%
ISS UK Holdings Ltd.	The United Kingdom	100%
ISS de Uruguay S.A.	Uruguay	100%

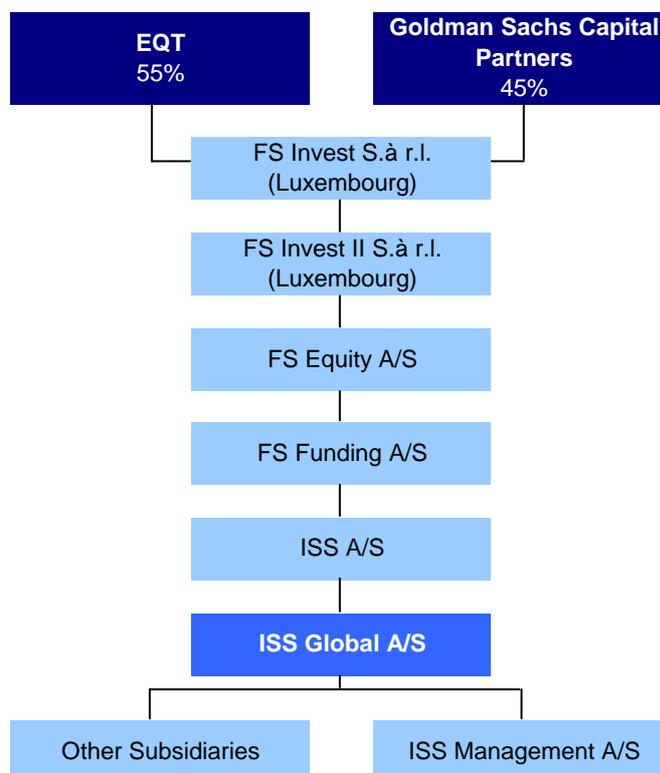
Undertakings of immaterial interest are left out.

* Joint venture

Definitions

Adjusted EBITDA	=	Operating profit before other items + Depreciation and amortization
Carrying amount of net debt	=	Long-term debt + short-term debt - securities - cash and cash equivalents -receivable from affiliates
Cash conversion, %	=	$\frac{\text{Free cash flow} \times 100}{\text{Profit before impairment/amortization of intangibles}}$
Equity ratio, %	=	$\frac{\text{Total equity} \times 100}{\text{Total assets}}$
Free cash flow	=	Cash flow from operating activities - Investments in intangible assets and property, plant and equipment, net
Interest-bearing debt, net	=	Carrying amount of net debt + Non-interest-bearing debt, net
Interest coverage	=	$\frac{\text{Operating profit before other items} + \text{Depreciation and amortization}}{\text{Net finance costs}}$
Net debt to book equity ratio, %	=	$\frac{\text{Interest-bearing debt, net} \times 100}{\text{Total equity}}$
Non-interest-bearing debt, net	=	Sum of non-interest-bearing items impacting carrying amount of net debt, e.g. marked-to-market value of interest rate swaps, unamortized gains from settlement of interest rate swaps and unamortized loan costs.
Operating margin, %	=	$\frac{\text{Operating profit before other items} \times 100}{\text{Revenue}}$

Group Structure



Board of Directors of ISS Global A/S, December 31, 2005

Leif Östling (1945)

Chairman

Member of the Board since October 26, 2005.

Richard Sharp (1956)

Vice-Chairman

Member of the Board since May 27, 2005.

Ole Andersen (1956)

Member of the Board since May 27, 2005.

Sanjay Patel (1961)

Member of the Board since May 27, 2005.

Jørgen Lindegaard (1948)

Member of the Board since April 6, 2006.

Christoph Sander (1962)

Member of the Board since April 6, 2006.

Peter Korsholm (1971)

Alternate Director¹⁾

Steven Sher (1970)

Alternate Director¹⁾

¹⁾ Alternate Directors are entitled to be present at Board meetings, but shall only be entitled to vote if they are standing in for a Board member who is unable to attend the meeting.

Management of ISS Global A/S

Steen Parsholt (1951)

Managing Director

The Board of Directors and management of ISS A/S are responsible for decisions regarding the overall strategy, financing and other policy matters for the Group.

Note: The ultimate parent company for which consolidated financial statements is prepared is FS Equity A/S.

Operational Management

ISS Management A/S

ISS Management A/S is a direct subsidiary of ISS Global A/S. ISS Management A/S provides operational management services for the subsidiaries of ISS Global A/S and certain administrative services for FS Equity A/S, FS Funding A/S, ISS A/S, and ISS Global A/S.

Board of Directors of ISS Management A/S

The membership of ISS Management's Board of Directors is identical to that of the Board of Directors of ISS Global A/S, except that the Board of Directors of ISS Management includes the following directors elected by its employees: Karina Deacon, Executive Vice President, Head of Corporate Affairs of ISS Management A/S; Flemming Quist, Finance Manager with ISS Management A/S; and Tina Hilligsø, a secretary with ISS Management A/S.

Corporate Management Team of ISS Management A/S

The Corporate Management Team of ISS Management A/S consists of the Executive Management Board and certain senior officers responsible for the day-to-day operations in the ISS Group.

Corporate Management Team of ISS Management A/S

Executive Management Board of ISS Management A/S

Eric S. Rylberg (1957)

Chief Executive Officer
Head of Executive Management Board
With ISS since 1997

Allan Aebischer (1954)

Chief Operating Officer
With ISS since 1981

Thorbjørn Graarud (1953)

Group Chief Operating Officer,
Northern Europe & Asia
With ISS since 1985

Jeff Olsen Gravenhorst (1962)

Chief Financial Officer
With ISS since 2002

Stig Pastwa (1967)

Chief Operating Officer
With ISS since 1998

Karsten Poulsen (1964)

Chief Treasury Officer
With ISS since 1998

Flemming Schandorff (1948)

Group Chief Operating Officer,
Continental Europe & Overseas
With ISS from 1973-1994
and since 2000

Hans John Øiestad (1955)

Chief Operating Officer
With ISS 1986

Karina Deacon (1969)

Head of Corporate Affairs
With ISS since 1997

Lars Folkmann (1963)

Commercial Director
With ISS since 2001

Jacob Götzsche (1967)

Regional Director
With ISS since 1999

Helle Havgaard (1959)

Head of Human Capital
With ISS since 2000

Christian Jakobsen (1970)

Treasurer
With ISS since 2004

Søren Kongsbak (1957)

Head of Management
Participation Program
With ISS since 1997

Jens Ebbe Olesen (1962)

Head of M&A Support
With ISS since 1998

Bjørn Raasteen (1964)

Group General Counsel
With ISS since 1999

Martin Gaarn Thomsen (1970)

Regional Director
With ISS since 1999

Henrik Trepka (1963)

Head of IT
With ISS since 2005

Management

Overview

The overall strategy of ISS Global is determined by the members of the Board of Directors of ISS Global and its parent companies. ISS Global's day-to-day operations are managed by the Executive Management Board of ISS Management pursuant to the Management Services Agreement described in "Executive Management Board of ISS Management" below.

Board of Directors

Each of ISS Global, ISS, FS Funding and FS Equity A/S (referred to as "FS Equity") has a two-tier management structure consisting of a Board of Directors and a Managing Director. The Board of Directors and the Managing Director have overall responsibility for the management of the company's business. The Board of Directors shall ensure proper organization of the business of the company. The Managing Director is in charge of the day-to-day business of the company and, in that capacity, follows the directions and guidelines provided by the Board of Directors. The two bodies are separate and do not have any overlapping members.

Board of Directors functions in accordance with its rules of procedure, which provide guidelines for the Board of Director's work in general and prescribe any special duties assigned to the Chairman. The following table sets forth information concerning the directors of ISS Global. The members of the Boards of Directors of ISS, FS Funding and FS Equity are the same as ISS Global's Board of Directors.

Name, Age, Position

Leif Östling, 61, Chairman
Richard Sharp, 50, Vice Chairman
Ole Andersen, 49, Director
Sanjay Patel, 44, Director
Jørgen Lindegaard, 57, Director
Christoph Sander, 44, Director
Peter Korsholm, 35, Alternate Director
Steven Sher, 35, Alternate Director

Leif Östling was appointed Chairman in October 2005. He is currently the President and Group Chief Executive of Scania AB, a position he has held since 1994. 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. He has also served as Chairman of the Board of the Danish company Sabro Refrigeration, which was previously owned by EQT. Mr. Östling is a

member of the Board of Directors of Scania AB, AB SKF, Svenskt Näringsliv and Teknikföretagen. He holds a Masters of Science in Engineering from Chalmers University of Technology in Gothenburg and an MSc Economics and Business Administration from the Gothenburg School of Economics.

Richard Sharp is head of the Principal Investment Area of Goldman Sachs in Europe and is on the board of directors of Goldman Sachs International. Mr. Sharp joined Goldman Sachs in 1984, was made a partner in 1994 and became a managing director in 1996. He is a member of the Supervisory Board of Cognis GmbH & Co. KG. Mr. Sharp received a Bachelor of Arts and a Master of Arts from Oxford University.

Ole Andersen has been the head of the Copenhagen office of EQT Partners since September 2003. Prior to joining EQT Partners, Mr. Andersen was employed at 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 of Enskilda Securities. From 1983 to 1997 Mr. Andersen worked for Arthur Andersen & Co., Skandinavisk Holding, Scandinavian Capital Partner and Alfred Berg. Mr. Andersen is currently a director of Contex Holding A/S, Aleris AB and Brandtex Group A/S. Mr. Andersen graduated from the Copenhagen Business School with a Masters in Economics.

Sanjay Patel is co-head of Private Equity in Europe for the Principal Investment Area of Goldman Sachs. Prior to joining Goldman Sachs in 2005 he worked with Goldman Sachs Capital Partners, holding the position of co-President from 1999 to 2004. In 2004 he was a Senior Advisor of Goldman Sachs Capital Partners. Mr. Patel previously worked in the Principal Investment Area of Goldman Sachs from 1987 to 1997. Mr. Patel is a director of Allsell AB and the R.L. Winston Rod Company. He also serves on the Advisory Boards of International Asset Transactions LLC, SmartAnalyst Inc. and is a strategic advisor to the India Real Estate Opportunities Fund. Mr. Patel received a Bachelor of Arts, magna cum laude, and a Masters of Science from Harvard University, and a Masters of Business Administration from Stanford University.

Jørgen Lindegaard has been the President and CEO of SAS Group since May 2001. He has worked in the telecommunications industry since

1975 in several positions, including President of Fyns Telefon A/S, President of Københavns Telefon A/S and Vice President of Teledanmark A/S. Before joining SAS Mr. Lindegaard was President and CEO of GN Store Nord A/S. Mr. Lindegaard is a member of the Board of Telenor AS. He received an engineering degree from Technical University of Denmark.

Christoph Sander was Managing Director of Bunzl's European and Australasian Outsourcing Services business from its inception in 1993 until 2005. He was appointed Board Director of Bunzl plc in 2004, and designated Chief Executive in February 2005. Since leaving Bunzl in January 2006, he has pursued other interests. Prior to Bunzl, he worked for The Boston Consulting Group based in London. Mr. Sander received an MA in Economics from Cambridge University and an MBA from Harvard Business School.

Peter Korsholm is a partner at EQT Partners. He joined EQT Partners in 1999. Previously, he was with Morgan Stanley in London. Mr. Korsholm is currently a deputy director of the board of Contex Holding A/S and a director of Brandtex Group A/S. Prior to joining EQT, Mr. Korsholm received his Master of Business Administration with distinction from INSEAD. He also holds a Masters of Science in Econometrics and Mathematical Economics from London School of Economics and a Bachelor of Arts in Economics from University of Copenhagen.

Steven Sher is a vice-president in Europe for the Principal Investment Area of Goldman Sachs. Prior to joining Goldman Sachs in 1997, Mr. Sher was with Price Waterhouse in London, where he qualified with the Institute of Chartered Accountants of England and Wales. Mr. Sher is a director of Rhiag. Mr. Sher received a Bachelor of Commerce and a post graduate Bachelor of Accounting from the University of Witwatersrand.

The business address for each of the members of the Board of Directors of FS Funding is c/o FS Funding A/S, Bredgade 30, DK-1260 Copenhagen K, Denmark.

ISS is a direct subsidiary of FS Funding and ISS Global is a direct subsidiary of ISS.

Management

Steen Parsholt, 55, was appointed Managing Director of FS Funding, ISS and ISS Global on January 1, 2006. In addition to these positions, Mr. Parsholt serves as non-executive director of a number of companies. Prior to joining ISS, Mr. Parsholt served as CEO of Aon Nordic Region from 2003 to 2005. During the period from 1996 to 2002, he served as member, and subsequently Chairman, of the Management Board of Nederlandsche Credietverzekering

Maatschappij in Amsterdam. Mr. Parsholt is a graduate from Copenhagen Business School, where he now serves as an external examiner. He has attended Bowdoin College and AMP at INSEAD. There are no other executive officers of FS Funding, ISS or ISS Global.

Board of Directors of ISS Management

ISS Management is a direct subsidiary of ISS Global. The membership of ISS Management's Board of Directors is identical to that of the Boards of Directors of FS Funding, ISS and ISS Global, except that the Board of Directors of ISS Management includes the following directors elected by its employees: Karina Deacon, Executive Vice President, Head of Corporate Affairs, ISS Management; Flemming Quist, Finance Manager with ISS Management; and Tina Hilligsø, a secretary with ISS Management.

ISS Management has a two-tier management structure consisting of a Board of Directors and an Executive Management Board. The Board of Directors and the Executive Management Board have overall responsibility for the management of the company's business. The Board of Directors shall ensure proper organization of the business of the company. The Executive Management Board is in charge of the day-to-day business of the company and, in that capacity, follows the directions and guidelines provided by the Board of Directors. The two bodies are separate and do not have any overlapping members.

Executive Management Board of ISS Management

On June 30, 2005, ISS entered into a Management Services Agreement with ISS Management, a wholly owned subsidiary of ISS Global, and FS Funding and FS Equity subsequently acceded to the agreement. Under the agreement, ISS Management provides certain operational management services to the subsidiaries of ISS Global and certain administrative services to FS Equity, FS Funding, ISS and ISS Global. Pursuant to the agreement, ISS Management has also assumed the obligations of ISS under its management agreements with the operating subsidiaries of ISS Global. However, decisions regarding the Group's strategy, financing and other policy matters continue to be made by, and are the responsibility of, the Boards of FS Funding, ISS and ISS Global. In order to reflect the new governance structure, the officers and employees of ISS were transferred to ISS Management effective July 1, 2005. As consideration for such management services, ISS Management receives a fee.

For further information regarding the Group's structure, see "Group Structure".

The following table sets forth information concerning the members of the Executive Management Board of ISS Management.

Name, Age, Position

Eric S. Rylberg, 49, Chief Executive Officer
Allan Aebischer, 51, Chief Operating Officer
Thorbjørn Graarud, 53, Group Chief Operating Officer, Northern Europe and Asia
Jeff Gravenhorst, 44, Chief Financial Officer
Stig Pastwa, 38, Chief Operating Officer
Karsten Poulsen, 42, Chief Treasury Officer
Flemming Schandorff, 57, Group Chief Operating Officer, Continental Europe and Overseas
Hans John Øiestad, 51, Chief Operating Officer

Effective July 1, 2005, in connection with the execution of the Management Services Agreement, the executive directors of ISS were appointed to the Executive Management Board of ISS Management and resigned from their positions with the Executive Management Board of ISS.

Flemming Schandorff has announced that he will step down and retire as Group Chief Operating Officer and member of the Executive Management Board, effective as of April 1, 2007.

Eric S. Rylberg has been Chief Executive Officer since 2000. Mr. Rylberg joined ISS as its Chief Financial Officer in 1997. From 1996 to 1997 he was the Chief Executive Officer of Jacob Holm & Sons. Prior to that time he was the Chief Financial Officer of Incentive Group. He received a Master of Business Economics from Aarhus University, Denmark and a Master of Business Administration from Henley Management College in the United Kingdom.

Allan Aebischer has been Chief Operating Officer since February 2006. Previously, he served as Country Manager for ISS in Denmark from 2004 to 2006. Mr. Aebischer has served at ISS in a number of positions during the last 26 years, including head of ISS Food Hygiene Services in seven countries. In 1981, Mr. Aebischer joined ISS Denmark as Management Trainee after finishing a in business at Niels Brock—Copenhagen Business College in Denmark.

Thorbjørn Graarud has been Group Chief Operating Officer, Northern Europe and Asia, since 2002. Previously, he served as a Managing Director, International, of ISS from 2000 to 2002. Mr. Graarud served as a Country Manager for ISS Norway from 1989 to 1999. He joined ISS in 1985. Mr. Graarud received a Bachelor of Arts in Business Economics from BI Business School, Oslo, Norway.

Jeff Gravenhorst has been the Chief Financial Officer since October 1, 2005. Previously he was the Chief Financial Officer of ISS UK from 2002 to 2005. From 2000 to 2002 he was Managing Director of ALTO Danmark A/S, a division of Incentive A/S. 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 Finance Director of Wittenborg UK Ltd, each a division of Incentive A/S, as well as a Manager of Arthur Andersen in Denmark. Mr. Gravenhorst holds a Master of Science in Business Administration and Auditing from the Copenhagen Business School, Denmark.

Stig Pastwa has been Chief Operating Officer since February 2006. He has served as a Regional Director at ISS from 2003 to 2006. Previously, he was ISS's International Business Director for Southern Europe from 2001 to 2003 and Financial Director for Southern Europe in 2000. Mr. Pastwa also served as Senior Vice President of ISS's Mergers and Acquisition department from 1998 to 2000. He joined ISS in 1998. Prior to that time he served in various positions with A.P. Moller-Maersk, most recently as Chief Financial Officer of Maersk Ivory Coast. Mr. Pastwa received a PED degree from IMD, an ADP degree from the London Business School and a degree in Management Accounting from Copenhagen Business School in Denmark.

Karsten Poulsen has been the Chief Treasury Officer since October 1, 2005. Mr. Poulsen joined ISS in 1998 as its Corporate Treasurer and was Chief Financial Officer of ISS from 2002 until 2005. From 1997 to 1998 he was Treasurer for Jacob Holm & Sons and the Deputy Treasurer for Incentive Group from 1996 to 1997. Prior to that time Mr. Poulsen was a Senior Vice President for Danske Bank. Mr. Poulsen received a Master of Science in Economics and Business Administration from the Aarhus Business School, Denmark.

Flemming Schandorff has been Group Chief Operating Officer, Continental Europe and Overseas, since 2002. Previously, he was a Managing Director, International, of ISS from 2000 to 2002. Mr. Schandorff was the Chief Executive Officer of Kompan A/S from 1996 to 2000. He rejoined ISS in 2000, having held various positions with ISS from 1973 to 1994. He is a member of the Board of Directors of Modulex A/S. Mr. Schandorff received a Diploma in Accounting and Management theory from the Copenhagen Business College, Denmark.

Hans John Øiestad has been Chief Operating Officer for Northern Europe since February 2006. Since 2004, he was Country Manager for ISS in

Sweden. Previously, Mr. Øiestad was the CEO of ISS Health Care and ISS CarePartner in Sweden and spent two years as Chief Operating Officer of ISS Norway. He previously spent four years as Regional Manager in ISS Norway. Mr. Øiestad has a teacher's degree from Norway.

The business address for each of the members of the Executive Management Board of ISS Management is c/o ISS Management A/S, Bredgade 30, DK-1260 Copenhagen K, Denmark.

Executive Officers of ISS Management

The following table sets forth information concerning the executive officers of ISS Management.

Name, Age, Position

Karina Deacon, 36, Executive Vice President,
Head of Corporate Affairs
Lars Folkmann, 42, Executive Vice President,
IFS Implementation and Corporate Clients
Jacob Götzsche, 38, Regional Director
Helle Havgaard, 46, Senior Vice President,
Human Capital
Christian K. Jakobsen, 35, Senior Vice
President, Corporate Treasury
Søren Kongsbak, 48, Director of the Group's
Management Participation Program
Jens Ebbe Olesen, 43, Executive Vice President,
Mergers and Acquisitions
Bjørn Raasteen, 41, Senior Vice President,
General Counsel
Martin Gaarn Thomsen, 35, Regional Director
Henrik Trepka, 42, Senior Vice President,
Group IT

Effective July 1, 2005, in connection with the execution of the Management Services Agreement, the executive officers of ISS were appointed to their current positions with ISS Management and resigned from their positions with ISS.

Karina Deacon has been Executive Vice President, Corporate Affairs since 2005. Previously, Ms. Deacon served as Executive Vice President, Head of Corporate Finance and Control, from 2003 to 2005. From 2001 to 2003, Ms. Deacon served in ISS's investor relations department. Ms. Deacon joined ISS in 1997 as Group Controller. Prior to that time Ms. Deacon was an auditor with Price Waterhouse. Ms. Deacon received a Master of Science in Auditing from Aarhus Business School, Denmark.

Lars Folkmann has been Executive Vice President and Group Commercial Director since January 2006. Previously, he served as Commercial Director in ISS's Danish operating company from 2003 to 2005. He joined ISS in 2001 as Senior Vice President, Business

Development. Prior to this time, Mr. Folkmann held a number of positions with The Coca-Cola Company, including Country Manager (Denmark) and Marketing Director Nordic. He received a Master of Science in Economics from Copenhagen Business School, Denmark.

Jacob Götzsche has been Regional Director since February 2006. Mr. Götzsche has served as an International Business Director from 2004 to 2006. Previously, Mr. Götzsche served as Senior Vice President, Mergers and Acquisitions from 2002 to 2004 and Senior Vice President, Head of Corporate Finance and Control, from 2001 to 2002. He served as ISS's Chief Group Controller, Head of Corporate Finance, in 2000 and International Controller from 1999 to 2000. Mr. Götzsche joined ISS in 1999 from PriceWaterhouse where he was an auditor since 1994. Mr. Götzsche received a Master of Science in Auditing from Odense University, Denmark.

Helle Havgaard has been Senior Vice President, Human Capital, since 2004. Previously Ms. Havgaard served as ISS Denmark's Human Resource Manager from 2003 to 2004. From 2000 to 2003, she was General Counsel in ISS Denmark. Prior to joining ISS, Ms. Havgaard was Head of Legal Section with Ledernes Hovedorganisation, the Human Resource Manager at Paranova and she lectured in Labor Law as an external reader at the University of Copenhagen. From 1989 to 1995, Ms. Havgaard was General Counsel at Association of Employers in the Service Industry. From 1985 to 1989, she practiced law with a law firm. Ms. Havgaard received a Masters of Law from the University of Copenhagen, Denmark.

Christian K. Jakobsen has been Senior Vice President, Corporate Treasury since 2005. He joined ISS in 2004. Prior to that he was Vice President, Relationship Management for ABN AMRO N.V. from 2000 and held various positions in Structured Finance for the same institution since 1997. Mr. Jakobsen received a Master of Business Administration from Bradford University and a bachelor from Copenhagen Business School, Denmark.

Søren Kongsbak has been Director of ISS's Management Participation Program since February 2006. Mr. Kongsbak served as Executive Vice President, International Business Director from 2004 to 2006. Mr. Kongsbak served as a Finance Director of ISS from 2000 to 2004. From 1999 to 2000, he served as a Finance Manager of ISS Overseas. He joined ISS in 1997. Prior to that time he was Vice President Finance for Incentive Group. Mr. Kongsbak received a Bachelor degree from Aarhus Business School, Denmark.

Jens Ebbe Olesen has been Executive Vice President, Mergers and Acquisitions, since 1999. Mr. Olesen joined ISS in 1998. Prior to that time he was Chief Financial Officer of Jacob Holm & Sons from 1991. He received a degree in Management Accounting from the Esbjerg Business School and a Master of Commerce from Kolding Business School, Denmark.

Bjørn Raasteen has been Senior Vice President and General Counsel since 2005. Previously, he was Assistant General Counsel since joining ISS in 1999. Prior to that time, Mr. Raasteen was a lawyer with the Jonas Bruun and Hjejle, Gersted & Mogensen law firms. Mr. Raasteen received a Masters of Law from the University of Copenhagen, Denmark.

Martin Gaarn Thomsen has been Regional Director, Asia, since 2005. Previously, he served as International Operations Director for ISS Hygiene Services from 2002 to 2004. Mr. Thomsen served as Vice President, Corporate Affairs and ISS Innovation, from 2000 to 2002. He joined ISS in 1999 and served as a Business Support Manager, Business Development, until 2000. Prior to that time, Mr. Thomsen was IS Manager for Coca-Cola Nordic Beverages. Mr. Thomsen received a Master of Science in Business Administration from Copenhagen Business School, Denmark.

Henrik Trepka has been Senior Vice President, Group IT, since July 2005. From 2000 to 2005, Mr. Trepka was International IT advisor for Kuwait Petroleum International Ltd. Prior to that time, he served in various positions for Kuwait Petroleum (Denmark) A/S and as a management consultant with Accenture. Mr. Trepka received a Master of Science in Business Administration from Copenhagen Business School and an E*MBA from Scandinavian International Management Institute.

Employment Agreements

On July 1, 2005, in connection with the execution of the Management Services Agreement and transfer of the executive officers from ISS, ISS Management entered into employment agreements with each of the members of its Executive Management Board.

Eric S. Rylberg's and Thorbjørn Graarud's contracts are subject to termination upon two years' notice by the ISS Management. Allan Aebischer's contract is subject to 18 month notice. Karsten Poulsen's, Jeff Gravenhorst's, Stig Pastwa's, Hans-John Øiestad's and Flemming Schandorff's contracts are subject to one year's notice.

The contracts reflect differing amounts of compensation but otherwise contain standard terms for each of the executive officers. In addition, Eric S. Rylberg's contract provides that he will be entitled to special compensation if his employment ceases other than by virtue of his resignation (provided that such resignation is not attributable to a takeover of ISS or ISS's material breach of the service contract). This special compensation is equivalent to 10% of Mr. Rylberg's annual salary multiplied by his years of service from January 1, 2003 (with any partial year service being rounded up to the nearest whole year). Such compensation would be payable in monthly installments commencing in the month following his termination and would continue until he reaches the age of 62 or his death, whichever occurs first. If he retires from ISS at the age of 62, the compensation would be payable in full as a lump sum.

Except for Allan Aebischer and Hans John Øiestad, all members of the ISS Management Executive Management Board have a golden parachute. In the event of a change of control of ISS, the members may terminate their employment at will. Should they elect to do so, Eric S. Rylberg, Karsten Poulsen, Jeff Gravenhorst, Stig Pastwa and Flemming Schandorff are entitled to compensation equivalent to the salaries which would have been payable to them had their employment been terminated by ISS, while Thorbjørn Graarud is entitled to compensation equivalent to one year's salary. If ISS is taken over, the members of the ISS Management Executive Management Board will receive the amounts, if any, vested in their individual Economic Value Added ("EVA") bonus accounts.

No members of the Executive Management Board, executive officers or employees of ISS Management are directors or officers of or persons exercising control over FS Funding.

The business address for each of the executive officers of ISS Management is c/o ISS Management A/S, Bredgade 30, DK-1260 Copenhagen K, Denmark.

Management Participation Program

The Principal Shareholders are planning to offer a management participation program, under which the non-executive members of the Board of Directors of FS Funding (except representatives of the Principal Shareholders) are offered the opportunity to invest between DKK 1.5 million and DKK 2.5 million each. Further, members of the Executive Management Board of ISS Management are offered the opportunity to invest between DKK 2.5 million and DKK 5 million each, depending on their position. Finally, approximately 140 senior officers of the Group are offered the

opportunity to invest between DKK 0.5 million to DKK 3 million each, depending on their position.

The program is structured as an indirect investment in a mix of shares and warrants of FS Invest S.à r.l, Luxembourg, the Issuer's ultimate parent company. Providing all eligible participants subscribe for the maximum number of shares offered at market price, the total shareholding of the participants will comprise approximately 1% of

the shares in FS Invest S.à r.l. If the warrants offered at market price are fully subscribed for and subsequently exercised, the participants will hold approximately 20% of the resulting number of shares in FS Invest S.à r.l. The program contains standard provisions, and provides participants with the right to have their shares repurchased in 2014 at the lower of the market value and their original investment plus 6% per year.

Principal Shareholders

ISS Global A/S is a wholly owned subsidiary of ISS A/S, which is ultimately owned by funds advised by EQT and GS Capital Partners. Please also refer to "Group Structure" page 114.

EQT

EQT is one of Europe's leading private equity firms. EQT's strategy is, as an active owner and in close cooperation with the management of the companies it acquires, to develop and implement valueenhancing growth strategies. EQT currently manages nearly EUR 6 billion in equity in its funds at December 31, 2005. As of December 31, 2005, funds advised by EQT Partners have invested approximately EUR 3.5 billion. EQT Partners, acting as exclusive investment advisor to EQT, is headquartered in Stockholm and maintains offices in Copenhagen, Munich, Frankfurt and Helsinki.

As of December 31, 2005, funds advised by EQT Partners had acquired 39 companies, 19 of which have been publicly listed or resold. Investments include the following companies: Sabroe Refrigeration (industrial refrigerating systems), Dometic (leisure products), Dahl (heating and sanitation wholesale) and Symrise (flavors and fragrances). As of December 31, 2005, funds advised by EQT Partners own 22 companies across a variety of industries.

GS Capital Partners

GS Capital Partners is managed by the Principal Investment Area of 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, it is one of the oldest and largest investment banking firms. The firm is headquartered in New York and maintains offices in London, Frankfurt, Tokyo, Hong Kong and other major financial centers around the world.

As of December 31, 2005, the Principal Investment Area of Goldman Sachs had formed investment vehicles with more than U.S.\$26 billion of capital and through its funds has invested approximately U.S.\$20 billion in over 300 companies. Investments include the following companies: Ahlsell (building products distribution), Burger King (fast food retail), Elis (contract cleaning), Eutelsat (satellites) and Prysmian (energy cables).

Shareholders' Agreement

EQT III, EQT IV and GS Capital Partners (collectively, the "Investment Parties") and FS Funding A/S and FS Invest S.á.r.l. ("FS Invest") entered into a shareholders' agreement dated March 28, 2005, as amended on May 9, 2005. The shareholders' agreement specified the equity commitments and the terms of the Investment Parties' funding of FS Invest and specified a business plan for FS Invest and its subsidiaries, including ISS. The shareholders' agreement states that its principles shall apply to any entity through which the Investment Parties hold their interest in ISS.

Under the shareholders' agreement, the Board of Directors of FS Invest shall consist of six members. Each of EQT IV (No.1) Limited Partnership, EQT IV (No. 2) Limited Partnership, EQT III US No. 1 Limited Partnership, GS Capital Partners V Institutional, L.P. and GS Capital Partners 2000, L.P. is entitled to nominate one director and the sixth director may be appointed by GS Capital Partners. EQT has the right to nominate the chairman of the Board of Directors, after consultation with GS Capital Partners. In addition, each of EQT and GS Capital Partners is entitled to appoint one deputy member of the Board of Directors of FS Invest who shall be entitled to be present at Board meetings, but the two deputy members shall only be entitled to vote if they are standing in for a Board member who is unable to attend the meeting.

The Board of Directors of FS Invest will generally act by simple majority, with the Chairman casting a deciding vote in the event of a tie. However, under the shareholders' agreement, certain actions require special approval of one or both of the Investment Parties.

The shareholders' agreement contains pre-emptive rights that generally allow each of the Investment Parties to purchase a portion of any newly issued shares of FS Invest in order to maintain their respective percentage interests in that entity. These pre-emptive rights have been waived in relation to the incentive compensation scheme offered to the non-executive members of the Board of Directors, the Executive Management Board of ISS Management and certain senior officers of the Group. At any time after the third anniversary of the completion of the voluntary tender offer, an Investment Party can require the initiation of an "exit" process, which is contemplated to be either a sale of FS Invest or one of its subsidiaries or a securities floatation. After the third anniversary, an Investment Party may also give notice to the

other Investment Parties of its intention to sell its interests in FS Invest to a third party. The other parties shall then have a right of first refusal to purchase such interest and, in the event of a third party sale, the other parties shall have a tag-along right to include their interests in such sale. The shareholders' agreement also contains drag-along rights which may be exercised by an Investment Party at any time after the fifth anniversary of the completion of the tender offer. In addition, in the event of the insolvency of an

Investment Party, the other Investment Parties have the right to acquire the interests of the insolvent party. Other than as described above, the shareholders' agreement generally prohibits the Investment Parties from transferring their interests in FS Invest, except for transfers to affiliates who will be bound by the terms of the shareholders' agreement.

Company Information

Group Highlights (unaudited)

ISS Global is a wholly owned subsidiary of ISS, which was acquired by FS Funding A/S (“FS Funding”) in May 2005. FS Funding was established in March 2005 for the purpose of the acquisition (the “Acquisition”) of ISS. Consequently, the first consolidated financial statements of FS Funding covers the period from March 11, 2005 to December 31, 2005. FS Funding is a 100% owned subsidiary of FS Equity A/S (“FS Equity”), which is ultimately controlled by funds advised by EQT partners (“EQT”) and Goldman Sachs Capital Partners (“GS Capital Partners”).

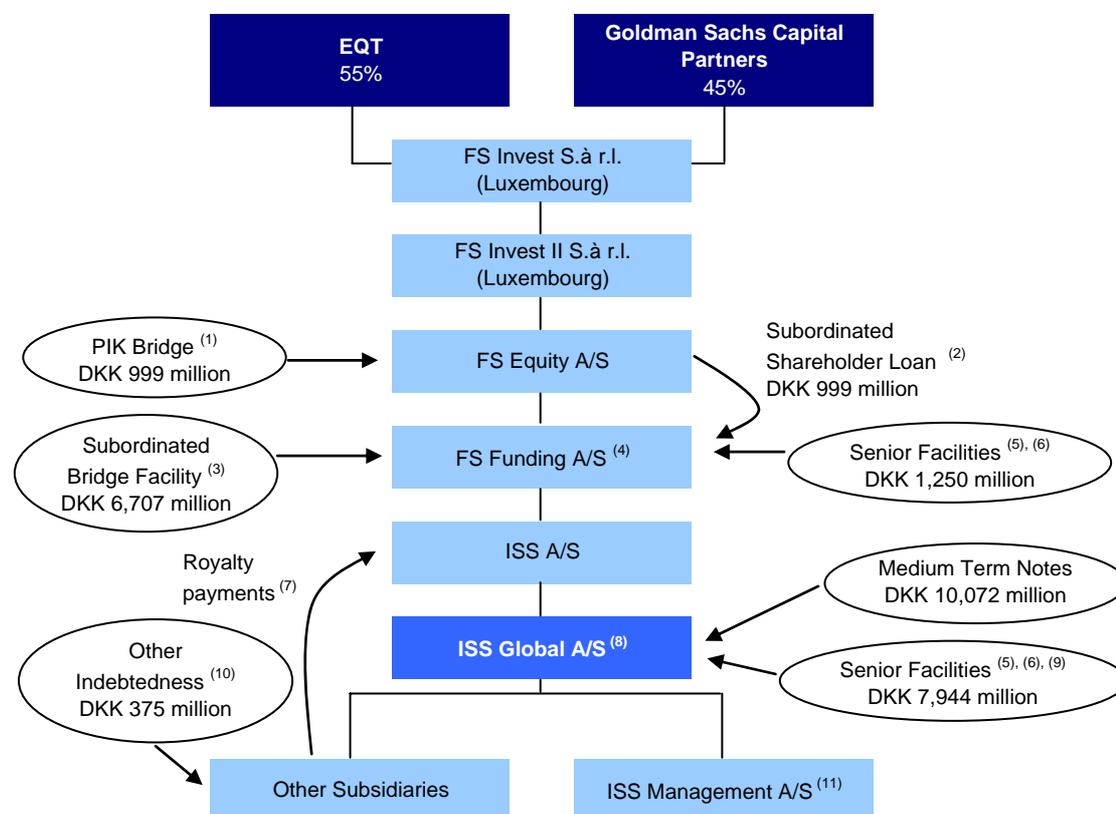
The chart on the next page sets out the corporate structure and financing arrangements. To finance the Acquisition, FS Funding entered into senior credit facilities, a subordinated bridge facility and a deeply subordinated shareholder loan from its parent, FS Equity A/S. The subordinated bridge facility, which is included in Short-term debt in FS Funding’s consolidated financial statements as of and for the period March 11, 2005 to December 31, 2005, will automatically convert into a term facility expiring on June 30, 2015, if not refinanced before November 11, 2006. In addition, the financing of the Acquisition comprised shareholders’ equity.

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

The Group wishes to emphasize that any investments in securities issued by ISS Global are subject to risk. See the description of Risk Factors set out on pages 13-23 of this report. In addition, because FS Funding is dependent on funds received from ISS and ISS Global to service its indebtedness, investors in ISS Global’s securities should also take into consideration the consolidated financial information of FS Funding as of and for the period March 11, 2005 to December 31, 2005, set out below, which includes unaudited pro forma adjusted financial information that reflects the estimated pro forma effect of changes in the drawn amounts under the senior credit facilities on January 10, 2006 and the estimated pro forma effect of the acquisition of the remaining shares of Tempo Services Limited in February 2006.

SUMMARY CORPORATE STRUCTURE AND FINANCING ARRANGEMENTS

The following chart summarizes the corporate structure and financing arrangements of FS Funding and its subsidiaries as of December 31, 2005 under the Group's principal financing instruments after giving effect on a pro forma basis to the adjustments set forth under "CAPITALIZATION TABLE, FS FUNDING" on page 135 of this report'. These amounts have been converted into Danish Kroner using the December 31, 2005 exchange rates.



Notes:

- (1) Represents the outstanding amount including accrued interest as of December 31, 2005 under the PIK Bridge facility. FS Equity has on-lent the proceeds from its borrowings under the PIK Bridge to FS Funding under the Subordinated Shareholder Loan. Unless this bridge facility is refinanced on or prior to November 11, 2006 it will automatically convert into a PIK Loan maturing on December 31, 2017.
- (2) The Subordinated Shareholder Loan is subordinated to the Senior Facilities and the Subordinated Bridge Facility pursuant to the Intercreditor Agreement. The Subordinated Shareholder Loan matures on December 31, 2017 and, except in certain limited circumstances, no cash interest or principal payments may be made under the loan until the Senior Facilities and the Subordinated Bridge Facility have been repaid in full.
- (3) The Subordinated Bridge Facility, which is included in Short-term debt in FS Funding's consolidated financial statements as of and for the period March 11, 2005 to December 31, 2005, will automatically convert into a term facility expiring on June 30, 2015, if not refinanced before November 11, 2006.
- (4) FS Funding is a holding company, and its primary assets are its equity interest in ISS and cash in its bank accounts.
- (5) Amounts borrowed by FS Funding under the Senior Facilities are secured by a first-priority security interest in all the outstanding share capital of ISS, as well as a first-priority security interest in all its rights in respect of the Proceeds Loans and amounts deposited in its bank accounts. In addition, amounts borrowed by ISS Global and its subsidiaries under the Senior Facilities are secured by ISS's intellectual property rights and substantially all the other assets of ISS, other than the shares of ISS Global, and by substantially all the assets of ISS Global and its subsidiaries.

Continues

SUMMARY CORPORATE STRUCTURE AND FINANCING ARRANGEMENTS (continued)

(6) The Senior Facilities comprise the following:

- term loans in an amount equivalent to DKK 6,897 million (Term Facility A in an amount equivalent to DKK 1,904 million and Term Facility B in an amount equivalent to DKK 4,993 million), both of which are fully drawn.
- a revolving credit facility (the "Revolving Credit Facility") in an amount equivalent to DKK 1,750 million, of which amounts equivalent to DKK 872 million were drawn as of December 31, 2005. Borrowings under the Revolving Credit Facility are primarily provided by local lenders to certain subsidiaries and are included in "other short-term debt" and "other long-term debt" in FS Funding's audited consolidated financial statements.
- an acquisition Facility ("Acquisition Facility A") in an amount equivalent to DKK 1,425 million, which is fully drawn.
- an acquisition facility ("Acquisition Facility B") in an amount equivalent to DKK 3,500 million, which was committed by the Senior Lenders on March 3, 2006.
- a letter of credit facility (the "Letter of Credit Facility") in an amount equivalent to DKK 500 million. Letters of credit are primarily issued in support of borrowings, other than borrowings under the Revolving Credit Facility or the Secured Local Facilities, and, to the extent these borrowings are deemed to constitute indebtedness, the borrowings are included in "other short-term debt" and "other long-term debt" in FS Funding's financial statements.

The above amounts represent, as applicable, amounts available under the committed Senior Facilities, and amounts borrowed under the Senior Facilities. The borrowed amounts described above have been borrowed by ISS Global, except for an amount equivalent to DKK 1,250 million which has been borrowed by FS Funding under Term Facility B. Any further borrowings under the Senior Facilities will only be made by ISS Global or its subsidiaries. The Senior Facilities can be drawn in certain currencies in addition to Danish kroner, as specified under the Senior Facilities Agreement. The Senior Facilities also provide for additional availability of an amount of DKK 750 million under the Revolving Credit Facility on an uncommitted basis.

Pursuant to the Senior Facilities Agreement, FS Funding is required to repay all outstanding indebtedness incurred by FS Funding under Term Facility B by August 31, 2006. It is expected that these amounts will be repaid with proceeds from further dividends from ISS and ISS Global, which will be financed by further borrowings by ISS Global under Term Facility B. The Board of Directors of ISS and ISS Global have proposed that dividends of DKK 800 million be declared at their annual general meetings of shareholders in April 2006.

- (7) Subsidiaries of ISS Global have historically paid a royalty to ISS, based on annual revenue, in consideration primarily for the use of ISS's intellectual property rights such as trademarks and know-how. Currently these royalty payments are made at the rate of 0.75%, which is lower than historical rates. The rate is evaluated on an ongoing basis. The royalty payments are made pursuant to agreements between ISS and its subsidiaries. A subsidiary may terminate its agreement upon six months prior written notice to ISS; however, it is presently expected that the subsidiaries will continue these arrangements. The agreement will automatically terminate in the event such subsidiary ceases to be a direct or indirect subsidiary of ISS. The intellectual property rights of ISS have been pledged as security under the Senior Facilities.
- (8) Neither the Senior Facilities nor the Subordinated Bridge Facility will be secured by a security interest in the share capital of ISS Global.
- (9) The borrowings by ISS Global and its subsidiaries under the Senior Facilities are guaranteed by FS Funding and ISS (but not the borrowings of FS Funding) and certain of ISS Global's subsidiaries (to the extent that such entities are not the borrower of the guaranteed indebtedness). Other subsidiaries of FS Funding may become additional guarantors of the Senior Facilities in respect of borrowings of ISS Global and its subsidiaries pursuant to the terms of the Senior Facilities Agreement.
- (10) Other indebtedness includes items classified in FS Funding's balance sheet under "other short-term debt" and "other long-term debt", which primarily comprise borrowings by certain subsidiaries under working capital facilities and finance leases. As of December 31, 2005, FS Funding's subsidiaries had a total amount equivalent to DKK 375 million of local debt facilities. An amount equivalent to DKK 131 million was allocated as Local Facilities and an amount equivalent to DKK 244 million was finance leases. Pursuant to the Senior Facilities Agreement, ISS and its subsidiaries are permitted up to an amount equivalent to DKK 746 million of Local Facilities in addition to the Senior Facilities.
- (11) Pursuant to a Management Services Agreement, ISS Management provides certain operational management services to the subsidiaries of ISS Global and certain administrative functions for FS Equity, FS Funding, ISS and ISS Global.

KEY FIGURES

The table below includes key figures from the consolidated financial statements of FS Funding as of and for the period March 11, 2005 to December 31, 2005, prepared in accordance with International Financial Reporting Standards (IFRS).

Amounts in DKK millions	As of and for the period ended December 31, 2005 ¹⁾
Revenue	31,741
Operating profit before other items	1,932
Operating margin before other items, %	6.1
EBITDA	1,979
Adjusted EBITDA ²⁾	2,383
Operating profit	1,528
Profit/(loss) before impairment/amortization of intangibles	(410)
Net profit/(loss) for the year	(945)
Investments in property, plant and equipment, gross	425
<hr/>	
Total assets	46,456
Goodwill	22,995
Carrying amount of net debt	22,716
Total equity	6,774

¹⁾ The reporting period covers the period March 11, 2005 to December 31, 2005. ISS was acquired by FS Funding on May 9, 2005, and consequently the operations of ISS are not included for the full reporting period, but only for the period May 9 - December 31, 2005.

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

SUMMARY FINANCIAL REVIEW

A summary review of the consolidated financial statements of FS Funding as of and for the period March 11, 2005 to December 31, 2005, is presented below. The primary differences between FS Funding's consolidated financial statements and ISS's consolidated financial statements are the following:

- The consolidated financial statements of FS Funding as of and for the period March 11, 2005 to December 31, 2005 do not include the operations of ISS for the period from January 1, 2005 to May 9, 2005, the Acquisition date.
- The consolidated financial statements of FS Funding include additional finance costs, primarily fees related to the financing of the Acquisition and interest payments to service the credit facilities of FS Funding.
- The consolidated financial statements of FS Funding include the recognition of a number of intangible assets such as brands, customer contracts and goodwill, reflecting the purchase price allocation performed in connection with the Acquisition. Except for goodwill and the value of the ISS brand, the intangible assets are amortized in FS Funding's income statement over the useful life of the assets.
- The consolidated financial statements of FS Funding include the adjustment of other assets and liabilities to their fair value as of the date of the Acquisition pursuant to the purchase price allocation, most significantly the market price adjustment in relation to ISS Global's Medium Term Notes. The market price adjustment is expensed in the consolidated financial statements of FS Funding over the remaining term of the Medium Term Notes.

The consolidated income statement

The reporting period for FS Funding covers the period March 11, 2005 to December 31, 2005. ISS was acquired by FS Funding on May 9, 2005 and consequently the operations of ISS are not included for the full reporting period, but only for the period from May 9, 2005 to December 31, 2005.

Revenue was DKK 31,741 million and Operating profit before other items was DKK 1,932 million for the period. The operating profit before other items as a percentage of revenue, i.e. the operating margin, of 6.1% was above ISS's operating margin for the year ended December 31, 2005. This reflected the fact that the operating margin in the first four months of the year, which were not consolidated in FS Funding's financial statements, was generally lower than the operating margin in the eight months period ended December 31, 2005.

The net loss for the period March 11, 2005 to December 31, 2005 was DKK 945 million, negatively impacted by:

- Costs of DKK 67 million related to the change of ownership of ISS A/S.
- Costs of DKK 224 million related to a Group Restructuring Project.
- Net finance costs of DKK 1,721 million, mainly comprising DKK 1,165 million of interest expenses, DKK 342 million of amortization of financing fees related to the Acquisition and DKK 127 million of amortization of the market price adjustment related to the Medium Term Notes issued by ISS Global.

The Medium Term Notes were recognized at market price in the opening balance sheet prepared as part of the purchase price allocation related to the Acquisition. An expense of DKK 127 million related to the market price adjustment was recognized in the consolidated financial statements of FS Funding in 2005 and the remaining market price adjustment, amounting to DKK 1,651 million as at December 31, 2005, will be expensed in the consolidated financial statements of FS Funding over the remaining term of the Medium Term Notes.

- Non-cash charges of DKK 757 million related to amortization of brands and customer contract portfolios and related customer relationships.
- The customer contract portfolios and related customer relationships of ISS and the ISS brand and other local brands used by ISS subsidiaries were separated from goodwill as part of the purchase price allocation performed in connection with the Acquisition. The value of the acquired customer contract portfolios and related customer relationships is amortized over the estimated useful lives of such portfolios and relationships using the declining balance method. The value of local brands is amortized over the useful lives of such brands. The useful life of the ISS brand is deemed indefinite and consequently, FS Funding does not amortize the value of the ISS brand.

The consolidated cash flow statement

Total cash flow was DKK 1,814 million, negatively impacted by a cash outflow of DKK 20,848 million from investing activities, which included the proceeds paid to acquire ISS. This was more than offset by a cash inflow from operating activities of DKK 1,127 million and a DKK 21,535 million cash inflow from financing activities, which primarily resulted from increased indebtedness and proceeds from a DKK 7,693 million capital increase in May 2005.

The consolidated balance sheet

Total assets amounted to DKK 46,456 million, of which DKK 35,593 million were non-current assets and DKK 10,863 million were current assets.

Total equity was DKK 6,774 million and Total liabilities amounted to DKK 39,682 million, of which DKK 20,073 million were long-term liabilities and DKK 19,609 million were current liabilities. Thus, the current liabilities exceeded total current assets by DKK 8,746 million. The subordinated bridge facility included in current liabilities will automatically convert into a nine-year term facility, if not refinanced before November 11, 2006.

Expectations

FS Funding incurred a net loss for the period March 11, 2005 to December 31, 2005. Due to the significant indebtedness as well as non-cash expenses resulting from amortization of intangible assets relating to the

purchase price allocation performed in connection with the change of ownership, FS Funding is expected to continue to generate net accounting losses in the foreseeable future.

FUNDING STRATEGY

The FS Funding Group's financial leverage increased substantially as a result of the Acquisition. FS Funding intends over time to reduce this financial leverage on a multiple basis, in terms of debt to pro forma adjusted EBITDA. FS Funding expects that this will be achieved primarily through growth in ISS's operating profit resulting from a continued focus on operating margin, organic growth and acquisitions. However, as a result of this growth strategy, FS Funding expects to incur additional debt in the future. The extent and timing of the Group's de-leveraging on a multiple basis will, however, ultimately depend upon, among other things, the Group's cash flow generation and the scale and timing of payments related to its future acquisition activities, which may temporarily increase its leverage on a multiple basis in terms of debt to pro forma adjusted EBITDA.

OTHER FINANCIAL MEASURES

The unaudited pro forma adjusted financial information set out below reflects the estimated pro forma effect of changes in the drawn amounts under the senior credit facilities on January 10, 2006 and the estimated pro forma effect of the acquisition of the remaining shares of Tempo Services Limited announced in February 2006.

The estimated pro forma information presented herein is for informational purposes only. This information does not represent the results ISS or FS Funding would have achieved had each of the acquisitions and divestments during the year ended December 31, 2005 and the acquisition of Tempo Services Limited occurred on January 1, 2005.

FS Funding includes these financial measures because it believes that they are useful measures of ISS'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 or as a measure of the Group's results of operations or liquidity. Other companies, including those in ISS's industry, may calculate similarly titled financial measures differently from the Group. Because all companies do not calculate these financial measures in the same manner, FS Funding's presentation of such financial measures may not be comparable to other similarly titled measures of other companies. Funds depicted by certain of these measures may not be available for management's discretionary use due to covenant restrictions, debt service payments and other commitments. In addition, the calculations of some of these financial measures, particularly organic growth, take into account estimates of pre-acquisition and post-acquisition results, which by their nature are uncertain.

Adjusted EBITDA

Adjusted EBITDA, as calculated by FS Funding, represents operating profit before other items plus depreciation and amortization. By using operating profit before other items as a starting point for the calculation of adjusted EBITDA instead of operating profit, the Group excludes from the calculation of adjusted EBITDA integration costs relating to acquisitions and items recorded under the line item Other income and expenses, net. This line item includes income and expenses that FS Funding believes are not a part of its normal ordinary operations, such as gains and losses arising from divestments, the winding-up of operations, disposals of property, restructurings and certain acquisition related costs. Some of the items that FS Funding records under the line item Other income and expenses, net are recurring and some are non-recurring in nature.

RECONCILIATION OF FS FUNDING'S EBITDA TO ADJUSTED EBITDA

	March 11 to December 31, 2005 (DKK millions)
EBITDA	1,979
Other income and expenses:	
Costs related to the change of ownership of ISS	67
Group Restructuring Project	224
Costs related to downscaling and divestment of Damage Control units	53
Loss on divestment of building maintenance business in the UK	4
Other	15
Other income and expenses, net	363
Integration costs	41
Adjusted EBITDA	2,383

Pro forma data

Amounts in DKK millions	As of and for year ended December 31, 2005
Pro forma net debt ^{1), 2)}	25,193
Estimated pro forma revenue at December 31, 2005 including Tempo Services Limited ³⁾	50,630
Estimated pro forma adjusted EBITDA at December 31, 2005 including Tempo Services Limited ³⁾	3,518
Pro forma net cash interest expense ⁴⁾	1,870

¹⁾ Net debt represents total short-term debt (excluding tax related debt to affiliate) and long-term debt (excluding the Subordinated Shareholder Loan) less cash and cash equivalents and securities recorded under current assets, and reflects the reversal of: (i) the reduction of short-term and long-term debt relating to unamortized financing fees; (ii) the increase to short-term and long-term debt relating to realized and unrealized gains on interest rate swaps hedging fixed interest rate loans; and (iii) the unamortized portion of the market price adjustments of ISS Global's Medium Term Notes.

²⁾ See section "Net debt" below.

³⁾ See table "ESTIMATED PRO FORMA REVENUE AND PRO FORMA ADJUSTED EBITDA" below.

⁴⁾ See section "Pro forma net cash interest expense" below.

Pro forma review

Estimated pro forma revenue and adjusted EBITDA for the year ended December 31, 2005 have been derived from FS Funding's revenue and operating profit before other items for the same period and adjustment to reflect the estimates described below in order to give effect to the following events as if they had occurred on January 1, 2005:

- the acquisition of 102 separate businesses (the "Acquired Businesses") by ISS at different dates during the year ended December 31, 2005;
- the sale by ISS of its Health Care operations;
- the sale by ISS of its activities in Japan; and
- the divestment of 16 other smaller separate businesses (the "Smaller Divested Businesses") by ISS at different dates during the year ended December 31, 2005.

Estimated pro forma revenue and adjusted EBITDA including Tempo Services Ltd. includes a further adjustment for the acquisition of Tempo Services in February 2006 to give effect of this acquisition as if it had occurred on January 1, 2005.

ESTIMATED PRO FORMA REVENUE AND PRO FORMA ADJUSTED EBITDA

Estimated pro forma revenue	
Revenue recognized in the income statement	31,741
Estimated revenue of the Acquired Businesses	16,601
Estimated revenue of the divested Health Care operations	(310)
Estimated revenue of the divested activities in Japan	(49)
Estimated revenue of the Smaller Divested Businesses	(253)
	<hr/>
Estimated pro forma revenue at December 31, 2005	47,730
Estimated revenue of Tempo Services Limited	2,900
	<hr/>
Estimated pro forma revenue at December 31, 2005 including Tempo Services Limited	50,630
Estimated pro forma adjusted EBITDA	
Operating profit before other items recognized in the income statement (EBITA)	1,932
Depreciation and amortisation	451
	<hr/>
Adjusted EBITDA	2,383
Estimated adjusted EBITDA of the Acquired Businesses	1,079
Estimated adjusted EBITDA of the divested Health Care operations	(44)
Estimated adjusted EBITDA of the divested activities in Japan	(2)
Estimated adjusted EBITDA of the Smaller Divested Businesses	(30)
	<hr/>
Estimated pro forma adjusted EBITDA at December 31, 2005	3,386
Estimated adjusted EBITDA of Tempo Services Limited	132
	<hr/>
Estimated pro forma adjusted EBITDA at December 31, 2005 including Tempo Services Limited	3,518

Notes:

Estimated adjusted EBITDA of the Acquired Businesses represents the aggregate estimated adjusted EBITDA for each of the Acquired Businesses for the period from January 1, 2005 to the date of its acquisition by the Group. These amounts are estimates in part because (i) the historical income statement information that was available for the Acquired Businesses for the periods from January 1, 2005 to the date of their acquisition by the Group has been converted and adjusted by the Group as described below, and (ii) income statement information was generally not available for any of the Acquired Businesses for the portions of the year ended December 31, 2005 from the dates of the last annual or interim financial statements of the Acquired Businesses until the date on which they were purchased by the Group.

These estimates are based on estimates of the EBITA of the Acquired Businesses for pre-acquisition portions of the financial year in which the acquisition occurred and for the preceding financial year and originally included in standardized reports of potential acquisitions prepared in the normal course of business by ISS local management. The definition of EBITA is the same as that of Operating profit before other items.

Continues

ESTIMATED PRO FORMA REVENUE AND PRO FORMA ADJUSTED EBITDA (continued)

The estimated pro forma adjusted EBITDA at December 31, 2005 was prepared using the following methodology:

- (i) First, by estimating the EBITA of the Acquired Businesses:
 - o EBITA estimates of the Acquired Businesses for historical periods were based on the historical annual or interim financial statements of the Acquired Businesses;
 - o in some cases, EBITA estimates for historical periods were based on financial statements of the Acquired Businesses, prepared under relevant local generally accepted accounting principles;
 - o where the financial statements of the Acquired Businesses were not audited by the local auditors of such businesses, EBITA for historical periods was estimated with reference to unaudited internal management accounts of those entities;
 - o EBITA estimates of the Acquired Businesses were then converted to ISS accounting policies by local ISS management for inclusion in the acquisition reports;
 - o EBITA estimates included in the acquisition reports did not take account of seasonality or expected synergies, but were adjusted on a case-by-case basis to take into account additional information regarding known material positive or negative changes in the Acquired Businesses, such as contract gains and losses, available at the time of acquisition from interim reports, management accounts of the Acquired Businesses and other sources;
 - o the estimated annual EBITA for each of the Acquired Businesses was allocated in an equal pro rata amount to each month of the portion of the year ended December 31, 2005 prior to its acquisition by ISS;
- (ii) Second, by estimating the annual EBITDA of the Acquired Businesses:
 - o the total estimated EBITA for all of the Acquired Businesses was then adjusted to add back an amount of estimated depreciation for each of the Acquired Businesses for the portion of the year ended December 31, 2005 prior to its acquisition by ISS, by applying a rate of depreciation equal to the overall rate of depreciation of the Group in 2005, expressed as a percentage of revenue, to the revenues of each such entity acquired during the year ended December 31, 2005 and allocating the result in equal pro rata amounts to each month of the period;
- (iii) Third, by estimating the annual EBITDA of discontinued operations:
 - o the estimated adjusted EBITDA of the divested Health Care operations and of the divested operations in Japan was derived from ISS's unaudited management accounts;
- (iv) Fourth, by estimating the EBITDA of the Smaller Divested Businesses:
 - o the estimated EBITA of the Smaller Divested Businesses was derived from the unaudited management accounts of those Smaller Divested Businesses; and
 - o the total estimated EBITA for all of the Smaller Divested Businesses was then adjusted to add back an amount of depreciation for each of the Smaller Divested Businesses, by applying the reported depreciation of the divested entity if the entity was separately reported in the unaudited management accounts or, if the depreciation of the entity was not separately reported in the unaudited management accounts, by applying a rate of depreciation equal to the rate of depreciation of the Group in 2005, expressed as a percentage of revenue, to the revenues of each such entity divested during the year ended December 31, 2005.

The estimated pro forma adjusted EBITDA including Tempo Services Limited was estimated by further adjusting estimated pro forma adjusted EBITDA at December 31, 2005 for the acquisition of Tempo Services in February 2006 to give effect of this acquisition as if it had occurred on January 1, 2005.

The estimated adjusted EBITDA of Tempo Services Limited was derived from Tempo Services Limited's unaudited management accounts using the methodology applied in computing the estimated adjusted EBITDA of the Acquired Businesses for the full calendar year 2005, including by adding back to EBITA the amount of depreciation reflected therein. This amount was then further adjusted to take into account additional information regarding known material positive or negative changes in the business, such as divested operations and contract losses.

The estimated pro forma information presented herein is for informational purposes only. This information does not represent the results ISS or FS Funding would have achieved had each of the acquisitions and divestments during the year ended December 31, 2005 and the acquisition of Tempo Services Limited occurred on January 1, 2005. The calculations of pro forma adjusted EBITDA are based in part on management estimates and the unaudited internal management accounts of the acquired businesses. These numbers have not been, and cannot be, audited. The estimated pro forma information is included in this report because FS Funding believes that it provides a useful measure of ISS's and FS Funding's results of operations; however, this information does not constitute a measure of financial performance under Danish GAAP or IFRS and should not be considered as a substitute for operating profit, net profit, cash flow or other financial measures computed in accordance with Danish GAAP or IFRS or as a measure of ISS's results of operations or liquidity. Other companies, including those in ISS's industry, may calculate similarly titled financial measures differently from ISS and FS Funding. Because all companies do not calculate these financial measures in the same manner, the presentation of such financial measures may not be comparable to other similarly titled measures of other companies. Funds depicted by certain of these measures may not be available for management's discretionary use due to covenant restrictions, debt service payments or other commitments.

Net debt

In connection with the Acquisition, FS Funding entered into senior credit facilities, a subordinated bridge credit facility, and a deeply subordinated loan from FS Equity. FS Funding used borrowings under the senior credit facilities, the subordinated bridge facility, cash equity contributed by EQT and GS Capital Partners, as well as proceeds from the deeply subordinated shareholder loan, to finance the Acquisition.

The following table sets forth FS Funding's consolidated cash and cash equivalents and securities and capitalization as of December 31, 2005 and as adjusted to give effect to the adjustments to the Senior Facilities made on January 10, 2006 and the acquisition of Tempo Services Limited on February 28, 2006, in each case as if such events had occurred on December 31, 2005.

With the exception of the line item Debt to affiliate and Total adjusted long-term debt, the amounts set forth under the column entitled "Consolidated Actual" are derived from and should be read in conjunction with the audited consolidated financial statements of FS Funding as of and for the period March 11, 2005 to December 31, 2005 and the related notes thereto. These audited consolidated financial statements have been prepared in accordance with IFRS.

The line item Debt to affiliate in the capitalization table represents a deeply Subordinated Shareholder Loan provided by FS Funding's direct parent, FS Equity, to partially finance the Acquisition. The Subordinated Shareholder Loan will be subordinated to the Senior Facilities and the Subordinated Bridge Facility. The Subordinated Shareholder Loan matures on December 31, 2017 and, except in certain limited circumstances, no cash interest or principal payments may be made under this loan until the Senior Facilities and the Subordinated Bridge Facility have been repaid in full. Due to these characteristics and for the purposes of the presentation in the capitalization table, this Debt to affiliate has been excluded from Long-term debt and has been included under Shareholders funding.

CAPITALIZATION TABLE, FS FUNDING

	Consolidated Actual	Accounting Adjustments ⁽¹⁾	Senior Debt Adjustments ⁽²⁾	Consolidated As Adjusted
	(DKK millions)			
Cash and cash equivalents and securities:				
Cash and cash equivalents	1,804		291 (vii)	2,095
Securities ⁽³⁾	59			59
Total cash and cash equivalents and securities	<u>1,863</u>			<u>2,154</u>
Short-term debt:				
Senior Facilities ⁽⁴⁾ :				
Term Facility B	1,212	38 (iii)		1,250
Other short-term debt ⁽⁵⁾	1,120	(81) (iv)		1,039
Subordinated Bridge Facility	6,654	53 (iii)		6,707
Total short-term debt	<u>8,986</u>			<u>8,996</u>
Long-term debt:				
Senior Facilities ⁽⁴⁾ :				
Acquisition Facility A	1,304	9 (iii)	112 (vi)	1,425
Term Facility A	1,891	13 (iii)		1,904
Term Facility B	2,401	17 (iii)	1,325 (v)	3,743
Medium Term Notes due 2010 ⁽⁶⁾	5,836	506 (i)		6,342
Medium Term Notes due 2014 ⁽⁶⁾	2,929	801 (i)		3,730
Interest rate swaps	138	(138) (ii)		-
Other long-term debt ⁽⁷⁾	208			208
Total adjusted long-term debt	<u>14,707</u>			<u>17,352</u>
Shareholders' funding:				
Debt to affiliate ⁽⁸⁾	992	7 (iii)		999
Total equity attributable to equity holders of FS Funding	6,714			6,714
Minority interests	60			60
Total capitalization	<u>31,459</u>			<u>34,121</u>
Total adjusted net debt ⁽⁹⁾	<u>21,830</u>			<u>24,194</u>

Notes:

(1) Accounting Adjustments:

(i) Market price adjustments of Medium Term Notes:

The Medium Term Notes issued by ISS Global were recognized in the opening balance sheet at their market price as of May 9, 2005, the date of the Acquisition, as part of FS Funding's purchase price allocation prepared in connection with the Acquisition. The difference between this market price and the principal amount is being amortized in the consolidated financial statements of FS Funding over the remaining term of the Medium Term Notes. The unamortized market price adjustment as at December 31, 2005, amounting to DKK 506 million related to the Medium Term Notes due 2010 and DKK 801 million related to the Medium Term Notes due 2014, is reversed in the above table to reflect the principal amount of the Medium Term Notes.

(ii) Realized and unrealized gains on interest rate swaps:

In June 2005, ISS partially settled the interest rate swaps hedging the Medium Term Notes issued by ISS Global and realized a gain, which is being recognized in the income statement over the remaining term of the Medium Term Notes. At December 31, 2005, the unamortized portion of the gain amounted to DKK 111 million, which is reversed in the above table to reflect the principal amount of the hedged Medium Term Notes.

Continues

CAPITALIZATION TABLE, FS FUNDING (continued)

The unrealized positive fair market value of the outstanding interest rate swap as at December 31, 2005, amounted to DKK 27 million, which is reversed in the above table to reflect the principal amount of the hedged Medium Term Notes.

The total net accounting adjustments related to interest rate swaps amount to DKK 138 million.

(iii) Unamortized financing fees:

According to IFRS, a liability in respect of a loan is recorded at an amount equal to the net proceeds received from such loan and not its principal amount. The difference between the principal amount required to be repaid at maturity and the net proceeds received represents unamortized financing fees and is amortized through the income statement over the term of the relevant liability.

To reflect the principal amount of loan liabilities at December 31, 2005, unamortized financing fees of DKK 38 million related to the short-term borrowings under Term Loan B, DKK 53 million related to the Subordinated Bridge Facility, DKK 9 million related to Acquisition Facility A, DKK 13 million related to Term Facility A, DKK 17 million related to the long-term borrowings under Term Loan B and DKK 7 million related to the deeply Subordinated Shareholder Loan are reversed.

(iv) Debt related to joint taxation:

FS Funding and ISS are jointly taxed with FS Equity and its Danish resident subsidiaries. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income. At December 31, 2005, the audited consolidated financial statements of FS Funding included a liability of DKK 81 million to FS Equity, the ultimate Danish parent of the Group.

In the absence of the joint taxation scheme, this liability would not have been recorded under short-term debt but under tax payables. To adjust for the accounting effect of the joint taxation scheme, DKK 81 million is excluded from short-term debt.

(2) Senior Debt Adjustments:

(v) Term Facilities:

On January 10, 2006, FS Funding and its subsidiaries amended the existing Senior Facilities Agreement. Borrowings under Term Facility B increased by DKK 1,325 million, which is reflected in the above table.

(vi) Acquisition Facility A:

On January 10, 2006, ISS Global partially repaid Acquisition Facility A, with DKK 825 million. An amount equivalent to DKK 488 million was drawn under this facility on January 10, 2006. Subsequently, ISS Global borrowed an amount equivalent to DKK 937 million to partially fund the acquisition of the remaining shares of Tempo Services Limited. The net increase in borrowings under Acquisition Facility A was DKK 112 million.

(vii) Cash and cash equivalents:

Represents the proceeds from borrowings under Term Facility B of DKK 1,325 million, less a partial payment of Acquisition Facility A in the amount of DKK 825 million, the use of cash on hand in the amount of DKK 131 million as partial consideration for the acquisition of the remaining shares of Tempo Services Limited, the payment of fees of DKK 24 million incurred in connection with the amendment to the Senior Facilities Agreement and arrangement fees of DKK 54 million related to Acquisition Facility B, which collectively resulted in a net cash inflow of DKK 291 million.

(3) Consists mainly of Danish listed mortgage bonds.

Continues

CAPITALIZATION TABLE, FS FUNDING (continued)

- (4) The Senior Facilities comprise the following:
- (a) term loans in an amount equivalent to DKK 6,897 million (Term Facility A in an amount equivalent to DKK 1,904 million and Term Facility B in an amount equivalent to DKK 4,993 million), both of which are fully drawn.
 - (b) a revolving credit facility (the "Revolving Credit Facility") in an amount equivalent to DKK 1,750 million, of which amounts equivalent to DKK 872 million were drawn as of December 31, 2005. Borrowings under the Revolving Credit Facility are primarily provided by local lenders to certain subsidiaries and are included in "other short-term debt" and "other long-term debt" in FS Funding's audited consolidated financial statements.
 - (c) Acquisition Facility A in an amount equivalent to DKK 1,425 million, which is fully drawn.
 - (d) an acquisition facility ("Acquisition Facility B") in an amount equivalent to DKK 3,500 million, which was committed by the Senior Lenders on March 3, 2006.
 - (e) a letter of credit facility in an amount equivalent to DKK 500 million. Letters of credit are primarily issued in support of borrowings, other than borrowings under the Revolving Credit Facility or the Secured Local Facilities, and, to the extent these borrowings are deemed to constitute indebtedness, the borrowings are included in "other short-term debt" and "other long-term debt" in FS Funding's financial statements.
- The Senior Facilities can be drawn in certain currencies in addition to Danish kroner as specified under the Senior Facilities Agreement.
- (5) Other short-term debt includes borrowings under the Revolving Credit Facility which are primarily provided by local lenders to certain subsidiaries primarily to fund working capital requirements, other local credit facilities and finance leases.
- (6) Medium Term Notes:
- (a) In September 2003, ISS Global issued € 850 million of euro-denominated Medium Term Notes. The notes have an annual coupon of 4.75%, payable annually in arrears, and mature on September 18, 2010.
 - (b) In December 2004, ISS Global issued € 500 million of euro-denominated Medium Term Notes. The notes have an annual coupon of 4.50%, payable annually in arrears, and mature on December 8, 2014.
- (7) Other long-term debt includes finance leases, mortgage debt and other debt.
- (8) Total long-term debt amounts to DKK 15,699 million as of December 31, 2005 in the consolidated financial statements of FS Funding as of and for the period March 11, 2005 to December 31, 2005, which includes Debt to affiliate in the amount of DKK 992 million.
- In the audited consolidated financial statements of FS Funding as of and for the period March 11, 2005 to December 31, 2005 the deeply Subordinated Shareholder Loan is, in accordance with IFRS, accounted for as Debt to affiliate and classified as "long term debt". The Subordinated Shareholder Loan will be subordinated to the Senior Facilities and the Subordinated Bridge Facility pursuant to the Intercreditor Agreement. The Subordinated Shareholder Loan matures on December 31, 2017 and, except in certain limited circumstances, no cash interest or principal payments may be made under the loan until the Senior Facilities and the Subordinated Bridge Facility have been repaid in full.
- Consequently, the deeply Subordinated Shareholder Loan has been reclassified under Shareholders' funding for purposes of presentation in the capitalization table.
- (9) Total adjusted net debt represents total short-term debt and total long-term debt, excluding the deeply subordinated shareholder's funding, less total cash and cash equivalents and securities.

Pro forma cash interest expenses

For the year ended December 31, 2005, after giving effect to the Senior Debt adjustments described above in "Net debt" as if such events had occurred on January 1, 2005 and assuming no further borrowings were made under the Senior Facilities. Pro forma net cash interest expense is calculated assuming the interest rates set out in the table below plus an estimated annual fee of DKK 40 million to banks for the provision of guarantees and cash pooling services to the Group.

	<u>Average Libor</u>	<u>Margin</u>	<u>Total interest</u>	<u>Pro Forma Debt</u>	<u>Pro Forma Net Cash Interest Expense</u>
Medium Term Notes due 2010	-	-	4.750	6,342	301
Medium Term Notes due 2014	-	-	4.143 ⁽¹⁾	3,730	155
Term Facility A	2.260	2.250	4.510	1,904	86
Term Facility B	3.595	2.625	6.220 ⁽¹⁾	4,993	311
Acquisition Facility A	2.710	2.250	4.960	1,425	71
Subordinated Bridge Facility	3.350	9.500	12.850	6,707	862
Other Short-term debt	-	-	7.108	1,039	74
Other Long-term debt	-	-	7.000	208	15
Cash and cash equivalents and Securities	-	-	2.000	(2,154)	(43)
				24,194	1,830
Cash pool / Guarantee fees					40
Total Pro Forma cash interest expense ⁽²⁾					1,870

⁽¹⁾ Net of interest rate swaps

⁽²⁾ Interest accrued under the Subordinated Shareholder Loan are excluded. See note (2) to "SUMMARY CORPORATE STRUCTURE AND FINANCING ARRANGEMENTS"

EFFECT OF THE ACQUISITION

The Board of Directors of ISS decided on March 29, 2005 to grant the members of the Executive Management Board a bonus relating to their negotiation of the Acquisition. Based on the Acquisition price, this bonus totaled approximately DKK 9.4 million. The Executive Management Board also received a stay-on bonus, equal to approximately DKK 28 million, and in connection therewith agreed that they will not be entitled to payments under the "golden parachutes" described in "Employment Agreements" above in relation to the change of control which occurred in May 2005. In addition, certain key employees of ISS were granted a stay-on bonus conditioned upon the closing of the Acquisition and continued employment with ISS for a period of six months following completion of the Acquisition. The total stay-on bonus equals an amount of approximately DKK 30 million.

As a consequence of the Acquisition, options granted to the current Executive Management Board members and certain former members and warrants granted to officers having an exercise price below the per share price paid pursuant to the Acquisition were settled for cash, either through the direct settlement of such securities or through the acquisition of shares issuable under such options and warrants. The total payments relating to the settlement amounted to DKK 219 million. Following the Acquisition, the Executive Management Board members also received the amount vested in their individual EVA bonus accounts equivalent to approximately DKK 8 million. See "Compensation" below.

Compensation of the Board of Directors and Management of FS Funding, ISS and ISS Global

FS Funding was formed on March 11, 2005. In the period from March 11, 2005 to December 31, 2005, it has not made any payments to its directors or officers, who are all employees or affiliates of the Principal Shareholders. The compensation payments discussed below only relate to ISS. Effective July 1, 2005, the executive officers of ISS were transferred to ISS Management.

In 2005, ISS paid fees to the former members of its Board of Directors totaling DKK 1.7 million. In 2005, ISS paid salaries and bonuses to the members of the Executive Management Board totaling DKK 55.6 million, including bonuses of DKK 45.8 million and pension contributions in the amount of DKK 0.321 million. The fees to the Board of Directors and the Executive Management Board covered the period from January 1, to June 30, 2005. No fees, salaries or bonuses were paid to ISS's Board of Directors or the Executive Management Board for the period July 1, to December 31, 2005.

Members of the Executive Management Board have individual bonus accounts based on Economic Value Added (EVA) criteria relating to operating margin and cash flow. The Executive Management Board members may collectively receive a bonus of up to 1.25% of the increase in the EVA criteria in a given year. In the member's first year on the Executive Management Board, one third of the EVA bonus earned is paid to the member and the remaining amount is deposited in the member's personal EVA bonus account. In the following years, the bonus for the year is added or deducted, as the case may be to or from the bonus account and one third of the resulting balance of the bonus account is paid to the member. The accumulated balance of the bonus account will be forfeited if the member retires (other than upon reaching retirement age or due to a change of control of ISS) or if the member's contract is terminated based on the member's material breach.

In recent years prior to the Acquisition, members of the Executive Management Board also received stock options exercisable for shares of ISS, which became vested as a result of the Transactions. ISS has made payments totaling DKK 105 million to settle these options in connection with the Acquisition. In addition, each member of the Executive Management Board has a car at his disposal, and the total cost of this arrangement was approximately DKK 0.381 million in 2005.