

ISS GLOBAL A/S

Annual Report 2004

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Report from Management

Key Figures ¹⁾

Amounts in DKKm	2004	2003	2002	2001	2000
Revenue	40,365	36,174	37,991	1,991	1,826
Operating profit ²⁾	2,431	2,234	2,187	108	101
Net finance costs	(352)	(306)	(410)	(25)	(30)
Profit before goodwill amortisation	1,100	946	796	36	34
Discontinued business, net of tax	-	-	-	(5)	-
Net profit for the year	(77)	53	(73)	(17)	6
Cash flow from operating activities	1,844	1,898	1,875	-	-
Free cash flow ³⁾	1,293	1,485	1,380	-	-
Total assets	27,771	21,485	21,738	952	954
Goodwill	15,494	12,465	12,669	419	432
Interest-bearing debt, net ³⁾	9,219	6,806	7,244	157	238
Total equity	6,620	5,978	6,018	441	357
Financial ratios ³⁾					
Operating margin, %	6.0	6.2	5.8	5.4	5.5
Interest coverage	8.6	9.2	6.8	5.6	4.4
Cash conversion, %	118	157	173	-	-
Equity ratio, %	23.8	27.8	27.7	46.4	37.4
Net debt to book equity ratio, %	139.3	113.9	120.4	35.6	66.7
Employees on full-time, %	57	55	53	91	92
Number of employees	273,457	244,953	248,425	43,850	42,426

¹⁾ With effect from 1 January 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 2000-2001 only represent ISS Overseas A/S and have not been restated.

²⁾ Before other income and expenses, royalty and associates.

³⁾ Please refer to list of definitions page 56.

Company Report

ISS Global A/S is a wholly owned subsidiary of ISS A/S (ultimate parent) and is included in the Consolidated Financial Statements for 2004 of ISS A/S. ISS Global A/S owns – directly or indirectly – the ISS Group's operating companies.

FOCUS OF THE YEAR

With an operating margin of 6.0%, a cash conversion of 118% and a 3.1 percentage points improvement in organic growth to 1.5%, ISS delivered according to plan on its key financial priorities in 2004.

Growth and further development of the Integrated Facility Services strategy was in focus during the year.

Investments were made to increase organic growth. Sales resources were strengthened and reorganised. New sales to targeted customer segments and service scope expansion with existing customers were in focus. The efforts paid off with organic growth increasing throughout the year from 0% in Q1 to 3% in Q4. The increase in organic growth was achieved in spite of shortfalls in Germany, Sweden and Damage Control. Excluding these activities, the Group's organic growth rate for the full year would have been 3%.

Key markets like France and the UK saw organic growth rates at 6% and 5%, respectively. Denmark and Belgium succeeded in turning negative organic growth rates to positive organic growth in 2004.

Of the Group's 95 bolt-on acquisitions during 2004, two had particular strategic importance: the acquisitions of Grupo Unica in Spain and Engel Group in Finland. Through Grupo Unica, ISS took the geographical coverage in Spain countrywide with solid market positions in Madrid and southern Spain, where ISS previously had a weak presence or none at all. With the acquisition of Engel Group, ISS Finland strengthened its business within the facility services market and not least within property services. Following the acquisition, ISS Finland delivers a full package of services covering most aspects of Integrated Facility Services.

Both acquisitions were examples of how the Group remained focused on the transformation towards facility services. More and more service outsourcing is moving in the direction of integration and service convergence. The direct operational synergies as well as overhead

synergies to be gained from integrating services and consolidating suppliers have begun to materialise.

ISS sees further interest from customers exploring the logic and opportunities from integrating facility services. The trend has been clear, especially in the UK, the most advanced market in terms of integrated services. Contract signings with e.g. Renault/Nissan, ICI and Chelsea & Westminster Hospital are examples of ISS' ability to meet market demands in the UK.

In other geographical areas, integrated solutions are also attracting growing interest. Examples of contract signings included Nordea on a pan-Nordic level, expansion of the Computer Science Corporation (CSC) contract on a pan-European scale, Norsk Hydro in Norway, and Seagate in Thailand.

ISS finds it increasingly important to widen the geographical footprint. As a consequence, the organisational set-up was strengthened together with intensified focus on high growth areas like the Baltic countries, China, India and South America. In 2004, ISS established country operations in Chile and Uruguay, and Russia and Turkey were added to the ISS map in the beginning of 2005.

STRATEGIC TRANSFORMATION

A main priority for ISS in 2004 was to continue the development of the facility services concept as defined in the **create2005** strategy plan. The Group's 42 country organisations are at different stages of transformation, but all are progressing towards the same goal – to be able to offer integrated service solutions based on four areas of related services: cleaning, catering, office support and property services. The transformation is driven along three key dimensions – organisational alignment, organic development of business concepts and acquisitions.

The organisational set-up in the operating units is adjusted on an ongoing basis. The objective is to create a customer-focused organisation with the ability to provide integrated services based on competitive single service offerings.

The Group invests in the development of business concepts that will support long-term growth potential for the Group. An example of concept development is washroom services, initiated in 2003. The washroom concept rollout was further expanded in 2004 to include Belgium, the Netherlands and Spain. In addition, a

development project on a dust control (rental of mats) concept was piloted in 2004 in Denmark. The concept proved successful and will be expanded to other geographies.

The Facility Services Development Centre established a tailor-made education programme for service managers. ISS University hosts the programme, which will be attended by a number of ISS managers during 2005. Furthermore, a web portal was developed to accelerate sharing of best practises.

ACQUISITIONS

The acquisition activity in 2004 was consistent with the strategy of making bolt-on acquisitions in order to strengthen the competencies, enhance the service offering or establish critical mass.

The objective of stepping up the acquisition speed was reflected in 95 bolt-on acquisitions that are expected to add annual revenue of more than DKK 6 billion, equivalent to approximately 15% of Group revenue.

A total of 19 acquisitions were made during the period 1 January - 2 March 2005, adding revenue of approximately DKK 1.2 billion on an annualised basis. Acquisitions are listed on pages 58-60 of this report and are continuously updated on the Group's website: www.issworld.com.

ISS expects to pursue an unchanged acquisition strategy in 2005. The primary focus will remain on bolt-on acquisitions, defined as acquisitions of businesses that do not exceed 5% of Group revenue on an individual basis.

OPERATIONAL CHALLENGES

Group performance was in line with the latest outlook described in the Annual Report 2003. With operations in 42 countries some business units will exceed and some will perform below expectations. In the Annual Report 2003, five business areas were pointed out as operational challenges. The idea behind the list is to mention, from a management perspective, the five largest challenges whatever their absolute size. Compared to the list from last year four business areas are still on the list, one has come off and one area has been added to the list of challenges at the end of 2004, as discussed below.

Denmark ISS Denmark was added to the list in 2003 due to its negative performance in new sales and contract losses. Consequently, a number of management positions were strengthened at the end of 2003 aimed at

increasing customer focus and improving new sales. The improvements in operating margin and organic growth in Facility Services in 2004 have demonstrated the effect of the initiative. If the current trend and development is maintained, ISS Denmark should come off the list within 3-6 months.

Germany ISS Germany fell short of its budget in 2004. In general, business conditions in Germany were difficult in a highly competitive environment and with prices under pressure. In addition, as of 1 April 2004 collective labour agreements reduced wages by 6% for blue-collar workers and lead to subsequent price reductions in customer contracts. The ISS business was particularly impacted by a continuing in-sourcing trend among the customers in the public hospital segment. By providing services in-house, public hospitals avoid having to pay VAT.

The prevailing issues were addressed by refocusing the business on the business-to-business segment, scaling the business to target five well-defined geographical areas and further strengthening the management team. Two acquisitions targeting the business-to-business segment within the designated geographical area supported the above-mentioned objectives.

Further to the action taken in 2004, the Group announced in February 2005 a decision to discontinue the hospital business and to phase out service contracts in the segment in 2005 and 2006. A cost of DKK 35 million associated with the phase-out is expected to be recognised in Other income and expenses in 2005. An updated business plan including the discontinuation and the acquisitions made during the year led to a goodwill impairment of DKK 50 million. Including the impairment realised in Q2 2004, total goodwill impairment in Facility Services Germany was DKK 100 million in 2004. ISS Germany is not, despite the initiatives taken, expected to come off the list of challenges in 2005.

Switzerland In Switzerland steps were taken to strengthen operational and financial management with the objective of improving performance and enhancing the capacity to handle integration of acquired companies efficiently. The operating margin and organic growth improved in 2004. If the current trend and development is maintained, ISS Switzerland should come off the list within 3-6 months.

Damage Control The damage control activities in Norway were singled out as one of the troubled areas in 2003. The reorganisation of the activities

and integration of the damage control activities acquired from Anticimex Building Environment have been carried out as planned. However, business conditions remained tough for the damage control business, and in particular for the Nordic activities with low damage activity and overcapacity in the market. This means that all damage businesses in the Nordic region are seen as an operational challenge by the end of 2004. In February 2005, the Group announced a decision to merge the damage control businesses into the facility services country organisations in order to reduce and provide more flexibility to the cost base. A downscaling of the activities in Denmark and Sweden, was initiated at the same time and a cost of DKK 30 million is expected to be recognised under Other income and expenses in 2005. The damage control activities remain on the list of challenges and are not expected to come off in 2005.

Health Care The turnaround of the health care activities carried out in 2004 has adjusted the operational set-up to the new market situation with a changed demand side. Helped by these initiatives, the health care activities were transferred to a new ownership structure in February 2005, when a joint venture was formed with EQT Partners, a private equity fund. The joint venture took over the activities of ISS Health Care and CarePartner AB, owned 49% by ISS. The transaction refocused ISS on the facility services business and freed management resources. A capital gain of approximately DKK 95 million is expected to be included under Other income and expenses in 2005. Based on the financial performance in 2004 and the subsequent transaction, the health care activities were taken off the list of operational challenges at the end of 2004.

Sweden Facility Services in Sweden has been added to the list of challenges due to a negative performance in organic growth and a decline in operating profit. The main issues relate to the facility management activities in Ecuro and an unsatisfactory level of contract losses in the facility services business. A new country manager and a new CFO were appointed in 2004.

FINANCIALS

Total revenue in 2004 was DKK 40.4 billion against DKK 36.2 billion in 2003, an increase of 12%. The increase was due to acquisitions of 10.6% and organic growth of 1.5%. Divestments in 2004 were insignificant. Currency adjustments were insignificant at Group level as the negative impact from Norwegian kroner and dollarrelated

currencies in South East Asia and South America was counterweighted by the positive impact of the GBP appreciation.

Operating profit before other income and expenses, royalty and associates increased by 9% to DKK 2,431 million. The operating margin was 6.0%, down from 6.2% in 2003. In line with previous years, changes in social legislation, pensions and a number of non-recurring items affected the Group in 2004, but the overall net effect was considered insignificant.

Profit before goodwill amortisation was DKK 1,100 million, up 16% compared with 2003.

Cash flow from operating activities was DKK 1,844 million and the free cash flow was DKK 1,293 million. The cash conversion ratio was 118%, thus remaining above 100% for the third consecutive year and ahead of the Groups long-term target of approximately 95%. Interest-bearing debt, net, increased from DKK 6,806 million to DKK 9,219 million at year-end 2004.

REGIONAL DEVELOPMENT

Revenue in Northern Europe, comprising the UK, Sweden, Denmark, Norway, Finland, Ireland, Iceland, Greenland and the Faroe Islands increased from DKK 16.7 billion in 2003 to DKK 18.6 billion.

Organic growth in Northern Europe was 1%. Negative impact came from Norway and Sweden whereas the other countries produced positive organic growth. Growth from net acquisitions was 11% with all countries in Northern Europe being active in the market for acquisitions. The operating margin improved from 6.2% to 6.4%. The improvement stemmed from better performance in Ireland, Norway and the UK compared to last year, which more offset underperformance in Sweden.

Continental Europe includes France, the Netherlands, Belgium and Luxembourg, Germany, Switzerland, Austria, Portugal, Greece, Italy, the Czech Republic, Slovenia, Slovakia, Poland, Romania, Hungary and Croatia. Revenue in the region was DKK 19.8 billion, an increase of 12% compared with 2003. Organic growth in the region was 2%, particularly driven by France, Spain and Austria. The operating margin was 6.1% down from 6.2% in 2003. Most entities saw steady or improving operating margins, but Germany encountered a performance shortfall, primarily due to the situation in the hospital service segment.

Overseas, consisting of Asia, South America, Australia and Israel, reported revenue of 2.0 billion in 2004, up 7% from 2003. Organic growth amounted to 5% due to positive developments in most countries. Currency adjustments reduced revenue by DKK 0.1 (6%) while acquisitions added 9% to revenue. The operating margin was unchanged 6.3%.

CORPORATE BOND PROGRAMME

In November 2004, ISS Global A/S, issued a Euro denominated benchmark bond under its listed Euro Medium Term Note programme (rated BBB+ with Stable Outlook by Standard & Poor's). The EUR 500 million bond issue has a maturity of 10 years and an annual coupon of 4.50%. Following the launch of the bond issue, ISS swapped the fixed interest rate of the bond into a floating rate. The purpose of the issue was to take advantage of an efficient and flexible source of financing. Accordingly, the proceeds from the bond issue were used to repay existing bank loans.

CAPITAL INCREASE

To ensure an adequate capital structure for the continuation of the business development, ISS A/S decided to increase the share capital through a cash contribution of DKK 750 million.

SUBSEQUENT EVENTS

Apart from the events described in this Annual Report, Management is not aware of events subsequent to 31 December 2004, which are expected to have a material impact on the Group's financial position or outlook.

OUTLOOK

The outlook set out below should be read in conjunction with "Forward-looking statements" on this page and the description of risk factors set out on pages 11-15 of this report.

ISS will with effect from 1 January 2005 prepare its consolidated financial statements using International Financial Reporting Standards (IFRS).

At the prevailing currency exchange rates, ISS in 2005 expects Revenue and Profit before other income and expenses, royalty and associates to be higher than in 2004.

Forward-looking statements

This Annual Report contains forward-looking statements within the meaning of the US Private Securities Litigation Act of 1995 and similar laws in other countries regarding expectations to the future development, in particular future sales, operating efficiencies and business expansion. Such statements are subject to risks and uncertainties as various factors, many of which are beyond ISS' control, may cause actual development and results to differ materially from the expectations contained in the Annual Report. Factors that might affect such expectations include, but are not limited to, overall economic and business conditions, fluctuations in currencies, the demand for ISS' services, competitive factors in the service industry, operational problems in one or more of the Group's business units and uncertainties concerning possible acquisitions and divestments.

Reference is made to the description of risk factors on pages 11-15 of this report.

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.

Risk Factors

ISS strives to counter and reduce the risks, which the Group is able to impact. However, ISS wishes to emphasise 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' risk profile reflects both the Group's day-to-day operations and its continued expansion. 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 an investment in ISS' bonds is subject, nor are they listed in any order of priority.

MARKET TRENDS

The potential underlying growth in the demand for services offered by ISS is estimated to be on a level equalling the long-term growth in the gross domestic products of the relevant countries. The development of the outsourced part of the market available to ISS is considered more volatile than the total market for facility services, as it may be impacted by political decisions, public opinion, positive and negative experience with outsourcing, public institutions and individual users, media coverage of isolated events, etc. These factors may dampen growth in outsourcing, cause contracts to be discontinued or reduce the Group's ability to achieve satisfactory growth rates in the future. In any of such cases, the Group's growth and earnings and general financial position may be adversely affected.

The service industry is normally considered to be less sensitive to economic cycles than certain other industries. However, ISS is not immune to the external economy, and macroeconomic cyclical activity – both weak and strong economic activity – represents a challenge to ISS. Periods of recession may have an adverse impact on prices and on the demand for services, e.g. if customers downscale their business or reduce demand for one-off jobs. In periods of rapid economic growth, ISS may encounter problems in recruiting qualified employees or of generally increasing staff costs.

Government intervention aiming at improving pay and working conditions may increase the costs incurred by the Group. ISS is also subject to political risks concerning changes to legislation

governing taxation, duties and social charges etc., which may cause ISS to incur higher costs or reduce its competitive strength relative to in-house service providers. Among other issues, problems concerning deductibility of input VAT may reduce ISS' competitiveness relative to in-house service providers. ISS expects that it will be possible over time to offset part of the effects of changes in pay and working conditions, taxation and social charges when renegotiating contracts with customers, but there can be no assurance that this will be the case. Therefore, changes to legislation may adversely affect the Group's earnings.

In many countries, the public sector is an important segment for ISS. The Group's business with public sector customers is affected by political and administrative decisions concerning the level of public spending. Thus, decisions to cut down on public spending may have an adverse impact on the Group's growth and earnings.

COMPETITION

Competition in ISS' markets is characterised by many service providers, especially within the area of general cleaning. Therefore, there is a risk that over-capacity and increased price competition may have a material, adverse impact on the Group. ISS strives to counter this risk by focusing on integrated facility services solutions targeted at and tailored to individual customers in selected customer segments. Such service solutions comprise a number of more or less specialised services within cleaning, catering, office support and property services. One of the factors that make facility services contracts attractive is that they often enable ISS to forge closer ties with the customer. However, competition may intensify if service providers, who have historically focused mainly on providing single services, move into the market for facility services. Moreover, there is a risk that new competitors and a changed competitive environment may affect ISS' competitiveness. Thus, there can be no assurance that the Group's facility services strategy will enable ISS to achieve satisfactory operating profits.

Although the Group has issued internal guidelines concerning compliance with competition law, individual managers may act against Group instructions and deliberately violate the rules and engage in illegal, punishable activities such as price fixing or allocation of markets or customers with competitors; activities for which ISS may be held responsible. Likewise, an ISS subsidiary may inadvertently be charged

with illegal collaboration with its competitors simply by virtue of its participation in the activities of an industry association. Such incidents may have a negative impact on ISS' reputation, market position and financial position.

MANAGING CONTRACTS

ISS strives to increase the share of revenue generated from integrated facility services contracts. Generally, such contracts place greater demands on the service provider due to their scope and complexity compared with single service contracts. ISS' efforts to penetrate new service areas increase the risk of mismanagement and other start-up difficulties during the initial phase because of the Group's limited experience in such new service areas and markets. When negotiating contracts, ISS endeavours to counter such risks by obtaining a clear understanding of the customer's expectations for the services being outsourced, including definitions of success criteria.

The profitability of large, long-term contracts depends on ISS' ability to integrate services, calculate prices and manage day-to-day operations. Miscalculations in large contracts or subsequent problems in the management of contracts may have a material, adverse impact on the Group. In addition to the direct adverse financial impact, the discontinuance of contracts may have indirect, adverse effects on, for example, ISS' reputation and may affect the Group's ability to win similar contracts.

The Group's entering into of major Private Finance Initiative (PFI) contracts and other similar contracts is in some cases subject to ISS participating with an equity stake in the company signing the PFI. This affects the risk for the Group. The ever-increasing scope of the Group's contracts, including existing PFI contracts, some of which are for 30-year terms, imply a general risk for the Group. Large contracts often subject the Group to penalties or fines in the event that the quality of the services provided fails to meet agreed standards or if the Group otherwise fails to comply with the contracts. Terms and conditions of major contracts may, accordingly, adversely affect the Group in the event that the agreed benchmarks are not met or if contracts are otherwise not complied with due to conditions for which ISS is responsible or for which ISS bears the risk. Equally, inflation, deflation, wage inflation etc. may adversely affect ISS if the service contract does not provide for adequate price compensation.

ISS may contract with sub-contractors for the provision of services, inter alia, in connection with certain integrated facility services contracts. In such cases, the Group is exposed to risks relating to managing sub-contractors and the risk that sub-contractors are not able to provide services that meet the agreed quality benchmarks or generally comply with legislative requirements. Furthermore, the Group is exposed to the risk that sub-contractors have inadequate insurance cover or inadequate financial strength to honour financial claims resulting from damages or losses inflicted on the customer by sub-contractors.

GROWTH AND ACQUISITIONS

Organic growth and acquisitions place the Group's management and financial resources under pressure. ISS uses growth models as a management tool in making financial assessments of the Group's growth potential, both from organic growth and from acquisitions. Such assessments are subject to a number of assumptions concerning profitability, growth, interest rates, valuation of companies and other assumptions. There can be no assurance that the applied models and management's assessment of the growth potential take all relevant factors into consideration. Other factors not accounted for in the models and management assessments may cause actual developments to differ significantly and adversely from expectations.

ISS' ability to manage growth relies on the Group's ability to integrate operations acquired. Integration of acquired companies is important in order to maintain an efficient organisation. The risk that integration takes longer than anticipated or otherwise creates problems may cause actual results to deviate from expectations.

Acquisitions are generally priced on the basis of a number of assumptions, which are subject to substantial uncertainty. There can be no assurance that, following integration into the Group, an acquired operation will be able to maintain a customer base in line with expectations, operate at the assumed margins or generate the expected cash flows. Furthermore, acquisitions of companies expose the Group to the risk of unforeseen obligations towards employees, customers, suppliers, sub-contractors, public authorities or other parties. Such obligations may adversely affect the Group.

INTERNATIONAL OPERATIONS

ISS currently operates in 42 countries. In 2004, approximately 92% of the Group's total revenue was generated outside Denmark. Because of the

international scope of its activities, the Group is subject to a number of risks and challenges, including the management of a decentralised international business operation and the fulfilment of legislative requirements, including tax rules and social security legislation, in many different jurisdictions. Especially, conflicting and/or complicated tax rules and social security legislation – and changes in such rules and legislation – mean that there is a risk that the Group in one or more countries inadvertently makes less optimal choices or commits mistakes when filing tax returns etc. Equally, the risk of inadvertently making business decisions that lead to unforeseen tax consequences exists, since tax rules can be complex and are often subject to uncertainty as to their interpretation. In spite of the fact that ISS employs people with special expertise within the tax area and/or uses external specialist assistance, there can be no assurance that circumstances as described above will not lead to significant, unforeseen or unintended expenses.

ISS A/S delegates considerable responsibility to its subsidiaries. The management and performance of the subsidiaries are subject to controlling activities performed by ISS A/S' controlling function. The company strives to reduce the risk of irregularities by, inter alia, making regular visits to the individual subsidiaries and applying a comprehensive reporting system covering all subsidiaries. Despite these efforts, there can be no assurance against the occurrence of irregularities, unintended accounting misstatements or breaches of local legislation, which could have a material adverse effect.

CURRENCY AND INTEREST RATE EXPOSURE

The Group's currency and interest rate exposure is managed and controlled in accordance with a treasury policy approved by the Board of Directors. The financial risk and the hedge of risks are described on pages 27-28 of this report.

Most often, currency fluctuations have no immediate impact on the Group's subsidiaries, as revenue and costs are normally denominated in the same currency. Currency movements may, however, materially affect the economic environment in which the subsidiaries operate. Currency fluctuations may also have a significant impact on the year-on-year growth of sales, earnings and cash flow, when measured in the Group's reporting currency, Danish kroner. Currency fluctuations may cause actual growth

rates to fall short of forecasts in management's outlook.

ISS monitors and assesses trends in interest rates on an ongoing basis and, based on the approved policy, the Group is prepared to adjust its interest rate exposure relative to the Group's expectations of future developments in interest rates. However, there can be no assurance that the Group will not misjudge trends or for other reasons be materially, adversely affected by changes in the level of interest rates.

KEY FIGURES AND CREDIT RATINGS

Investors and other financing sources and credit rating agencies traditionally use a range of financial key figures such as operating margin, cash flow from operating activities, cash conversion, interest coverage, equity ratio and debt ratio to evaluate the Group's financial position and performance. Macroeconomic trends, changes in legislation, implementation of IT, shortage of manpower and other operational issues are factors which may cause the Group's financial key figures to fluctuate substantially. An adverse development in ISS' financial key figures and credit ratings may affect the Group's ability to finance operations, development and growth. This may have a material, adverse effect on the Group's financial development. ISS seeks to reduce this risk by regularly evaluating the Group's capital structure. It is company policy to seek to ensure an appropriate development in its financial key figures so as to enable the Group to, inter alia, uphold its credit rating and comply with the covenants specified in the Group's loan agreements. For this purpose, the Group has established a set of financial management tools that support ISS in evaluating future requirements for capital contributions by means of equity and debt. However, there can be no assurance that ISS will always be able to uphold the credit rating or comply with the minimum limits in loan agreements. Material adverse effects could stem from such breaches.

IT

The administrative part of the Group's operations is increasingly dependent on the use of IT. System failures or disruptions resulting from computer viruses, acts of hackers or other causes may have a material, adverse effect on the Group. The Group's development plans include increased development and use of IT in all countries. This implies certain requirements regarding the compatibility of the Group's computer systems and software applications and on the reliability of such systems and applications. Non-compatibility between the

Group's computer systems and software applications may require additional IT investments. This may also be the case if systems reliability is unsatisfactory. These problems may, to the extent they materialise, adversely affect the Group.

The levels of required IT-related investments and future costs depend on technological opportunities, market demands, competitive actions and other factors. To protect its competitiveness, ISS may have to allocate further resources to the development of the Group's IT infrastructure and IT-related business processes. This may have an adverse effect on the Group's financial position.

ISS outsources IT as a means of ensuring effective management of IT resources and improving cost efficiency of the Group's IT infrastructure, systems and applications. ISS relies on the ability of outsourcing partners to deliver agreed services. Failure by an outsourcing partner to perform according to the contract may have an adverse impact on ISS' operation and its financial position.

QUALIFIED EMPLOYEES

Employee costs make up ISS' largest single cost item, and the Group's competitive strength depends, among other factors, on its ability to attract, train and retain employees with the right qualifications and experience. The service industry in general is characterised by a relatively high staff turnover. To the extent that the Group is unable to offer satisfactory pay and working conditions, there is a risk that ISS will experience a shortage of labour resources and this may have an adverse effect on the Group. Such situations may also occur in a tight labour market to the effect that it may be necessary to use more temporary staff, thereby increasing the Group's staff costs. ISS is working to counter this risk partly through targeted efforts to increase employee satisfaction, and partly through an active effort to professionalise the service industry and to enhance the general standing of the industry. ISS' possible inability to attract and retain the required number of qualified employees may have a material, adverse effect on the Group's growth and earnings.

MANAGEMENT RESOURCES

The ability to attract and retain managers at middle and senior level is important to ISS. ISS' possible inability to attract and retain an adequate number of qualified managers may have a material, adverse effect on the Group's ability to meet targets. The ability to retain key

management resources in acquired companies is also important in order to ensure effective integration into the Group and thus minimise the costs of integration. The resignation of key managers may have a material, adverse effect on the profitability of the relevant companies.

ENVIRONMENTAL ISSUES

The environmental requirements applying to the service industry, made by legislators, customers as well as unions, are becoming ever more rigorous. ISS anticipates that an increasing number of countries will introduce environmental taxes on the use of chemicals, e.g. in the cleaning materials used by the Group. To the extent that ISS is unable to pass the costs of the stricter requirements and higher taxes on to its customers, such factors may have an adverse effect on the Group.

The possible presence of pollution on properties owned or rented by ISS may also result in claims arising from cleaning of such properties, and may have an adverse impact on the Group. Likewise, the value of properties owned by ISS may decrease significantly due to pollution and thus result in financial losses.

WORKING ENVIRONMENT

Having a large number of employees in many different countries and cultures involves a potential risk to the Group of being subjected to litigation relating to violations of social and working environment legislation. The effects of new services, detergents, tools, machinery etc. on the working environment or any currently unknown long-term effects of existing products or work processes may have an adverse effect on the Group. ISS seeks to reduce risks related to the working environment and the environment in general by choosing detergents, materials and equipment, which ISS considers to be environmentally friendly, and by running training programmes on personal protection for employees and by monitoring the indoor and outdoor environment. However, despite the Group's efforts, there is a risk that claims against ISS in relation to the working environment may have an adverse impact on the Group's financial position.

DAMAGE TO PROPERTY AND BUSINESS INTERRUPTIONS

It is a characteristic of many service providers that employees deliver the services in buildings and at locations owned or operated by the customers. This involves a risk of claims in connection with damage to property, business interruptions, unauthorised use of the customer's

property or other tortious acts by ISS employees or people who have gained unauthorised access to premises operated by ISS. Such claims may adversely affect the Group.

DIVESTMENT OF OPERATIONS

ISS makes provisions for claims from purchasers or other parties in connection with divestments. In the opinion of management, the provisions at 31 December 2004 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestments of companies will not adversely affect the Group.

RETIREMENT BENEFIT PLANS

In certain countries, the Group has pension plans under which the Group has an obligation to provide agreed benefits to current and former employees. The Group's future liabilities under defined benefit plans may be significantly impacted 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 circumstances. There can be no assurance that the Group will not be significantly, negatively impacted by adverse developments in any of the above factors.

RISK MANAGEMENT

ISS A/S' central risk management function evaluates the Group's risks on an ongoing basis and implements initiatives aimed at reducing the scope and consequence of risks to the Group. Insurance taken out include cover in respect of liability, industrial injury, environmental issues, pension liabilities and personal injury. Insurance is taken out after advice from the Group's global insurance broker. The insurance programmes contain Group programmes for major and uniform risks. Local insurance is established, where this is legally required and in accordance with practice in the individual country. However, there can be no assurance that the Group will not experience major incidents of a nature for which no insurance cover is established. Furthermore, the occurrence of several events resulting in substantial claims for damages within a calendar year may have a material, adverse effect on the Group. In addition, the Group's insurance costs may increase over time in response to a potential negative development in the Group's claims statistics or due to material price increases in the insurance market in general.

Self-insurance instruments may be used as a result of the Group's policy with regard to insurance. This may affect the Group's risk profile. In general, there can be no assurance

that the Group has correctly anticipated all its risks and/or taken out sufficient insurance, or is at all able to take out adequate insurance at a reasonable price. Thus, material, adverse effects from insufficient insurance may occur.

EXTERNAL EVENTS

The impact of natural disasters, major diseases, epidemics, war, terror or other external events are difficult to quantify. Thus, there can be no assurance that such factors will not have a significant adverse operational or financial impact on the Group.

FORWARD LOOKING STATEMENTS

In connection with ISS' financial reports and other public announcements, ISS may express statements concerning the company's expectations with regard to growth, earnings, cash flow and other financial and non-financial performance measures. Any statement concerning the Group's future overall performance or the development of individual measures or the occurrence of expected events, whether financially, operationally or otherwise, are subject to uncertainty, and there can be no assurance that such expected developments or events will occur.

Furthermore, statements issued by ISS may be subject to journalistic interpretation and other public restatements, which may provide the company's stakeholders with information that is not consistent with the information communicated to the market by ISS itself. ISS is generally not in a position to comment, correct or deny, as the case may be, any wrong, inadequate or misleading information about the Group that may appear in the media or on Internet-based news services, chat-rooms or elsewhere. Therefore, the lack of comments, corrections and clarifications from ISS in relation to any such information cannot be interpreted as ISS confirming such information.

For information on the Group's general disclaimer concerning forward looking statements, see the textbox "Forward looking statements" shown in connection with the Outlook section on page 10 of this report.

Operational Review

Segmental Summary

Business area	Revenue DKKm	Operating profit ¹⁾ DKKm	Operating margin	Employees
Facility Services	37,160	2,304	6.2 %	265,874
Damage Control	1,656	34	2.1 %	2,285
Food Hygiene	930	65	7.0 %	4,406
Health Care	619	67	10.8 %	892
Total operations	40,365	2,470		273,457
Corporate		(39)		
Group	40,365	2,431	6.0 %	273,457
Country				
France	7,798	527	6.8 %	37,973
United Kingdom	5,537	358	6.5 %	37,890
Sweden	3,628	178	4.9 %	11,038
Denmark ²⁾	3,588	193	5.4 %	13,062
The Netherlands	3,094	211	6.8 %	21,904
Norway	3,084	206	6.7 %	7,343
Finland	2,441	194	7.9 %	13,303
Belgium and Luxembourg	2,072	123	5.9 %	9,990
Spain	1,791	102	5.7 %	18,091
Germany	1,568	27	1.7 %	16,462
Switzerland	1,153	65	5.6 %	7,156
Austria	1,150	91	7.9 %	7,063
Central Eastern Europe ³⁾	466	30	6.4 %	8,216
Israel	373	19	5.0 %	5,821
China and Hong Kong	355	18	5.1 %	5,033
Brazil	341	19	5.4 %	12,381
Singapore	307	20	6.6 %	3,818
Ireland	300	24	7.9 %	1,998
Australia	242	28	11.7 %	487
Portugal	226	16	6.9 %	2,746
Greece	193	11	5.8 %	1,602
Italy	192	13	6.6 %	616
Thailand	93	6	6.9 %	7,726
Japan	78	2	2.2 %	488
Indonesia	69	6	9.4 %	6,977
Malaysia	69	5	7.6 %	2,392
Poland	67	3	4.3 %	1,924
Argentina	39	(1)	(2.8)%	2,304
Chile	19	1	5.2 %	1,582
Sri Lanka	17	0	0.0 %	5,650
Brunei	13	3	24.5 %	161
Uruguay	2	0	10.0 %	260
Regional costs, not allocated to countries		(28)		
Total operations	40,365	2,470		273,457
Corporate		(39)		
Group	40,365	2,431	6.0 %	273,457

¹⁾ Before other income and expenses, royalty and associates.

²⁾ Including Iceland, Greenland and the Faroe Islands.

³⁾ Including The Czech Republic, Slovenia, Slovakia, Romania, Hungary and Croatia.

Review of Business Performance

FACILITY SERVICES

ISS offers a range of facility services to support the operation of factories, offices, hospitals, means of transportation etc. The service offering is divided into four general areas of related services: Cleaning services (including general cleaning, specialised cleaning, window cleaning, dust control and washroom services), property services (including landscaping, maintenance and technical services, pest control, sewage services and ventilation services), catering services (including conference services), and office support services including call centres, reception and mail room services, tropical plants and in-house services).

Turnover amounted to DKK 37,160 million (DKK 32,927 million in 2003) and the operating margin was 6.2% (6.2% in 2003). Facility Services accounted for 92% (90% in 2003) of the Group's turnover in 2004.

DAMAGE CONTROL

By responding quickly to damages and emergencies caused by fire, water, storms, vandalism or otherwise, ISS Damage Control supports its customers in controlling, remedying, restoring and cleaning up after damage to buildings, furniture, machinery and IT equipment.

Turnover amounted to DKK 1,656 million (DKK 1,818 million in 2003) and the operating margin was 2.1% (3.9% in 2003).

FOOD HYGIENE

ISS Food Hygiene offers services such as specialised cleaning to meet specific hygiene standards in companies that produce or process food. In addition, the services include evaluation of risk profile, bacteriological testing and advice on food hygiene quality control systems such as HACCP (Hazard Analysis of Critical Control Points). ISS' service offering also includes a full facility services package to the food processing industry.

Turnover amounted to DKK 930 million (DKK 861 million in 2003) and the operating margin was 7.0% (7.5% in 2003).

HEALTH CARE

ISS Health Care offers diagnostic competencies and medical treatment, including clinical physiology, MR scanning, X-ray and ultrasound, eye operations and fitting of hearing aids. In addition, ISS operates institutions providing treatment of abuse and psychiatric care. The

services are performed in hospitals and clinics set up in rented premises. Health Care operates in Sweden.

On 1 February 2005, ISS Health Care was sold to a joint venture, which is jointly owned and controlled by ISS and the private equity fund, EQT Partners. The joint venture also acquired 100% of Care-Partner AB, which was 49% owned by ISS and 51% owned by management. ISS acquired the 51%-stake in CarePartner AB from management prior to the sale of the combined activities to the joint venture. Going forward, Health Care will be proportionally consolidated in the Group's accounts and will be reported as a separate entity outside the Facility Services country organisations.

Turnover amounted to DKK 619 million (DKK 568 million in 2003) and operating margin was 10.8% (7.6% in 2003).

For more detailed information regarding Business Performance and review of Country Operations please refer to the Annual Report 2004 for ISS A/S, CVR no 10 16 16 14.

Financial Statements

Signatures to the Financial Statements

COPENHAGEN, 10 MARCH 2005

The Board of Directors and the Management Board have today discussed and approved the Annual Report 2004 of ISS Global A/S. The Annual Report has been prepared according to the Danish Financial Statements Act.

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent

Company's financial position at 31 December 2004 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows of the Group for the financial year 1 January - 31 December 2004.

The Annual Report is presented for approval at the annual general meeting on 31 March 2005.

MANAGEMENT BOARD

Thorbjørn Graarud

Flemming Schandorff

BOARD OF DIRECTORS

Karsten Poulsen
Chairman

Henrik Andersen

Katrien Beuls

Bjørn Raasteen

Christian Kofoed Jakobsen

Carsten Rich

Auditors' Report

COPENHAGEN, 10 MARCH 2005

TO THE SHAREHOLDER OF ISS GLOBAL A/S

We have audited the Annual Report 2004 of ISS Global A/S, prepared in accordance with the Danish Financial Statements Act.

The Annual Report is the responsibility of the Company's Board of Directors and Management Board. 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 Management Board, 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 gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2004 and of the results of the Group's and the Parent Company's operations and the consolidated cash flows of the Group for the financial year 1 January - 31 December 2004 in accordance with the Danish Financial Statements Act.

KPMG C. Jespersen
Statsautoriseret Revisionsinteressentskab

Finn L. Meyer
State Authorized
Public Accountant

Søren Thorup Sørensen
State Authorized
Public Accountant

Financial Review

The financial information provided in this report has been prepared in accordance with the same accounting policies as were applied in 2003. The accounting policies are set out on pages 31-35 of this report.

INCOME STATEMENT

Revenue in 2004 was DKK 40,365 million, an increase of DKK 4,191 million over last year. Facility Services contributed 92% of Group revenue in 2004 (90% in 2003), and the Business Builds added a total of 8% (10% in 2003).

Geographically, revenue increased by 11% in Northern Europe and 12% in Continental Europe, while Overseas reported an increase of 7% relative to last year.

Operating profit before other income and expenses, royalty and associates was up by 9% to DKK 2,431 million. The operating margin showed a minor decrease from 6.2% in 2003 to 6.0% in 2004.

Facility Services The operating margin was unchanged 6.2% .

Facility Services in Northern Europe improved its operating margin relative to 2003 with progress in all countries of the region, except Finland and Sweden. Facility Services in Sweden saw a decline in its operating margin from 5.4% to 3.9%, primarily due to underperformance in Ecuro, the facility management business.

In Continental Europe, the overall margin in Facility Services increased compared with 2003. Margin improvements were achieved in Austria, Belgium, France, Portugal, the Netherlands and Switzerland. The overall operating margin performance in Continental Europe was impacted by a lower operating margin in Germany where contract losses in the hospital service business caused the operating margin for Facility Services in Germany to decrease from 3.6% in 2003 to 0.9%.

Overseas saw a slight decline in the operating margin from 6.1% to 6.0% due to shortfalls in Australia and Israel.

Business Builds Damage Control was impacted by adverse weather conditions in Scandinavia and generally low activity. The operating margin was 2.1% compared with 3.9% in 2003. Food Hygiene saw a decline in the operating margin

from 7.5% to 7.0% because the performance in Belgium, Denmark and the Netherlands fell short of last year's mark. The operating margin of Health Care improved from 7.6% in 2003 to 10.8% as a result of restructuring initiatives undertaken.

Staff costs amounted to DKK 26,505 million, an increase of 9% over last year. Staff costs relative to turnover were 65.7% compared with 67.2% in 2003. This reflected a change in ISS' service delivery, since services such as pest control, catering and landscaping are less staff intensive than other facility services.

Cost of sales was DKK 3,146 million. This was equal to 7.8% of turnover, an increase of 0.4 percentage point from 2003.

Other operating expenses amounted to DKK 7,677 million or 19.0% of turnover, up from 17.6% in 2003.

Other income and expenses, net stood at a net expense of DKK 53 million. Divestments and closures were a net loss of DKK 10 million, of which DKK 4 million was realised as a consequence the disposal of the Group's 49% stake in Fernley Airport Services Ltd. in the UK in December 2004.

Calculated in accordance with ISS' accounting policies, redundancy payments and termination of ISS entities' rental obligations as a result of acquisitions, primarily in Finland, Germany, Norway and Spain, amounted to DKK 32 million, which amount was included in Other income and expenses, net. Due to the nature of the acquisitions, no such costs were incurred in 2003.

Some of the management and structural changes that were announced in November 2003 were executed in 2004, leading to expenses related to redundancy payments and disposal of vacated office space.

Share of profit from associates is presented after Royalty and Other income and expenses, net and included in the calculation of Operating profit. Share of profit from associates of DKK 39 million reflected ISS' share of the pre-tax results in associated companies, most significantly CarePartner AB.

Net finance costs increased to DKK 352 million from DKK 306 million in 2003. The increase was due to a combination of a slightly lower level of interest rates and increased net debt. The Group

realised a net currency exchange loss of DKK 9 million compared with a loss of DKK 6 million in 2003.

Interest coverage decreased to 8.6 from 9.2 in 2003 as a result of the increase in interest expenses.

Profit before tax and goodwill amortisation was DKK 1,612 million compared with DKK 1,460 million in 2003.

Income taxes were DKK 512 million. The effective tax rate decreased to 31.8% from 35.2% in 2003.

Profit before goodwill amortisation was up by 16%, from DKK 946 million in 2003 to DKK 1,100 million in 2004.

Goodwill amortisation totalled DKK 1,217 million against DKK 894 million in 2003. The increase was mainly a result of the increased acquisition activity during 2004 and an accelerated goodwill amortisation period in Germany. Goodwill write-down related to discontinued businesses in Spain and Damage Control, Norway was DKK 18 million. At the end of Q2 2004, a goodwill impairment loss of DKK 50 million was recognised in Facility Services, Germany as a consequence of the prevailing performance issues. An updated business plan was prepared following the acquisition of Nobis in December 2004 and a decision to phase out larger contracts in the German hospital services segment in February 2005. This resulted in a goodwill impairment charge of DKK 50 million, which was recognised at the end of Q4 2004.

Tax effect of goodwill amortisation was DKK 59 million against DKK 31 million in 2003. The increase was mainly due to two larger acquisitions in Finland and Spain. Tax effect of goodwill amortisation arises in countries where goodwill is tax deductible. For 2004, the impact primarily stemmed from Denmark, Finland, Germany, Norway, and Spain.

Net profit for the year was DKK (77) million against DKK 53 million in 2003.

CASH FLOW STATEMENT

Cash flow from operating activities was DKK 1,844 million (2003: DKK 1,898 million) after positive changes in working capital of DKK 222 million. The number of consolidated debtor days was 44, a decrease of one day compared with 2003.

Investments in intangible assets and property, plant and equipment, net amounted to DKK 551 million, a 33% increase over 2003. i.a. affected by investments in France following contract start-ups in waste management. Relative to turnover, investments, net amounted to 1.4% while depreciation amounted to 1.5%.

Free cash flow, defined as Cash flow from operating activities less Investments in intangible assets and property, plant and equipment, net, stood at DKK 1,293 million compared with DKK 1,485 million in 2003.

Cash conversion was 118% in 2004. Cash conversion is defined as Free cash flow divided by Profit before goodwill amortisation.

Acquisition of businesses, net amounted to a cash outflow of DKK 3,886 million. The largest companies acquired were Engel Group in Finland and Grupo Unica in Spain.

Investments in financial assets, net changed from an inflow in 2003 to an outflow of DKK 83 million in 2004, mainly affected by the acquisition of a 40% stake in Aircon in Norway and an investment in a joint venture in Australia.

BALANCE SHEET

Total assets amounted to DKK 27,771 million as at 31 December 2004 compared with DKK 21,485 million at the end of 2003.

Goodwill relates to acquisitions carried out under varying circumstances and at different stages of macroeconomic cycles. The goodwill is distributed on most of the 42 countries in which the Group operates. The acquired companies, to which the goodwill relates, comprise a diverse portfolio of service types, customer segments, geographical regions, contract sizes and management skills. The largest amount of goodwill relates to the Group's operations in France, representing 24% of the total carrying amount of goodwill. At 31 December 2004, goodwill stood at DKK 15,494 million, an increase of DKK 3,029 million over last year, being the net effect of Goodwill amortisation of DKK 1,217 million, addition of goodwill of DKK 4,268 million, disposals of DKK 10 million and foreign exchange adjustments of DKK (12) million.

Deferred tax assets increased from DKK 327 million to DKK 475 million in part due to acquisitions and the accelerated goodwill amortisation in Germany.

Total equity increased by DKK 642 million to DKK 6,620 million at 31 December 2004.

The increase in equity was mainly attributable to the capital increase amounting to DKK 750 million, net of costs. Net profit for the year was DKK (77) million.

Currency adjustments, relating to investments in foreign subsidiaries net of hedges, reduced equity by DKK 37 million at 31 December 2004. The decrease comprised a negative foreign exchange adjustment of DKK 39 million on investments in foreign subsidiaries and a gain on related hedge positions of DKK 2 million, net of tax.

The equity ratio, defined as total equity relative to total assets, was 23.8%, a decrease of 4.0 percentage points.

Pensions and similar obligations amounted to DKK 263 million against DKK 253 million at 31 December 2003. The majority of the Group's pension plans are defined contribution plans. ISS' contributions to such plans are accrued and expensed on an ongoing basis.

In certain countries, mainly in the Netherlands, Norway, Sweden, Switzerland and the UK, ISS has defined benefit plans. ISS uses the accounting principle known as the corridor approach in the recognition of actuarial gains and losses to ensure that both positive and negative random changes in the obligations and plan assets are levelled out over a number of years. This implies that any actuarial gain or loss of each individual plan exceeding 10% of the higher of plan assets and the present value of the obligations at the beginning of the year is amortised on a straight line basis over the expected average remaining working lives of the employees comprised by the schemes. ISS' time horizon in this respect is between 7 and 16 years due to differences in the individual pension schemes.

The net liability for the defined benefit plans amounted to DKK 229 million at 31 December 2004, which was on a level with 2003. Unrecognised actuarial losses and unrecognised transition losses amounted to DKK 435 million compared with DKK 306 million in 2003. The increase was in part due to inclusion of a pension plan in Switzerland and in part reduced interest rates in certain countries.

Pension costs related to defined benefit plans amounted to DKK 82 million in 2004, an increase

of DKK 2 million compared with 2003 after inclusion of a one-off income of DKK 27 million relating to a settlement of a pension scheme. Based on the current discount rates ranging between 2.5% and 5.5%, pension costs are expected to amount to approximately DKK 124 million in 2005. A simultaneous change in the discount rates of 0.25 percentage point is estimated to increase or decrease, as the case may be, the costs in 2005 to approximately DKK 132 million or approximately DKK 116 million, all other things being equal. For detailed information on pension obligations, please refer to note 25 to the financial statements.

Other provisions were DKK 646 million as at 31 December 2004. Provisions related to acquired companies amounted to DKK 115 million. This was an increase of DKK 54 million compared with 2003 reflecting the increased acquisition activity. The remaining provisions comprise various obligations incurred in the ordinary course of business, e.g. labour related obligations, legal obligations, contract closures etc. The increase in such provisions was primarily due to inclusion of a provision of DKK 69 million for dismantling costs relating to a waste management contract in France. This provision is counterpart to Other additions under Land and buildings included under Property, plant and equipment.

Interest-bearing debt, net was DKK 9,219 million against DKK 6,806 million in 2003. The net debt comprised debt of DKK 11,298 million, securities and liquid funds of DKK 1,830 million and the positive marked-to-market value of the interest rate swaps at 31 December 2004 of DKK 249 million. The net interest bearing debt was mainly affected by the free cash flow of DKK 1,293 million, the increase of share capital of DKK 750 million and cash outflow for acquisitions of DKK 3,886 million.

FUNDING AND FINANCIAL RISK MANAGEMENT

The key objective of the Group's funding strategy is to ensure sufficient financial flexibility to support the outlined strategy.

Funding The Group's funding was changed during the autumn 2003 when the Company listed a Euro Medium Term Note (EMTN) programme and subsequently launched its inaugural EUR 850 million bond issue, which has a coupon of 4.75% and expires in 2010. In November 2004, the Company launched another corporate bond issue, this time for EUR 500 million with a coupon of 4.50% and a tenor of 10 years. The proceeds were used to repay the

majority of the Group's existing bank loans. After the bond issues, the Group's funding comprises a blend of corporate bonds and unutilised bank commitments.

The Group's bank facilities are primarily established with its core banks, currently comprising 11 international banks. The borrowing facilities are established through individual bilateral agreements based on ISS' standard documentation, where usual financial covenants is included. The Group aims to renegotiate and extend the loan agreements on an annual basis in order to ensure sufficient borrowing capacity and a continuing long-term commitment on the funding, thereby reducing a potential refinancing risk.

At 31 December 2004, the Group had total long-term credit facilities of DKK 17.7 billion including the issued bonds, of which DKK 10.4 billion had been drawn. The comparative figures for 2003 were DKK 14.2 billion and DKK 6.4 billion, respectively. The average commitment period for the long-term facilities was 5.9 years, up from 5.1 years in 2003.

Financing structure The vast majority of the Group's external borrowing is centralised with the Company, which functions as an intra-group bank for the operating companies. According to the Group's internal treasury policy, operating companies place surplus cash with the Company in order to ensure central management of the Group's liquid funds. Surplus cash is primarily held as bank deposits.

To ensure that surplus cash and debt are netted at country level, country-based cash pools are established with overdraft facilities in countries where the Group has more than one operating company.

Credit rating The Company is rated BBB+ with Stable Outlook by Standard & Poor's. Both bond issues carry the same rating.

Capital planning The Group's capital planning aims at reducing the cost of capital subject to maintaining financial flexibility. To ensure the right proportions of equity and debt in the medium term, the Group prepares rolling multi-year plans, which take into account the use and generation of capital under different strategic growth scenarios.

The Group evaluates its financial position and credit quality on an ongoing basis using various financial planning and credit rating models. The planning models incorporate a number of

parameters, including acquisitions, operating margins, organic growth, working capital levels, dividend policy, etc.

In the assessment of creditworthiness, off-balance sheet liabilities are taken into account in accordance with principles used by credit rating agencies. These are primarily contingent liabilities relating to operational leasing or renting of vehicles and buildings. At the end of 2004, total contingent liabilities amounted to DKK 3,033 million compared with DKK 2,595 million in 2003.

The capital planning is assessed together with ISS A/S. For further information please refer to Annual Report 2004 for ISS A/S, CVR no 10 16 16 14.

Financial risk management The Group's financial risk management is based on policies approved by the Board of Directors of ISS A/S, specifying guidelines and risk limits for the Group's financial transactions and positions. ISS may use derivatives to hedge financial risks and may invest surplus cash in securities. Hedging of financial risks is managed at corporate level.

Interest rate risk The Group's loan portfolio primarily consists of bonds issued under the EMTN-programme. The interest payments on the corporate bonds have been swapped from fixed into floating rates. To manage the duration of the net debt, ISS 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 recognised in the income statement. See note 27 to the financial statements for further information.

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

In practical terms, the economic currency risk is somewhat limited for ISS, as ISS 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 operates and ISS may be impacted from such events.

The service industry is characterised 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 may choose to hedge the currency exposure on foreign investments by funding such investments in local currencies or entering into hedging transactions.

In 2004, the currencies in which the Group's revenue was denominated depreciated by an average of 0.4% relative to Danish kroner, reducing Group revenue by DKK 159 million. Currency movements affected the operating profit by DKK 8 million. The effect of the translation of investments in foreign subsidiaries, including the effect of hedge transactions, net of tax, reduced equity by DKK 37 million.

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

International Financial Reporting Standards

In the consolidated financial statements for 2004 the Group has applied accounting policies that are consistent with 2003, please refer to page 31 to 35 of this report.

The Group will prepare its consolidated financial statements for 2005 in accordance with International Financial Reporting Standards (IFRS).

The Group's consolidated financial statements for 2005 will be impacted in two steps. Firstly at the IFRS opening balance sheet date 1 January 2004 and secondly when applying the IFRS standards and interpretations to the figures for 2005 and the comparative figures for 2004.

In order to facilitate an understanding of the expected impact from the IFRS transition, the expected accounting implications of implementing IFRS are described in this section.

The expected transition implications are based on IFRS 1 First-time Adoption and the standards and interpretations expected to be applicable as at 31 December 2005 including early adoption of the amendment to IAS 19 Employee Benefits issued in December 2004. IAS 39 Financial Instruments: Recognition and Measurement is applied from 1 January 2005 with no restatement of comparative figures for 2004.

IMPACT ON THE GROUP'S FINANCIAL RATIOS

Cash conversion will be impacted by a changed accounting policy under IFRS regarding integration costs, as set out in the section "Impact on the income statement". Equity and Net debt to book equity ratios will be impacted by an increased equity as set out in the section "Impact on equity".

IFRS 1 FIRST-TIME ADOPTION

The effect of the Group's transition to IFRS is determined by the provisions set out in IFRS 1 First-time Adoption, which includes certain transitional rules for companies adopting IFRS for the first time.

Business Combinations In accordance with IFRS 1, the Group will use the option of recognising the existing carrying amount of assets and liabilities for business combinations made prior to 1 January 2004.

Employee Benefits In accordance with IFRS 1, unrecognised actuarial gains and losses net of taxes related to defined benefit plans will be included in equity in the IFRS opening balance as at 1 January 2004.

Cumulative currency translation differences

In accordance with IFRS 1, the Group will reset cumulative translation differences related to foreign subsidiaries in the opening equity on 1 January 2004.

IMPACT ON EQUITY

Equity as at 1 January 2004 will primarily be impacted by the recognition of unrecognised actuarial gains and losses net of tax related to the Group's defined benefit plans. See note 25 to the consolidated financial statements for further details of the Group's pensions and similar obligations. As at 31 December 2004, equity will also be impacted by reversal of goodwill amortisation, net of goodwill impairment and write-down and by recognition of integration costs in the income statement.

IFRS CONVERGENCE

Differences between the current accounting policies as described on pages 31-35 of this report and IFRS are described below.

IFRS 3 Business Combinations Under IFRS 3 the purchase price allocation requires more intangible assets, mainly customer related contracts, to be recognised before the residual value is assigned to goodwill. However, since the Group is a service company that acquires businesses in order to apply the ISS model and generate value by restructuring and refining the acquired business, it is generally not possible to measure the fair values of the customer related contracts reliably. Furthermore, the main impact will still derive from synergies, values related to human resources and the creation of platforms for growth, which will result in the purchase price being allocated to goodwill.

Under IFRS 3 goodwill is not amortised. Instead goodwill must be tested for impairment. The impairment tests will be 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.

Today, the lowest level of cash generating units under IFRS is the Facility Service and Business Build segment per country similar to the Group's current accounting policy. This level of allocation and monitoring of goodwill is in accordance with

the monitoring for internal management purposes and should be seen in light of the Group'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 co-operation with existing Group companies in their geographical or business area normally influence the financial performance of an acquired company. Consequently, after a short period of time, it is generally not possible to track and measure the value of goodwill of acquired companies (or activities) with any reasonable certainty.

Under IFRS, integration costs are prohibited from being included in goodwill. Instead integration costs must be charged to the income statement when a legal or constructive obligation occurs.

IMPACT ON THE INCOME STATEMENT

Operating profit before other items will be impacted by reversal of amortisation and recognition of unrecognised actuarial gains and losses in 2004, and a reclassification of calculated interest related to pension obligations.

Net profit for the year will primarily be impacted by reversal of goodwill amortisation net of goodwill impairment and write-down and by expensing integration costs in the income statement.

IMPACT ON THE CASH FLOW STATEMENT

The cash flow statement will primarily be impacted by securities (bonds) being excluded from cash and cash equivalents.

Cash from operating activities will be impacted by reclassification of integration costs from the acquisition of businesses (under investing activities) to payments related to integration costs (under operating activities).

PARENT COMPANY

The 2005 financial statements for the parent company ISS Global A/S will be prepared in accordance with IFRS.

Under IFRS the equity method of accounting for subsidiaries and associated companies is prohibited. Consequently, subsidiaries and associated companies will be recognised at the lower of cost and recoverable value.

Under IFRS the income statement will reflect the dividends received from the subsidiaries and the associated companies and accordingly the parent company's net profit for the year and equity will differ from net profit for the year and equity in the consolidated financial statements.

Under IFRS a cash-flow statement will be provided for the parent company.

Disclosures will be changed and extended primarily regarding impairment tests, derivatives, and related parties.

Accounting Policies

BASIS OF PREPARATION

The Annual Report has been prepared in accordance with the provisions of the Danish Financial Statements Act, Reporting Class C, large enterprises. The accounting policies are consistent with last year. Compared to previous years, the presentation of Share of profit from associates has been adjusted. On the face of the income statement Operating profit now includes Share of profit from associates, as the investments are considered part of the ordinary operations. Comparative figures have been restated accordingly.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include ISS Global A/S (“the Company”) and all subsidiaries (together with the Company referred to as “the Group”) in which the Company, 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 the Company and the individual subsidiaries by adding items of a similar nature. Intra-group income and expenses, shareholdings, dividends and balances as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Minority interests' proportionate share of profit and equity in subsidiaries is recognised separately in the income statement and balance sheet.

Investments in associates Enterprises, which are not regarded as subsidiaries, but in which the Group 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 is recognised in the income statement under the equity method. A proportionate share of transactions with the Group is eliminated, including realised and unrealised gains and losses.

Joint ventures The Group's interests in jointly controlled entities are regarded as joint ventures and recognised in the consolidated financial statements by including the Group's proportionate share of the entities assets, liabilities, income and expenses on a line-by-line basis with items of a similar nature. The proportionate share of transactions with the Group, including realised and unrealised gains and losses, is eliminated.

Acquisition and divestment of businesses

Acquired enterprises are included in the consolidated financial statements as from the date of acquisition. Enterprises that are divested or wound up are included until the date of divestment or wound up.

Acquisitions are treated in accordance with the purchase method, under which identifiable assets and liabilities of acquired enterprises are recognised in the balance sheet at fair value at the date of acquisition. Provisions are recognised for obligations concerning planned restructuring in the acquired enterprise arising at the date of acquisition as a direct consequence of the acquisition, including severance payments and expenses related to the closing down of branches and offices. Any tax impact related to revaluations and provisions regarding restructuring is taken into account.

Any excess cost of acquisition over the fair value of net assets acquired is capitalised as goodwill and amortised in the income statement over the expected useful economic life up to a maximum of 20 years.

The carrying amount of goodwill is evaluated on an ongoing basis and written down to the recoverable amount in the income statement if the carrying amount exceeds the higher of the net selling price and value in use (the present value of expected future cash flows) from the Cash generating unit to which the goodwill belongs.

Where the fair value of acquired net assets subsequently proves to differ from the value computed at the date of acquisition, the initial recognised goodwill is adjusted until the end of the financial year following the year of acquisition.

Changes in the purchase price after the acquisition as well as reversal of restructuring provisions made at the date of acquisition are accounted for as adjustments to goodwill.

Gains or losses on divestment or winding up of subsidiaries or associates are measured as the difference between the sales or winding up sum adjusted for directly related sales or winding up costs and the carrying amount of the net assets at the time of the disposal or winding up (any unamortised goodwill is written-down and included in the income statement under Goodwill amortisation). Any accumulated exchange rate adjustments previously recognised in equity are included in the income statement under Net finance costs.

Foreign currency Transactions in foreign currency are translated into Danish kroner at the exchange rate ruling at the date of transaction. Assets and liabilities in foreign currency are translated into Danish kroner at the exchange rate ruling at the balance sheet date.

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 arising on the acquisition of foreign subsidiaries/joint ventures is treated as an asset belonging to the foreign subsidiaries/joint ventures and translated into Danish kroner at the exchange rates ruling at the balance sheet date.

Realised and unrealised exchange gains and losses are included in the income statement under Net finance costs, net 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 prevailing at the balance sheet date,
- the income statements of foreign subsidiaries/joint ventures and income from investments in associates from average exchange rates to exchange rates prevailing at the balance sheet date,
- long-term inter-company balances which are considered as an addition to the net assets of subsidiaries/joint ventures, and
- loans in foreign currency and derivatives hedging net investments in foreign subsidiaries/joint ventures.

Realised and unrealised exchange gains and losses related to the translation of the above four groups of transaction are taken directly to equity. Any 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. Contract work in progress is recognised using the percentage-of-completion method based on the value of work completed at the balance sheet date.

Operating expenses *Staff costs* comprise 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.

Other income and expenses, net comprises items which do not form part of the Group's normal ordinary operations, e.g. integration costs related to the ISS acquiring company, gains/losses and costs related to divestment or winding up of activities and gains/losses arising from disposal of property.

Royalty comprises payments to the Company's parent company, ISS A/S.

Share of profit from associates comprises the share of profit before tax in associates after proportionate elimination of intra-group profit and loss. The Group's share of tax in associates is recognised under Income taxes.

Net finance costs comprises interest, realised and unrealised gains and losses regarding foreign currency, securities and certain derivatives. Furthermore, interest on certain insurance and pension provisions as well as commitment fees are included under Net finance costs.

Income taxes consists of income tax and changes in deferred tax. Deferred tax is recognised based on the balance sheet liability method and comprises all temporary differences between accounting and tax values of assets and liabilities. 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, respectively.

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 recognised 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 recognised income tax is allocated to Income taxes, Tax effect of goodwill amortisation and Equity, as applicable.

The Company is jointly taxed with ISS A/S and a number of wholly owned Danish and foreign subsidiaries. The Danish income tax payable is allocated between the jointly taxed Danish companies based on their proportion of taxable income (full absorption including reimbursement of tax deficits). The jointly taxed companies are included in the Danish tax on account scheme. Additions, deductions and allowances are recognised under Net finance costs.

CASH FLOW STATEMENT

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

The cash flow statement is prepared using the indirect method based on Operating profit before other income and expenses, royalty and associates.

The liquidity effect of acquisitions and divestments of businesses, including related restructuring costs (see "Acquisition and divestment of businesses" above), is shown separately under Cash flow from investing activities. The cash flow statement includes cash flows from acquired enterprises from the date of acquisition and cash flows from divested enterprises until the date of divestment.

Cash flow from operating activities comprises Operating profit before other income and expenses, royalty and associates adjusted for non-cash items, changes in working capital and payments regarding provisions, interest, income taxes, other income and expenses and royalty. Working capital consists of current assets less current liabilities excluding liquid funds, securities, interest-bearing loans and borrowings, interest receivable/payable and tax receivable/payable.

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

Cash flow from financing activities comprises the proceeds from and the repayment of loans, dividends, proceeds from increase of share capital, cash flow related to derivatives hedging net investments and dividends to Minority interests.

Cash and cash equivalents comprises liquid funds and highly liquid securities, which are held as part of the Group's current cash management.

BALANCE SHEET

Intangible assets and property, plant and equipment are measured at cost less accumulated amortisation, depreciation, impairment loss and write-down. Cost of assets includes cost price as well as costs directly associated with the purchase until the asset is ready to be brought into use.

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 capitalised. Other development costs for which it cannot be rendered probable that future economic benefit will flow to the Group are recognised in the income statement as and when incurred.

Amortisation and depreciation is provided on a straight-line basis over the following expected useful lives of the assets taking into account the estimated residual value:

Goodwill	maximum of 20 years
Software	maximum of 5 years
Buildings	20-40 years
Leasehold improvements	over the lease term
Vehicles, fixtures, service and IT equipment	3-10 years

Short-life assets and less valuable assets are charged to the income statement in the year of purchase. 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 recognised in the income statement under Other operating expenses in the year of sale, except gains and losses arising on disposals of property, which are recognised under Other income and expenses, net.

Assets held under finance leases are 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 the Group.

Financial assets Investments in subsidiaries and associates are measured in accordance with the equity method. Subsidiaries and associates with

a negative net asset value are stated at zero, and amounts owed to the Company by such enterprises are written down by the Company'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 recognised under provisions to the extent the Company has a legal or constructive obligation to cover the negative balance.

Costs related to tenders for public offers for PPP (Public Private Partnership)/PFI (Private Finance Initiative) contracts are recognised in the income statement when incurred. If the Group is awarded status as preferred bidder, directly attributable costs and investments, if any, are recognised in Other receivables under Financial assets. For PPP/PFI contracts awarded, the costs are amortised over the term of the contract. If the Group is not awarded the contract, all costs are recognised in the income statement.

Other securities and investments are measured at fair value at the balance sheet date. Other securities and investments includes shares in ISS A/S.

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

Receivables are measured at amortised cost less a provision for doubtful debts based on an individual assessment. Provisions and realised losses during the year are recognised 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 recognised value, while progress billings exceeding the completed proportion of work to be performed are recognised as Prepayments from customers under Current liabilities.

Securities include highly liquid securities, which are used in the Group's current cash management. These securities are measured at fair value at the balance sheet date.

Provisions comprise obligations related to employee retirement plans and restructurings of acquired businesses etc. The provisions are recognised when the Group 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.

Employee retirement plans and similar obligations as well as contributions to defined contribution plans are recognised in the income statement as incurred. Any difference between the charge to the income statement and the contribution payable are included in Other payables and accrued expenses.

For defined benefit plans, the amount recognised under Pensions and similar obligations is determined as the present value of the defined benefit obligation adjusted for unrecognised actuarial and transition gains and losses and less any past service costs not yet recognised. The present value of the defined benefit obligation and the related service costs are based on actuarial calculations.

Financial liabilities Debt to financial institutions etc. is initially measured at the value of the proceeds received less related transaction costs. Subsequently, financial liabilities are measured at amortised cost, equal to the capitalised value when applying a constant effective rate of interest, and the difference between the proceeds initially received and the nominal value is recognised in the income statement over the loan period. Lease commitments on finance leases are capitalised and recognised under financial liabilities at the lower of fair value of the leased asset and the present value of future lease payments.

Derivatives are measured at fair value and recognised in Other receivables or Other payables and accrued expenses. Gains/losses are recognised as Net finance costs except for derivatives designated as hedges.

Changes in the fair value of derivatives hedging the fair value of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or hedged liability. Derivatives that qualify as net investment hedges in subsidiaries, joint ventures and associates are recognised directly in equity, net of tax.

Changes in the fair value of derivatives hedging future transactions are recognised directly in equity, net of tax. On realisation of the hedged item, value changes recognised under equity are reversed and recognised together with the hedged item.

For derivatives which do not comply with the hedge accounting conditions changes in fair value are recognised in the income statement when they occur.

Operating leases Operating lease costs are recognised 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.

Segment information Information is provided by business segments (Primary segment) and geographical segments (Secondary segment). Segment information follows the Group's accounting policies and internal financial management.

Income Statement

1 January – 31 December. Amounts in DKKm

Note	Group		Parent company		
	2004	2003	2004	2003	
1	Revenue	40,365	36,174	-	-
2	Staff costs	(26,505)	(24,312)	-	-
	Cost of sales	(3,146)	(2,686)	-	-
	Other operating expenses	(7,677)	(6,370)	3	0
13, 14	Depreciation and amortisation	(606)	(572)	-	-
1	Operating profit before other income and expenses, royalty and associates	2,431	2,234	3	0
3	Other income and expenses, net	(53)	(66)	0	-
4	Royalty	(453)	(409)	-	0
15	Share of profit from associates	39	7	-	-
	Operating profit	1,964	1,766	3	0
	Income from subsidiaries	-	-	478	566
	Income from joint ventures	-	-	(3)	(1)
5	Net finance costs	(352)	(306)	(102)	(29)
	Profit before tax and goodwill amortisation	1,612	1,460	376	536
6	Income taxes	(512)	(514)	(453)	(483)
	Profit before goodwill amortisation	1,100	946	(77)	53
7, 13	Goodwill amortisation	(1,217)	(894)	-	-
6	Tax effect of goodwill amortisation	59	31	-	-
21	Minority interests	(19)	(30)	-	-
	Net profit for the year	(77)	53	(77)	53
	Proposed appropriation of net profit:				
	Retained earnings			(77)	53

Cash Flow Statement of the Group

1 January – 31 December. Amounts in DKKm

	2004	2003	Note
Operating profit before other income and expenses, royalty and associates	2,431	2,234	
Depreciation and amortisation	606	572	13, 14
Changes in working capital	222	266	8
Changes in provisions	(91)	(36)	
Interest paid, net	(354)	(302)	
Income taxes paid, net	(460)	(406)	6
Payments related to other income and expenses, net	(57)	(21)	
Payments related to royalty	(453)	(409)	
Cash flow from operating activities	1,844	1,898	
Acquisition of businesses	(3,886)	(1,065)	10
Divestment of businesses	36	20	10
Investments in intangible and property, plant and equipment, net	(551)	(413)	11
Investments in financial assets, net	(83)	31	11
Cash flow from investing activities	(4,484)	(1,427)	
Financial payments, net	3,369	565	9
Financial payments related to affiliated companies, net	(17)	(924)	
Proceeds from issuance of share capital	750	-	
Minority interests	(6)	(8)	21
Cash flow from financing activities	4,096	(367)	
Total cash flow	1,456	104	
Cash and cash equivalents at beginning of year	370	275	
Total cash flow	1,456	104	
Foreign exchange adjustments	(3)	(9)	
Cash and cash equivalents at end of year	1,823	370	12

Balance Sheet

At 31 December. Amounts in DKKm

Note	Assets	Group		Parent company	
		2004	2003	2004	2003
	Goodwill	15,494	12,465	-	-
	Software and other intangible assets	130	143	-	-
13	Total intangible assets	15,624	12,608	-	-
	Land and buildings	234	156	-	-
	Plant and equipment	1,540	1,292	-	-
14	Total property, plant and equipment	1,774	1,448	-	-
15	Investments in subsidiaries	-	-	10,327	8,507
15	Investments in joint ventures	-	-	58	66
15	Investments in associates	178	67	-	-
15	Receivables from affiliated companies	-	-	452	1,046
15	Receivables from associates	-	23	-	23
15	Other securities and investments	126	74	70	39
15, 24	Other receivables	158	138	-	-
16	Deferred tax assets	475	327	0	0
	Total financial assets	937	629	10,907	9,681
	Total non-current assets	18,335	14,685	10,907	9,681
17	Inventories	263	178	-	-
24	Trade receivables	6,376	5,420	-	-
18	Contract work in progress	156	102	-	-
24	Other receivables	438	319	259	-
	Receivables from affiliated companies	7	3	5,425	3,570
19	Prepayments	271	347	1	9
	Income tax receivable	102	61	-	-
12, 24	Securities	16	12	-	-
12, 24	Liquid funds	1,807	358	1,364	38
	Total current assets	9,436	6,800	7,049	3,617
	Total assets	27,771	21,485	17,956	13,298

Balance Sheet

Equity and liabilities	Group		Parent company		Note
	2004	2003	2004	2003	
Share capital	160	150	160	150	20
Retained earnings	6,460	5,828	6,460	5,828	
Total equity	6,620	5,978	6,620	5,978	
Minority interests	100	108	-	-	21
Pensions and similar obligations	263	253	-	-	25
Deferred tax liabilities	193	123	-	-	16
Other provisions	646	529	0	1	22
Total provisions	1,102	905	0	1	
Long-term debt	10,359	6,446	10,274	6,347	23, 24
Current portion of long-term debt	1	5	-	-	23, 24
Interest-bearing loans and borrowings	741	614	88	1	24
Prepayments from customers	215	126	-	-	
Trade payables	1,750	1,341	0	0	24
Debt to affiliated companies	134	114	868	920	
Debt to associates	63	-	63	-	24
Income tax payable	180	153	6	3	
Tax withholdings, VAT etc.	2,274	1,955	0	-	
Accrued wages and holiday allowances	2,729	2,445	-	-	
Other payables and accrued expenses	1,503	1,295	37	48	
Total current liabilities	9,590	8,048	1,062	972	
Total liabilities	19,949	14,494	11,336	7,319	
Total equity and liabilities	27,771	21,485	17,956	13,298	
<hr/>					
Contingent liabilities					26
Derivatives					27
Related party transactions					28
Interests in joint ventures					29
Fees to auditors					30

Statement of Equity

At 31 December. Amounts in DKKm

Note	Equity	Share capital	Retained earnings	Total equity
2003				
	Equity at 1 January 2003	150	5,868	6,018
	Foreign exchange adjustments of subsidiaries ¹⁾	-	(99)	(99)
	Deferred gain on hedging derivatives, net of tax	-	6	6
	Net profit for the year	-	53	53
	Equity at 31 December 2003	150	5,828	5,978
2004				
	Equity at 1 January 2004	150	5,828	5,978
	Foreign exchange adjustments of subsidiaries ¹⁾	-	(37)	(37)
	Deferred gain on hedging derivatives, net of tax	-	6	6
20	Increase of share capital	10	740	750
	Net profit for the year	-	(77)	(77)
	Equity at 31 December 2004	160	6,460	6,620

¹⁾ Net of hedges and tax on hedges.

Notes to the Financial Statements

Amounts in DKKm

1. Segment information

The business segments of the Group reflect the operating model in **create2005** and consist of Facility Services and the Business Builds: Damage Control, Food Hygiene and Health Care (Primary segment). The business segments operate in three principal geographical areas: Northern Europe, Continental Europe and Overseas (Secondary segment).

Compared to 2003, the following reclassifications between Facility Services and Business Builds have been made: From 1 January 2004, Innovation ceased as a segment. Coffee vending machine activities and activities in ISS Data (2003 only) were transferred to Facility Services. ISS Greenland and ISS Iceland were transferred from Food Hygiene to Facility Services. Associated interests (CarePartner) have been moved from Facility Services to Health Care. In 2004, a separate column for eliminations has been included and no eliminations have been included in the segments for inter-company transactions and balances. Comparative figures in the notes and the Operational Review on page 17-19 of this report have been restated accordingly.

Business - Primary segment	Facility Services	Damage Control	Food Hygiene	Health Care	Corporate functions	Eliminations	Group
2004							
External revenue	37,160	1,656	930	619	-	-	40,365
Internal revenue	30	17	-	-	-	(47)	-
Revenue	37,190	1,673	930	619	-	(47)	40,365
Operating profit ¹⁾	2,304	34	65	67	(39)	-	2,431
Operating margin, %	6.2	2.1	7.0	10.8	-	-	6.0
Share of profit from associates	8	-	-	31	-	-	39
Depreciation and amortisation	519	52	12	23	-	-	606
Total non-current assets	17,068	719	191	875	10,517	(11,035)	18,335
Investments in associates	135	-	-	43	-	-	178
Total assets	25,184	1,252	374	1,029	17,566	(17,634)	27,771
Total provisions	1,018	27	3	21	33	-	1,102
Total current liabilities	13,214	799	140	878	1,364	(6,805)	9,590
Investments in intangible and property, plant and equipment, net	(452)	(58)	(19)	(22)	-	-	(551)
Employees at year-end	265,874	2,285	4,406	892	-	-	273,457
2003							
External revenue	32,927	1,818	861	568	-	-	36,174
Internal revenue	21	13	1	-	-	(35)	-
Revenue	32,948	1,831	862	568	-	(35)	36,174
Operating profit ¹⁾	2,052	71	65	43	3	-	2,234
Operating margin, %	6.2	3.9	7.5	7.6	-	-	6.2
Share of profit from associates	6	-	-	1	-	-	7
Depreciation and amortisation	481	62	10	19	-	-	572
Total non-current assets	13,411	821	180	834	9,585	(10,146)	14,685
Investments in associates	46	-	-	21	-	-	67
Total assets	20,670	1,366	352	977	13,149	(15,029)	21,485
Total provisions	840	46	3	15	1	-	905
Total current liabilities	10,081	833	164	952	919	(4,901)	8,048
Investments in intangible and property, plant and equipment, net	(338)	(44)	(12)	(19)	-	-	(413)
Employees at year-end	237,362	2,417	4,411	763	-	-	244,953

¹⁾ Before other income and expenses, royalty and associates.

Continues on page 42

Notes to the
Financial Statements

1. Segment information (continued)

Geographical - Secondary segment	Northern Europe	Continental Europe	Overseas	Corporate Functions	Eliminations	Group
2004						
External revenue	18,578	19,771	2,016	-	-	40,365
Internal revenue	-	-	-	-	-	-
Revenue	18,578	19,771	2,016	-	-	40,365
Operating profit ¹⁾	1,138	1,205	127	(39)	-	2,431
Operating margin, %	6.1	6.1	6.3	-	-	6.0
Share of profit from associates	39	-	-	-	-	39
Depreciation and amortisation	325	251	30	-	-	606
Total non-current assets	7,479	10,053	753	10,517	(10,467)	18,335
Investments in associates	108	8	62	-	-	178
Total assets	10,508	15,040	1,329	17,566	(16,672)	27,771
Total provisions	393	635	41	33	-	1,102
Total current liabilities	6,447	7,763	427	1,048	(6,095)	9,590
Investments in intangible and property, plant and equipment, net	(276)	(239)	(36)	-	-	(551)
Employees at year-end	84,634	133,743	55,080	-	-	273,457
2003						
External revenue	16,670	17,621	1,883	-	-	36,174
Internal revenue	15	-	-	-	(15)	-
Revenue	16,685	17,621	1,883	-	(15)	36,174
Operating profit ¹⁾	1,027	1,086	118	3	-	2,234
Operating margin, %	6.2	6.2	6.3	-	-	6.2
Share of profit from associates	5	2	-	-	-	7
Depreciation and amortisation	305	240	27	-	-	572
Total non-current assets	5,266	8,812	684	9,585	(9,662)	14,685
Investments in associates	57	8	2	-	-	67
Total assets	8,063	13,090	1,247	13,187	(14,102)	21,485
Total provisions	356	501	47	1	-	905
Total current liabilities	4,769	6,487	294	971	(4,473)	8,048
Investments in intangible and property, plant and equipment, net	(233)	(153)	(27)	-	-	(413)
Employees at year-end	77,146	120,984	46,823	-	-	244,953

¹⁾ Before other income and expenses, royalty and associates.

2. Staff costs

	Group		Parent company	
	2004	2003	2004	2003
Wages and salaries	(20,180)	(18,458)	-	-
Pension costs	(941)	(601)	-	-
Social charges and other costs	(5,384)	(5,253)	-	-
Staff costs	(26,505)	(24,312)	-	-
Average number of employees	267,203	246,008	-	-

Remuneration to the Management and the Board of Directors amounted to DKK 0m (DKK 0m in 2003). The Management and the Board of Directors are employed by and receive salary from ISS A/S.

*Notes to the
Financial Statements*

3. Other income and expenses, net	Group		Parent company	
	2004	2003	2004	2003
Gain on sale of the elderly care segment	-	6	-	-
Loss on discontinuation of aviation businesses	(4)	(10)	0	-
Loss on sale and closure of other businesses, net	(6)	(10)	-	-
Divestments and closures, net ¹⁾	(10)	(14)	0	-
Integration costs in the acquiring company	(32)	-	-	-
Disposal of vacated office space	(5)	(10)	-	-
Redundancy payments relating to organisational adjustments	(4)	(36)	-	-
Management and structural changes	(9)	(46)	-	-
Gain/(loss) on sale of properties	5	(4)	-	-
Other, net	(7)	(2)	-	-
Miscellaneous, net	(2)	(6)	-	-
Other income and expenses, net	(53)	(66)	0	-

¹⁾ Excluding goodwill write-down.

4. Royalty

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

5. Net finance costs	Group		Parent company	
	2004	2003	2004	2003
Interest income etc.	41	59	2	11
Interest income from affiliated companies	-	0	205	219
Foreign exchange gain	1	6	-	-
Financial income	42	65	207	230
Interest expenses etc.	(376)	(349)	(275)	(227)
Interest expenses to affiliated companies	0	0	(25)	(28)
Interest on pension provisions	(8)	(10)	-	-
Foreign exchange loss	(10)	(12)	(9)	(4)
Financial expenses	(394)	(371)	(309)	(259)
Net finance costs	(352)	(306)	(102)	(29)

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6. Tax	Group		Parent company	
	2004	2003	2004	2003
Tax on profit before goodwill amortisation	(505)	(519)	29	10
Tax on income from associates	(7)	5	-	-
Tax effect of goodwill amortisation	59	31	-	-
Tax on income from subsidiaries	-	-	(481)	(492)
Tax on income from joint ventures	-	-	(1)	(1)
Total tax in the income statement	(453)	(483)	(453)	(483)
Tax paid/(received)	460	406	28	18

7. Goodwill amortisation	Group		Parent company	
	2004	2003	2004	2003
Amortisation	(1,099)	(883)	-	-
Write-down	(18)	(11)	-	-
Impairment	(100)	-	-	-
Goodwill amortisation	(1,217)	(894)	-	-

Goodwill write-down relates to the winding up and divestment of businesses. Goodwill impairment of DKK 100m relates to the German Facility Service business. For further description see page 8 of this report.

8. Changes in working capital	2004	2003
Changes in inventories	(9)	(3)
Changes in trade receivables etc.	28	346
Changes in payables etc.	203	(77)
Changes in working capital	222	266

9. Financial payments, net	2004	2003
Interest-bearing debt at 1 January	(7,065)	(6,484)
Foreign exchange adjustments	23	79
Additions from acquired companies, net	(505)	(95)
Reversal of fair value adjustment of swap ¹⁾	(249)	-
Interest-bearing debt at 31 December	11,165	7,065
Financial payments, net	3,369	565

¹⁾ For further information see page 27 of this report.

10. Acquisition and divestment of businesses

The Group has made 95 acquisitions during 2004 (51 during 2003). The total purchase price amounted to DKK 4,204m (DKK 990m in 2003). The accumulated annual revenue of the acquisitions amounted to approximately DKK 6,095m (DKK 1,280m in 2003). The balance sheet items etc. relating to acquisitions and divestments (including adjustments to prior years) are specified below:

	2004		2003	
	Acquisitions	Divestments	Acquisitions	Divestments
Non-current assets	(396)	45	(191)	38
Trade receivables	(978)	8	(242)	14
Other current assets	(463)	4	(150)	31
Other provisions	81	-	(11)	(4)
Pensions, deferred tax and minority interests	28	(3)	(13)	(9)
Long-term debt	147	-	47	(9)
Interest-bearing loans and borrowings	360	(2)	71	(14)
Other current liabilities	1,144	(2)	274	(19)
Net identifiable assets	(77)	50	(215)	28
Goodwill	(4,312)	9	(845)	-
Loss on divestment of businesses	-	1	-	(4)
Acquisition and integration costs ¹⁾	230	-	78	-
Deferred tax on acquisition and integration costs	(45)	-	(8)	-
(Purchase)/sales price ²⁾	(4,204)	60	(990)	24
Payments made in prior year relating to acquisitions taken over in current year	136	-	-	-
Acquisition and integration costs paid in the year, net of tax	(185)	-	(87)	-
Deferred payments	148	(24)	94	-
Payments relating to prior years	(85)	-	(64)	-
Payments relating to acquisitions taken over next year	(23)	-	(136)	-
(Purchase)/sales price and acquisition costs paid	(4,213)	36	(1,183)	24
Liquid funds in acquired/(divested) businesses	327	-	118	(4)
Cash flow from (acquisition)/divestment of businesses, net	(3,886)	36	(1,065)	20

¹⁾ Acquisitions and integration costs in 2004 of DKK 230m (DKK 78m in 2003) consisted of acquisition costs of approximately DKK 120m (DKK 34m in 2003) and integration costs of approximately DKK 110m (DKK 44m in 2003). The costs mainly related to the acquisitions of Engel in Finland, Grupo Unica in Spain, Nobis Beteiligungen in Germany, and SEDE Holding in France.

²⁾ In order to respect the interest of the sellers/buyers, the purchase/sales price is not disclosed for each individual transaction.

11. Investments in non-current assets, net	2004	2003
Purchase of intangible and property, plant and equipment	(676)	(553)
Proceeds on sale of intangible and property, plant and equipment	125	140
Investments in intangible and property, plant and equipment, net	(551)	(413)
Purchase of financial assets	(167)	(61)
Proceeds on sale of financial assets	84	92
Investments in financial assets, net	(83)	31

12. Cash and cash equivalents	2004	2003
Securities	16	12
Liquid funds	1,807	358
Cash and cash equivalents	1,823	370

Securities consist of listed mortgage bonds. Liquid funds comprise bank and cash balances.

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13. Intangible assets	Goodwill	Software and other intangible assets	Total
Cost at 1 January 2004	16,723	376	17,099
Foreign exchange adjustments	(20)	1	(19)
Additions ¹⁾	4,268	59	4,327
Additions from acquired companies, net	-	31	31
Disposals	(38)	(74)	(112)
Transfer to Property, plant and equipment	-	(37)	(37)
Cost at 31 December 2004	20,933	356	21,289
Amortisation at 1 January 2004	(4,258)	(233)	(4,491)
Foreign exchange adjustments	8	(1)	7
Amortisation	(1,217)	(76)	(1,293)
Amortisation from acquired companies, net	-	(21)	(21)
Disposals	28	73	101
Transfer to Property, plant and equipment	-	32	32
Amortisation at 31 December 2004	(5,439)	(226)	(5,665)
Carrying amount at 31 December 2004	15,494	130	15,624
Carrying amount at 31 December 2003	12,465	143	12,608

¹⁾ Additions of goodwill is off-set by a reversal of DKK 33m relating to acquisitions in prior years.

14. Property, plant and equipment	Land and buildings	Plant and equipment	Total
Cost at 1 January 2004	206	3,906	4,112
Foreign exchange adjustments	0	(4)	(4)
Additions	9	609	618
Other additions ¹⁾	78	-	78
Additions from acquired companies, net	73	615	688
Disposals	(77)	(558)	(635)
Transfers ²⁾	1	57	58
Cost at 31 December 2004	290	4,625	4,915
Depreciation at 1 January 2004	(50)	(2,614)	(2,664)
Foreign exchange adjustments	0	5	5
Depreciation	(8)	(522)	(530)
Depreciation from acquired companies, net	(11)	(388)	(399)
Disposals	13	466	479
Transfer from Intangible assets	-	(32)	(32)
Depreciation at 31 December 2004	(56)	(3,085)	(3,141)
Carrying amount at 31 December 2004	234	1,540	1,774
Carrying amount at 31 December 2003	156	1,292	1,448

¹⁾ Counterpart to dismantling costs under Other provisions.

²⁾ DKK 37m was transferred from Intangible assets, and DKK 21m was transferred from Other receivables.

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14. Tangible assets (continued)

Land and buildings with a carrying amount of DKK 22m (DKK 40m in 2003) have been provided as collateral for mortgage debt of DKK 10m (DKK 15m in 2003). Service equipment with a carrying amount of DKK 7m (DKK 7m in 2003) has been provided as collateral for interest-bearing loans and borrowings of DKK 3m (DKK 18m in 2003). The carrying amount of the Group's service equipment under finance leases was DKK 83m (DKK 78m in 2003). The official rateable value for land and buildings in Denmark, with a carrying amount of DKK 8m, amounted to DKK 4m (DKK 0m in 2003).

15. Financial assets (Group)	Investments in associates	Receivables from associates	Other securities and investments	Other receivables
Cost at 1 January 2004	71	23	59	138
Foreign exchange adjustments	0	0	(0)	(1)
Additions	96	-	55	80
Additions from acquired companies, net	1	-	3	4
Disposals	(11)	(23)	(7)	(63)
Cost at 31 December 2004	157	-	110	158
Revaluation at 1 January 2004	(4)	-	15	-
Foreign exchange adjustments	0	-	-	-
Net profit for the year	32	-	1	-
Dividends received	(4)	-	-	-
Disposals	(3)	-	-	-
Revaluation at 31 December 2004	21	-	16	-
Carrying amount at 31 December 2004	178	-	126	158
Carrying amount at 31 December 2003	67	23	74	138

Associates are listed on pages 61-63 of this report.

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15. Financial assets (Parent company)	Investments in subsidiaries	Investments in joint ventures	Receivables from affiliated companies	Receivables from associates	Other securities and investments
Cost at 1 January 2004	9,721	39	1,046	23	23
Foreign exchange adjustments	-	-	(0)	0	-
Additions	2,052	-	-	-	31
Disposals	(2)	-	(594)	(23)	-
Cost at 31 December 2004	11,771	39	452	-	54
Revaluation at 1 January 2004	(1,214)	27	-	-	16
Foreign exchange adjustments	(28)	(4)	-	-	-
Dividends received	(199)	-	-	-	-
Net profit for the year	(3)	(4)	-	-	0
Revaluation at 31 December 2004	(1,444)	19	-	-	16
Carrying amount at 31 December 2004	10,327	58	452	-	70
Carrying amount at 31 December 2003	8,507	66	1,046	23	39

Investments in affiliated companies, joint ventures and associates are listed on pages 61-63.

16. Deferred tax	Group		Parent company	
	2004	2003	2004	2003
Tax loss carried forward, net ¹⁾	176	190	-	-
Goodwill ¹⁾	85	130	-	-
Provisions	238	224	0	0
Other	68	-	-	-
Set-off within legal tax units and jurisdictions	(92)	(217)	-	-
Deferred tax assets	475	327	0	0
Goodwill	78	191	-	-
Fixed assets	76	82	-	-
Other	131	67	-	-
Set-off within legal tax units and jurisdictions	(92)	(217)	-	-
Deferred tax liabilities	193	123	-	-

The Group has unrecognised tax assets in Argentina, Brazil and Israel amounting to approximately DKK 60m. The deferred tax assets related to the Group's activities in Germany amounted to approximately DKK 300m (DKK 246m in 2003) of which DKK 142m was recognised as at 31 December 2004 (DKK 114m in 2003). The recognition of the tax asset is supported by expected improved future profitability.

A deferred tax liability associated with investments in subsidiaries has not been recognised, because the Group 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.

¹⁾ A deferred tax asset relating to goodwill of DKK 130m has been reclassified from tax loss carried forward in 2003.

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17. Inventories	Group		Parent company	
	2004	2003	2004	2003
Raw materials and supplies	128	92	-	-
Work in progress	54	-	-	-
Finished goods	81	86	-	-
Inventories	263	178	-	-

18. Contract work in progress	Group		Parent company	
	2004	2003	2004	2003
Contract expenses	165	132	-	-
Recognised profits	29	33	-	-
Contract work in progress, gross	194	165	-	-
Advances and prepayments from third parties	(38)	(63)	-	-
Contract work in progress, net	156	102	-	-

19. Prepayments

Prepayments consisted primarily of prepaid costs e.g. rent and insurance premiums.

20. Share capital	2004	2003	2002	2001	2000
Share capital					
Share capital at 1 January	150	150	5	3	2
Additions from merger	-	-	140	-	-
Increase of share capital	10	-	5	2	1
Share capital at 31 December	160	150	150	5	3

The share capital consists of 160,000 shares of DKK 1,000 nominal value each. No shares carry any special rights.

The Company's share capital is held 100% by ISS A/S, CVR no 10 16 16 14.

21. Minority interests	Group		Parent company	
	2004	2003	2004	2003
Minority interests at 1 January	108	88	-	-
Foreign exchange adjustments	(1)	(5)	-	-
Acquisition of minorities, net	(20)	3	-	-
Dividends paid	(6)	(8)	-	-
Net profit for the year	19	30	-	-
Minority interests at 31 December	100	108	-	-

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22. Other provisions (Group)	Labour- related items	Self- insurance	Acquisitions	Other	Total
Carrying amount at 1 January 2004	83	38	61	347	529
Foreign exchange adjustments	-	-	-	(1)	(1)
Additions from acquired companies, net	14	-	-	66	80
Provisions included in goodwill during the year	-	-	230	-	230
Provisions made during the year (included in income statement)	29	16	32	104	181
Other provisions made ¹⁾	-	-	-	69	69
Provisions not used (reversed against 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 31 December 2004	71	36	115	424	646
Current	64	16	114	183	377
Non-current	7	20	1	241	269
	71	36	115	424	646

Labour-related items:

The provision mainly relates to obligations in Belgium, France, the Netherlands and Spain.

Self-insurance:

In the UK and Ireland, ISS carries an insurance provision for employers liability. ISS is self-insured up to DKK 41m for employers liability.

Acquisitions:

The provision includes obligations arising 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. costs related to changes in local working and social regulations etc., provision for dismantling costs, operational issues, closure of contracts and legal cases.

¹⁾ Dismantling costs with counterpart in Other additions under Land and buildings.

23. Long-term debt	Carrying amount	
	2004	2003
Facilities ¹⁾		
DKK 7,661m ²⁾	-	-
DKK 7,927m (2003)	-	24
Revolving loan facilities	-	24
Bond loans	10,274	6,323
Total long-term debt (Parent Company)	10,274	6,347
Mortgage loans	13	16
Other bank loans	25	27
Obligations under finance leases	48	61
Current portion of long-term debt	(1)	(5)
Total long-term debt (Group)	10,359	6,446

¹⁾ Loan facilities are denominated in several currencies and translated to Danish kroner using year-end exchange rates.

²⁾ As at 31 December 2004, nothing is drawn on the loan facilities totalling DKK 7,661m. The maturity of the facilities is as follows: DKK 1,154m in 2007, DKK 558m in 2008, and DKK 5,949 in 2009.

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23. Long-term debt (continued)

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

	2004	2003
DKK	0.1%	0.5%
EUR	99.9%	98.9%
NOK	0.0%	0.1%
SEK	0.0%	0.3%
USD related	0.0%	0.0%
Others	0.0%	0.2%
	100.0%	100.0%

The Group has no subordinated debt and no debt convertible into equity.

24. Financial assets and liabilities (Group)

Repayment periods and effective interest rates applying to the Group's financial assets and liabilities are stated below:

	Within 1 year	1-5 years	After 5 years	Total	Effective interest rate ¹⁾
Other receivables ²⁾	-	121	37	158	-
Trade receivables	6,376	-	-	6,376	-
Other receivables (current) ³⁾	189	-	249	438	-
Securities	16	-	-	16	-
Liquid funds	1,807	-	-	1,807	2.2%
Long-term debt ⁴⁾	(1)	(75)	(10,284)	(10,360)	2.8%
Interest-bearing loans and borrowings	(741)	-	-	(741)	3.5%
Debt to to associates	(63)	-	-	(63)	3.0%
Trade payables	(1,750)	-	-	(1,750)	-

¹⁾ Weighted average taking the effect of interest rate hedges into account.

²⁾ Consists of various receivables, e.g. deposits and financial lease (lessor).

³⁾ Of which DKK 249m represents the positive marked-to-market value of the interest swaps, please see page 27 and note 27 of this report.

⁴⁾ The fixed interest on the bond loans is swapped into a floating 3 month interest rate. Next repricing is 14 March 2005.

25. Pensions and similar obligations

The Group contributes to defined contribution plans as well as defined benefit plans. The majority of the pension plans are funded through payments of annual premiums to independent insurance companies responsible for the pension obligation towards the employees (defined contribution plans). In these plans the Group has no legal or constructive obligation to pay further contributions irrespective of the funding of these insurance companies. Pension costs related to such plans are recorded as expenses when incurred.

In some countries, most significantly, the Netherlands, Norway, Sweden, Switzerland and the UK, the Group 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, the obligation is unfunded.

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25. Pensions and similar obligations (continued)

The Group 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, the Group 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 beginning of 2006. Hereafter, the TEL pension insurance scheme definitively meets the criterion for classification as a defined contribution plan.

In Sweden, the Group participates in a multi-employer pension scheme. The fund is currently not able to provide the necessary information in order for ISS to account for the scheme as a defined benefit plan.

Principal actuarial assumptions for defined benefit plans at the balance sheet date are as follows:

	2004	2003
Discount rates at 31 December ¹⁾	2.5-5.5%	2.5-5.5%
Expected return on plan assets	2.5-7.2%	2.5-7.2%
Social security rates	2.0-3.0%	2.0-3.0%
Future salary increases	2.0-4.0%	2.0-4.0%
Future pension increases	0.5-3.0%	1.6-3.0%

The amounts recognised in the consolidated profit and loss account for defined benefit plans are as follows:

Current service costs	93	62
Interest on obligation	103	79
Expected return on plan assets	(95)	(63)
Recognised transition, past service and actuarial losses, net	8	2
Settlement	(27)	-
Recognised in the profit and loss account ²⁾	82	80

The amounts recognised in the consolidated balance sheet for defined benefit plans are as follows:

Present value of funded obligations	1,991	1,329
Fair value of plan assets	(1,652)	(1,084)
Funded obligations, net	339	245
Present value of unfunded obligations	324	285
Unrecognised actuarial losses	(343)	(307)
Unrecognised transition (losses)/gains	(92)	1
Unrecognised past service income	1	1
Net liability for defined benefit plans at 31 December	229	225

Movements in the net liability recognised in the consolidated balance sheet are as follows:

Net liability at 1 January before reclassifications	225	189
Reclassifications	5	17
Net liability at 1 January	230	206
Foreign exchange adjustments	(1)	3
Additions from acquired companies, net	22	3
Net expenses recognised in the profit and loss	82	80
Contributions	(104)	(67)
Net liability for defined benefit plans at 31 December	229	225
Other pensions and obligations	34	28
Pensions and similar obligations at 31 December	263	253

¹⁾ Based on high quality corporate bonds.

²⁾ Of which DKK 8m were included in Net finance costs (DKK 10m in 2003).

26. Contingent liabilities

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 1,257m (DKK 1,141m in 2003). Assuming the current car fleet etc. is maintained, the future minimum payments under operating leases are:

	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payment
31 December 2004	920	691	489	313	220	400	3,033
31 December 2003	812	568	411	290	192	322	2,595

DKK 28m (DKK 37m in 2003) of the total future lease payment relates to sub-leasing of properties and cars to associates (CarePartner). Carepartner was divested in February 2005, as described on page 9 of this report.

Guarantee commitments

Indemnity and guarantee commitments at 31 December 2004 amounted to DKK 48m (DKK 59m in 2003).

Performance guarantees

The Group has issued performance guarantee bonds for service contracts with an annual revenue of DKK 514m (DKK 586m in 2003) of which DKK 323m (DKK 446m in 2003) are bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

Outsourcing of IT

The Group has an IT-outsourcing agreement with Computer Sciences Corporation (CSC) running until 2015. The Group's contractual obligations related to the agreement at 31 December 2004 amounted to DKK 280m (DKK 209m in 2003).

Divestments

ISS makes provisions for claims from purchasers or other parties in connection with divestments. Management believes that provisions made at 31 December 2004 are adequate. However, there can be no assurance that one or more major claims arising out of the Group's divestment of companies will not adversely affect the Group's activities, results of operations and financial position.

Legal proceedings

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

Other contingent liabilities

In the Annual Report 2003 it was mentioned that ISS Brazil in the first half of 2000 received an enquiry from the local authorities on corporate tax issues for the fiscal year 1989-90. There has been no further development during 2004. ISS has a number of counterclaims and the matter has been investigated by the ISS Brazil management, by KPMG Brazil and by local lawyers. The conclusion from the risk evaluation is that ISS has strong arguments of defence.

Tax and VAT

The Company and the other Danish jointly-taxed companies are jointly liable for the taxes on the income subject to joint taxation. Furthermore, the Company and some of the Danish companies are jointly registered for VAT and are jointly liable for the payments hereof.

Parent company guarantees

The Parent Company has issued guarantees for subsidiaries' local bank overdrafts totalling DKK 3,764m (DKK 3,018m in 2003). As per 31 December 2004 DKK 1,232m is utilised (DKK 1,101m in 2003). The Company has issued a DKK 17m guarantee towards the seller in connection with an acquisition in Brazil (DKK 17m in 2003). Furthermore, the Company has issued other guarantees for subsidiaries totalling DKK 149m (DKK 139m in 2003).

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27. Derivatives

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

Financial instruments	Contractual values	Unrealised gains/(losses) on revaluation to fair value	Included in the profit & loss account for 2004	Taken directly to equity on 31 December 2004	Maturity
Forward foreign currency, purchases:					
AUD	63	-	-	-	2005
EUR	3,228	(1)	(1)	-	2005
GBP	52	-	-	-	2005
HKD	38	-	-	-	2005
SEK	74	-	-	-	2005
SGD	13	-	-	-	2005
Others	16	1	1	-	2005
	3,484	-	-	-	
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 31 December 2004					
		Net investments in foreign subsidiaries in DKKm	Hedging in DKKm	Net investments with translation risk in DKKm	Net investments with translation risk in local
AUD		266	(212)	54	13
CHF		294	(283)	11	2
EUR		2,626	(671)	1,955	263
GBP		644	(315)	329	31
NOK		275	(112)	163	180
SEK		654	(534)	120	145
SGD		76	-	76	23
USD related		290	(71)	219	40
Others		307	(66)	241	-
		5,432	(2,264)	3,168	

For a description of foreign exchange risk, credit risk and interest rate risk, please see pages 27-28 of this report.

¹⁾ The swaps convert the fixed interest rate on the EUR 850m and EUR 500m bond loans into a floating rate. The income of DKK 330m off-sets a similar expense in the profit and loss account related to the bond loans. Of this amount DKK 249m represents the positive marked-to-market value of the interest rate swaps.

28. Related party transactions

Apart from ISS A/S none of the related parties have controlling influence in the Group. The Company is included in the Consolidated Financial Statements for 2004 of ISS A/S.

Related parties to the Group with a significant, but not controlling influence are defined as:

Members of the Management Board and the Board of Directors

There have been no transactions with members of the Management Board or the Board of Directors during the year.

Joint Ventures and Associates

Transactions with joint ventures and associates are limited to transactions related to shared service agreements. There have been no significant transactions with joint ventures and associates during the year. All transactions are made on marked terms. Joint ventures and associates are specified on pages 61-63 of this report.

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

29. Interests in joint ventures

The Group has interests in 5 joint ventures (5 in 2003), which are specified on pages 61-63 of this report. The Group's interests in the 5 joint ventures' net profit for the year and the balance sheet items are included in the Group's consolidated income statement and balance sheet with the following amounts:

	2004	2003
Revenue	300	210
Operating profit	19	11
Profit before goodwill amortisation	17	9
Net profit for the year	15	9
Intangible assets ¹⁾	-	1
Property, plant and equipment	1	15
Financial assets	29	3
Deferred tax assets	1	1
Current assets	82	49
Total assets	113	69
Equity	48	33
Non-current liabilities	1	3
Current liabilities	64	33
Total equity and liabilities	113	69
ISS' part of contingent liabilities (operating leases) in joint ventures	6	1

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

30. Fees to auditors

	Group		Parent company	
	2004	2003	2004	2003
Audit fees: ¹⁾				
KPMG	24	24	0	0
Fees, other than audit fees: ²⁾				
KPMG	38	12	0	0

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

²⁾ Fees, other than audit fees mainly comprised work related to acquisitions such as financial and tax due diligence.

Definitions

Cash conversion, %	=	$\frac{\text{Free cash flow} \times 100}{\text{Profit before goodwill amortisation}}$
Net debt to book equity ratio, %	=	$\frac{\text{Interest-bearing debt, net} \times 100}{\text{Total equity}}$
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	=	Long-term debt + Current portion of long-term debt + Interest-bearing loans and borrowings + Amounts owed to affiliated companies, net + Debt to associates - Liquid funds - Securities +/- Marked-to-market value of interest rate swaps
Interest coverage	=	$\frac{\text{Operating profit before other income and expenses, royalty and associates} + \text{Depreciation and amortisation}}{\text{Net finance costs}}$
Operating margin, %	=	$\frac{\text{Operating profit before other income and expenses, royalty and associates} \times 100}{\text{Revenue}}$

Company information

Acquisitions and Divestments

During 2004, the Group made 95 acquisitions

Company	Service segment	Country	Income Statement consolidated from	Revenue DKKm ¹⁾	Goodwill DKKm	Number of employees ¹⁾
ABB MGT	Facility Services	Portugal	January	9	0	27
Adviso Office AS	Facility Services	Norway	January	82	62	67
AGS Gebäudeservice GmbH	Facility Services	Austria	January	100	53	700
Anticimex Building Environment	Damage Control	Norway	January	64	0	158
Assainic SNC	Facility Services	France	January	15	23	28
Clean Tekstil Service	Facility Services	Norway	January	10	14	19
Erik Nilsen Rengøring	Facility Services	Norway	January	3	2	14
FSI	Facility Services	France	January	82	34	400
Harrwood Services Ltd.	Facility Services	UK	January	43	24	897
HS-Maalaus Oy	Facility Services	Finland	January	3	0	7
Hygiene Haut-Rhinoise	Facility Services	France	January	1	0	0
Kiinteistöhuolto Suoknuuti	Facility Services	Finland	January	4	0	15
MTH-Palvelu	Facility Services	Finland	January	4	0	20
Novipam	Facility Services	Italy	January	1	0	3
Pohjolan Eurolima Oy	Facility Services	Finland	January	21	5	17
Cap Invest	Facility Services	France	February	18	10	350
Donegal Vermin Controls	Facility Services	Ireland	February	1	3	2
Het Groene Team	Facility Services	The Netherlands	February	19	10	50
Party & Dinner N.V.	Facility Services	Belgium	February	99	45	225
ServicePartneren	Facility Services	Denmark	February	1	0	5
STHH-HDH	Facility Services	France	February	4	3	8
Coflex	Facility Services	UK	March	233	149	199
Eaton Fine Dining	Facility Services	UK	March	214	161	560
Haagan Putki Oy	Facility Services	Finland	March	19	13	31
HYMO Sarl	Facility Services	France	March	9	11	10
Kestens Groep	Facility Services	Belgium	March	61	50	150
Melin Participations	Facility Services	France	March	49	10	52
Olssons Städ AB	Facility Services	Sweden	March	17	12	135
AFO Sarl	Facility Services	France	April	9	6	21
FMT A/S	Facility Services	Denmark	April	2	0	0
Hedegaard Service A/S	Facility Services	Denmark	April	19	42	28
J Control	Facility Services	Finland	April	1	0	1
Oprocon SA	Facility Services	Spain	April	20	35	52
Pesticol 1966	Facility Services	Italy	April	1	1	1
Prosessipesu	Facility Services	Finland	April	19	0	56
Skatec Finnmark AS	Facility Services	Norway	April	12	4	41
Svensk Telepass AB	Facility Services	Sweden	April	4	2	7
Continental Delight Catering Services	Facility Services	Singapore	May	27	15	110
Fallbrand Erhvervsrengøring	Facility Services	Denmark	May	14	9	130
Gruppo Insecto	Facility Services	Italy	May	12	7	15
Langlois-Action	Facility Services	France	May	1	0	1
M J Building Services Group Plc	Facility Services	UK	May	153	98	100
Rixen GmbH	Facility Services	Germany	May	55	33	1,087
Trio Regjøringskomani, Trio Rens & Trio Eiendom	Facility Services	Norway	May	79	43	429
Brants Industrial Services Group	Facility Services	Belgium	June	118	15	474
Dahlgren A/S	Facility Services	Denmark	June	8	6	20
HIF Sarl	Facility Services	France	June	4	4	9
Kirwan Industrial Services	Facility Services	Australia	June	32	21	117
Køster	Damage Control	Denmark	June	23	14	31
Ylä-Savon Talohuolto	Facility Services	Finland	June	3	3	10

Continues next page

Company	Service segment	Country	Income statement consolidated from	Revenue DKKm ¹⁾	Goodwill DKKm	Number of employees ¹⁾
ALITECNIC SL	Facility Services	Spain	July	10	21	21
Canteen Catering & Consulting	Facility Services	Norway	July	12	7	30
Chenies Landscape Limited	Facility Services	UK	July	24	11	70
Corporate Personnel Services Ltd.	Facility Services	Ireland	July	23	15	208
De Logé Schoonmaakdiensten BV	Facility Services	The Netherlands	July	50	23	286
Engel Group	Facility Services	Finland	July	1,443	1,522	6,600
Lofoten Rengjøringsbyrå AS	Facility Services	Norway	July	3	3	11
Nåjdens Behandlingskonsult AB	Health Care	Sweden	July	60	53	22
RePetro AB	Damage Control	Sweden	July	14	5	24
SEDE Holding SA	Facility Services	France	July	259	306	450
Serviman S.A. & Seasur Ltda.	Facility Services	Chile	July	31	18	1,372
Sim S.A.	Facility Services	Argentina	July	7	8	666
Grupo Unica	Facility Services	Spain	July	1,230	429	12,200
Affaldskonsortiet	Facility Services	Denmark	August	10	4	5
Profesjonelle Sikkerhets Systemer	Facility Services	Norway	August	4	5	5
EnviroKare	Facility Services	Ireland	August	2	7	5
Berthier	Facility Services	France	August	9	3	12
Sevis	Facility Services	Switzerland	August	110	66	700
Boudon Services Environment	Facility Services	France	September	19	44	31
Fruktbudet i Linköping	Facility Services	Sweden	September	2	2	3
GK Rengörna AB	Facility Services	Sweden	September	31	22	115
Groupe F2E	Facility Services	France	September	208	58	276
Nannestad Renhold & Driftsassistanse	Facility Services	Norway	September	17	7	50
PN Blomster & Plantedekorationer	Facility Services	Denmark	September	2	1	4
Samilar	Facility Services	Uruguay	September	3	1	170
Sandnessjøen Renhold	Facility Services	Norway	September	5	4	20
Surveilor	Facility Services	France	September	46	36	177
Preventys	Facility Services	France	October	4	1	44
Provence and Gabriel	Facility Services	France	October	28	20	26
Trio Entreprise ApS	Facility Services	Denmark	October	6	3	23
Dansk Hygiejne & Miljø	Facility Services	Denmark	November	1	0	0
Elo Ltda	Facility Services	Brazil	November	17	6	639
Huib van den Hoven						
Plantsoenwerken BV	Facility Services	The Netherlands	November	79	45	110
Indalsleden Ståd	Facility Services	Sweden	November	5	2	18
Indoor IMC Miljøservice A/S	Facility Services	Denmark	November	8	10	12
Invita Måltider AB	Facility Services	Sweden	November	54	18	111
Sara Service Co.	Facility Services	Thailand	November	6	4	456
Angeluz S.A.	Facility Services	Argentina	December	7	9	260
Arctella AB	Facility Services	Sweden	December	19	7	20
Dialog Call Processing Centre AS	Facility Services	Norway	December	6	3	20
Fresh Hygiene Company	Facility Services	Australia	December	1	0	1
Nobis Beteiligungen GmbH	Facility Services	Germany	December	398	336	4,404
Sogn og Fjordan Industriservice DA	Facility Services	Norway	December	4	2	35
Solkin S.A.	Facility Services	Argentina	December	12	8	447
Triotex AS	Facility Services	Norway	December	4	11	9
Total				6,095	4,218	37,057

From 1 January 2005 to 2 March 2005, the Group has made 19 acquisitions

Company	Service segment	Country	Income statement consolidated from	Revenue DKKm ¹⁾	Number of employees ¹⁾
Edens Gave AS	Facility Services	Norway	January	12	18
Jakober AG	Facility Services	Switzerland	January	34	39
Motivator	Facility Services	Denmark	January	13	19
Vandenzande NV	Facility Services	Belgium	January	72	500
Reif Rein Reinigungs – und Umweltschutz GmbH	Facility Services	Austria	January	55	250
Alois Haltner Gebäudereinigungs AG	Facility Services	Switzerland	January	9	100
Facility Services Rus	Facility Services	Russia	January	22	600
Mitchell & Struthers Ltd.	Facility Services	UK	January	125	350
LMCB SAS	Facility Services	France	January	114	1,000
Siemens Service Management Groupe Apex	Facility Services	Denmark	January	50	30
Leif Hermansson Miljövård AB	Damage Control	Sweden	January	95	500
Grangemore Landscapes	Damage Control	Sweden	January	7	5
Ador Chimie	Facility Services	Ireland	January	70	135
Park og Landscapspleie	Facility Services	France	January	2	2
Superclean Support Service plc	Facility Services	Norway	February	14	40
Proser S.A. ²⁾	Facility Services	UK	February	62	630
Lawn Ltd.	Facility Services	Turkey	February	233	4,219
Grødegaard AS ³⁾	Facility Services	Hong Kong	March	2	7
	Facility Services	Norway	June	242	500
Total				1,233	8,944

During 2004, the Group has divested the following activities

Company/activity	Service segment	Country	Month of disposal	Revenue DKKm ¹⁾
Industriservice AS	Damage Control	Norway	January	28
MiljøService A/S	Damage Control	Denmark	January	12
Various craftsman services	Damage Control	Denmark	May	44
House of Coffee Finans	Facility Services	Denmark	May	6
Porperty management	Facility Services	Denmark	June	6
Catering	Facility Services	Czech Republic	October	2
Interfurn	Facility Services	Denmark	October	14
Hypermarket cleaning	Facility Services	France	December	80
Total				192

Effective in January 2005, ISS has divested Fjordkøkkenet A/S in Denmark with annual revenue of approximately DKK 8 million.

¹⁾ Approximate figures based on information available at the time of acquisition or divestment.

²⁾ Completion subject to approval by antitrust authorities and other customary closing conditions.

³⁾ The acquisition comprises the remaining 52% stake in Grødegaard AS not already owned by ISS.

Subsidiaries, Joint Ventures and Associates ¹⁾

Argentina		
ISS Argentina S.A.	100%	
Australia		
ISS Facility Services Pty Ltd.	100%	
Flick Fumigation Pty Ltd.	100%	
Flick Holdings Pty Ltd.	100%	
Flick Services Pty Ltd.	100%	
Pacific Invest December 2004 Pty Ltd.	100%	
Pacific Service Solutions Pty Ltd.	49%**	
WA Flick & Co. Pty Ltd.	100%	
Austria		
ISS Central Europe Holding GmbH	100%	
ISS Airst Bodenabfertigungsdienste GmbH	51%	
ISS Facility Services GmbH	100%	
Steinbauer GmbH	100%	
Belgium		
ISS N.V.	100%	
ISS Building Services N.V.	100%	
ISS Industrial Services N.V.	100%	
ISS Food N.V.	100%	
Party & Dinner N.V.	100%	
Prohygiëna S.A.	100%	
Vending Industries N.V.	100%	
Brazil		
ISS Servisystem do Brasil Ltda.	100%	
Brunei		
ISS Thomas Cowan Sdn. Bhd.	50%	
Chile		
ISS Chile S.A.	100%	
Seasur Ltda.	100%	
Serviman S.A.	100%	
China		
ISS ESGO Beijing Xin Sha Building Services Co. Ltd.	50%**	
Croatia		
ISS Multiservice d.o.o.	100%	
Czech Republic		
ISS Facility Services s.r.o.	100%	
ISS Automotive Services s.r.o.	100%	
Maintec s.r.o.	50%*	
Denmark		
ISS Danmark A/S	100%	
Albertslund Kloakservice ApS	100%	
Fjordkøkkenet A/S	51%	
House of Coffee A/S	100%	
ISS Damage Control A/S	100%	
ISS Food Hygiene A/S	100%	
ISS Funding A/S	100%	
ISS Venture A/S	100%	
Slotsholmen Teknik A/S	50%	
Waste Service A/S	51%	
Faroe Islands		
P/f ISS Føroyar	55%	
Finland		
ISS Palvelut Oy		100%
Engel Palvelut Oy		100%
Engel Rakennuttamispalvelut Oy		100%
ISS Proko Oy		100%
ISS Security Oy		100%
ISS Tekniset Palvelut Oy		100%
ISS Teollisuuspalvelut Oy		100%
ISS Vahinkosaneeraus Oy		100%
Kalustekarhut Oy		100%
Suomen Laatatukuu Palvelut Oy		100%
France		
ISS Holding Paris SA		100%
Aquaplant SAS		100%
Arden Espaces Verts SAS		100%
Atlantique Paysage SAS		100%
Berthier Sarl		100%
Brio SAS		100%
Channel Passenger Services SAS		100%
Chloroville SAS		100%
CPMS SA		100%
Espaces Verts Méditerranée SAS		100%
Eurogestion SAS		100%
Force Protection Sarl		100%
FSI SA		100%
Gabriel Recyclage Sarl		100%
Groupe F2E SAS		100%
Interaccueil SAS		100%
ISS Abilis France SAS		100%
ISS Bati Services SAS		100%
ISS Energie SAS		100%
ISS Environnement SAS		100%
ISS Espaces Verts SAS		100%
ISS Hygiène Services SA		100%
ISS Logistique et Production SA		100%
Jardem SAS		100%
Paysages de France SAS		100%
Poirel Parcs & Jardins SAS		100%
Provence Environnement Services Sarl		100%
Qualitec SAS		100%
Securisport Evenement Sarl		100%
Sede Holding SA		100%
Sol Vert Paysage SAS		100%
Surveillor SAS		100%
Therasylve Sarl		100%
Vert Paysages & Aménagement SAS		100%
ViaPark SAS		100%
Germany		
ISS Facility Services GmbH		100%
Claus und NOBIS Gebäude-Service GmbH		100%
Gebäudereinigung H.-J. Scheller GmbH & Co		100%
GRS Gebäude-Reinigungs-Service GmbH		100%
Heinrich Büschler Gebäudedienstleistungen GmbH		100%
Industriereinigung Zoëge von Manteuffel GmbH		100%
Intercare services GmbH		100%
ISS Damage Control Deutschland GmbH		100%
ISS HWD GmbH		100%
ISS HWS GmbH & Co. KG		100%
ISS Personaldienstleistungen GmbH		100%
ISS Personalservice GmbH		100%
ISS Services GmbH		100%

ISS Wäscherservice GmbH & Co. KG	100%	Japan	
Klaus Harren GmbH	100%	ISS Nesco Ltd.	50%*
Kleesattel GmbH	100%		
NOBIS Beteiligungen GmbH	100%	Luxembourg	
NOBIS Gebäude-Service GmbH, Hamburg	100%	ISS Facility Services S.A.	100%
NOBIS Gebäude-Service GmbH, München	100%		
NOBIS Gebäude-Service GmbH, Schwerin	100%	Malaysia	
NOBIS Security GmbH	100%	ISS Facility Services Sdn. Bhd.	30%
Otto Böhm Gebäudereinigung GmbH	100%	ISS Hygiene Services Sdn. Bhd.	100%
Paul Henschel Glas- und Gebäudereinigung GmbH	100%		
Unidienst Sartorius GmbH Glas- und Gebäudereinigung	100%	The Netherlands	
Vatro Trocknungs- und Sanierungstechnik GmbH & Co. KG	86%	ISS Holding Nederland B.V.	100%
Vatro Verwaltungs GmbH	86%	De Loge Schoonmaakdiensten B.V.	100%
		Het Groene Team B.V.	50%
		Huib van den Hoven Plantsoenwerken B.V.	100%
		ISS Arbo Plus B.V.	100%
		ISS Catering Services B.V.	100%
		ISS Damage Services B.V.	100%
		ISS Food Hygiene B.V.	100%
		ISS Hospital Services B.V.	100%
		ISS Integrated Facility Services B.V.	100%
		ISS Landscaping Services B.V.	100%
		ISS Nederland B.V.	100%
		Muraka Groep B.V.	100%
Greece			
ISS Facility Services S.A.	100%		
ISS Human Resources S.A.	100%		
Greenland			
ISS Grønland A/S	100%		
Hong Kong			
ISS Hong Kong Services Ltd.	100%		
ISS China Holdings I Ltd.	100%	Norway	
ISS Environmental Services (HK) Ltd.	100%	ISS Norge AS	100%
ISS Greater China Ltd.	100%	Aircon AS	40%**
ISS Mediclean (HK) Ltd.	100%	ForvaltningsCompagniet AS	100%
Roboclean (HK) Co. Ltd	80%	Grødegaard AS	48%**
		Hero Mottak og Kompetanse AS	50%*
		House of Coffee Norge AS	100%
Hungary		ISS Damage Control AS	100%
ISS Servisystem Kft.	100%	ISS Lufthavnservice AS	100%
		ISS Skaaret AS	100%
Iceland		ISS Vaktmester Kompaniet AS	100%
ISS Island ehf.	100%	Profesjonelle Sikkerhetssystemer AS (PSS)	100%
		PSP-Procuro Servicepartner AS	100%
Indonesia		Raufoss Beredskap AS	51%
Pt. ISS Servisystem	100%	Serveringspartner AS	100%
		Telenor Renhold og Kantine AS	50%*
Ireland		Triotex AS	100%
ISS Ireland Ltd.	100%	Varig Gruppen AS	70%
Contract Cleaners Ltd.	100%		
Corporate Personnel Services Ltd.	100%	Poland	
ISS Hygiene Services Ltd.	100%	ISS Multiservice Sp. z o.o.	100%
Israel			
ISS-Ashmoret Ltd.	50%	Portugal	
ISS-Israel Manpower Services Ltd.	50%	ISS Servisystem Serviços de Limpeza, Lda.	100%
ISS-Israel Restoration Engineering Ltd.	50%		
M.A.S.H. Machatz Agencies Ltd.	50%	Romania	
		3D Romania S.A.	98%
Italy			
ISS Facility Services srl	100%	Singapore	
ISS Hygiene Services srl	100%	ISS Facility Services Pte. Ltd.	100%
		Continental Delight Catering Services Pte. Ltd.	100%
		Essential Services Pte. Ltd.	100%
		ISS Hygiene Services Pte. Ltd.	100%
		ISS Sanitation Services Pte. Ltd.	100%
		Serve1st Services Pte. Ltd.	100%

Slovakia		
ISS Facility Services s.r.o.	100%	
ISS Automotive Services s.r.o.	100%	
ISS Security s.r.o.	100%	
Slovenia		
ISS Servisystem d.o.o.	100%	
Spain		
Integrated Service Solutions Holding S.L.	100%	
Amalis S.A.	100%	
Gelim S.A.	100%	
ISS Facility Services S.A.	100%	
ISS Higiene Ambiental 3D S.A.	100%	
Universal Cleaning Activities UNICA S.L.	100%	
Sri Lanka		
ISS Abans Environmental Services (PT) Ltd.	50%*	
Sweden		
ISS Facility Services AB	100%	
Arctella AB	100%	
CarePartner Sverige AB	49%**	
Elisabethsjukhuset AB	100%	
FysiologLab i Stockholm AB	100%	
GK Rengörarna AB	100%	
Invita Måltider AB	100%	
ISS Ecuero AB	100%	
ISS Ekonomiförvaltning AB	100%	
ISS Health Care AB	100%	
ISS Industri- och Skadeservice AB	100%	
ISS Rehab AB	100%	
ISS Teleoffice AB	100%	
ISS TraffiCare AB	100%	
Knivsta Rehabilitering AB	100%	
Lemonia AB	100%	
M & M Medical AB	100%	
Nordisk Besiktnings AB	100%	
Näjden Behandlingskonsult AB	100%	
Ocab i Stockholm AB	92%	
Ocab Skadeservice AB	100%	
Ocab Syd AB	92,8%	
Rånäs Rehabiliteringscenter AB	100%	
Östergötlands Högtrycksspölning & Fastighedsjour AB	100%	
Switzerland		
ISS Holding AG		100%
AMH Airport Multiservice Holding AG		44%**
Deratex SA		100%
ISS Aviation AG		72%
ISS Aviation SA		72%
ISS Bernasconi SA		100%
ISS COMMultiservice AG		80%
ISS Facility Services AG		100%
ISS Facility Services AG (Liechtenstein)		100%
ISS Gartenbau AG		100%
Ketol AG		100%
Sevis AG		100%
Swissport Baggage Sorting AG		48,4%**
Thailand		
ISS Facility Services Co., Ltd.		100%
Sara Service Co., Ltd.		100%
UK		
ISS UK Ltd.		100%
Chenies Landscapes Ltd.		100%
Coflex Ltd.		100%
Eaton Fine Dining Ltd.		100%
ISS Aviation UK Ltd.		100%
ISS (Brentwood) Plc		100%
ISS Damage Control Ltd.		100%
ISS Damage Control (Scotland) Ltd.		76%
ISS Facility Services Ltd.		100%
ISS Finance and Investment Ltd.		100%
ISS Finance and Investment (Bishop Auckland) Ltd.		100%
ISS Food Hygiene Ltd.		100%
ISS Mediclean Ltd.		100%
MJ Building Services Group Plc		100%
RCO Support Services Ltd.		100%
Spectrum Holdings Ltd.		100%
Spectrum Franchising Ltd.		100%
Wateres Landscape (Holdings) Plc		100%
Wateres Landscape Plc		100%
Uruguay		
Samilar S.A.		100%

¹⁾ Undertakings of immaterial interest are left out

* Joint Venture

** Associates