

Annual Report 2007

ISS Global A/S

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Key Figures

Amounts in DKK millions (unless otherwise stated)	IFRS				Danish GAAP	
	2007	2006	2005	2004	2004	2003
Revenue	63,935	55,784	46,453	40,365	40,365	36,174
Operating profit before other items	4,183	3,293	2,863	2,421	2,431	2,234
EBITDA ¹⁾	3,868	3,536	2,940	2,411	2,531	2,331
Adjusted EBITDA ^{1), 2)}	5,018	4,033	3,510	3,027	3,037	2,806
Operating profit ^{3), 4)}	3,033	2,796	2,293	1,805	1,925	1,759
Net finance costs	(1,271)	(1,183)	(505)	(347)	(352)	(306)
Profit before impairment/amortisation of intangibles	949	982	1,299	1,022	1,100	946
Net profit for the year ^{3), 5)}	540	734	965	633	(58)	83
Additions to property, plant and equipment, gross	937	864	769	696	696	490
Cash flow from operating activities	3,021	3,006	1,610	2,156	2,198	2,200
Investments in intangible assets, property, plant and equipment, net	(699)	(831)	(542)	(550)	(550)	(413)
Total assets	42,872	38,898	31,782	28,900	27,771	21,485
Goodwill	21,689	20,065	16,642	15,384	15,494	12,465
Carrying amount of net debt ¹⁾	23,262	20,243	16,128	9,468	9,468	6,806
Non-interest-bearing debt, net ¹⁾	37	232	443	249	249	-
Interest-bearing debt, net ¹⁾	23,225	20,011	15,685	9,219	9,219	6,806
Total equity ⁵⁾	1,137	1,678	2,192	7,106	6,720	6,086
Financial ratios ¹⁾						
Operating margin before other items, %	6.5	5.9	6.2	6.0	6.0	6.2
Interest coverage ¹⁾	3.9	3.4	7.0	8.7	8.6	9.2
Cash conversion, % ⁶⁾	101	103	92	109	109	112
Employees on full-time, %	68	66	61	57	57	55
Number of employees	438,000	391,400	310,800	273,500	273,500	245,000
Growth						
Organic growth, %	6.0	5.5	3.0	1.5	1.5	(2.0)
Acquisitions, net, %	9	15	11	11	11	(0)
Total revenue, %	15	20	15	12	12	(5)
Currency adjustments, %	(0)	0	1	(0)	(0)	(3)
Operating profit before other items, %	27	15	18	9	9	2

Note: Except for the key figures that can be directly derived from the consolidated financial statements on pages 32-116 of this report, the key figures and ratios above are not measures of financial performance under Danish GAAP or IFRS. ISS Global includes these financial measures because it believes that they are appropriate measures of ISS Global's financial performance. Other companies, including those in ISS Global's industry, may calculate similarly titled financial measures differently.

The applied accounting principles are described in note 1, Significant accounting policies to the consolidated financial statements.

¹⁾ See page 117 for definitions.

²⁾ Adjusted EBITDA, as calculated by the Group, represents, under Danish GAAP, Operating profit before other income and expenses, net and share of result from associates plus Depreciation and amortisation or, under IFRS, Operating profit before other items plus Depreciation and amortisation. By using Operating profit before other income and expenses and associates under Danish GAAP, or Operating profit before other items under IFRS, as a starting point for the calculation of adjusted EBITDA instead of Operating profit, the Group excludes from the calculation of adjusted EBITDA integration costs relating to acquisitions and those items recorded under Other income and expenses, net, in which the Group includes income and expenses that it believes do not form part of the Group's normal ordinary operations, such as gains and losses arising from divestments, the winding up of operations, disposals of property, restructuring and certain acquisition related costs. Some of the items that the Group records under the line item Other income and expenses, net, are recurring and some are non-recurring in nature.

³⁾ The difference in operating profit in 2004 under Danish GAAP and IFRS primarily relates to inclusion of integration costs under IFRS. The difference in net profit under Danish GAAP and IFRS primarily relates to reversal of goodwill amortisation, net of goodwill impairment and write-down, amortisation of customer contract portfolios and related customer relationships and inclusion of integration costs.

⁴⁾ Excluding Goodwill impairment and write-down and Amortisation of brands and customer contracts.

⁵⁾ Including minority interests.

⁶⁾ In 2007, the definition of cash conversion has been aligned with the operational definition of cash conversion used by the Group. The comparative figures have been restated accordingly.

Company Report

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

Business highlights of the year

During 2007, ISS Global continued to develop the business towards achieving the targets set out in the Group strategy. Simultaneously, ISS maintained its operational focus on profitability, organic growth, cash flow and on-going investments in the business through acquisitions.

The overall vision of ISS is to "Lead Facility Services globally - by leading Facility Services locally."

ISS Global is focused on achieving adequate regional presence across the globe. In 2007, ISS continued its global development by establishing operations in the USA and Taiwan, building up critical mass of services in selected countries, and expanding further organically and through acquisitions in growth regions such as Asia, Latin America and Central and Eastern Europe.

A prerequisite for being a leading Facility Services company is the continuous focus on being the best in class provider of each of the individual single services. In 2007, ISS Global continued the development of single service excellence concepts and initiatives for knowledge and best practice sharing. Furthermore, ISS broadened its service offering in line with customer demand and continued building critical mass within Office Support, Catering and Security.

In addition, a global Corporate Client organisation was established in 2007, with the purpose of driving new sales, operating and supporting multinational clients as well as further supporting the development of Integrated Facility Services.

ISS Global initiated the "Service Culture – The ISS Way" programme to further define and develop a strong and characteristic corporate culture and an ISS approach to service management for all country organisations.

In 2007, ISS Global reached a significant milestone, as Group revenue passed DKK 60 billion. Total Group revenue amounted to DKK 63.9 billion, an increase of 15% from 2006. The continued broadening of the service offering is illustrated by continued development in the composition of the services offered by ISS Global. From 2006 to 2007, the revenue from Cleaning grew by 8%, while Cleaning's share of total Group revenue was diluted as planned from 57% to 54%. In addition, many country operations continued the development towards becoming Integrated Facility Services ("IFS") providers as IFS accounted for 15% of total Group revenue in 2007.

The increasing trend in organic growth rates was sustained, with an increase of 0.5 percentage points to 6.0% in 2007. The increase was driven by positive performance in all regions, with Asia, Latin America and Central and Eastern Europe achieving double-digit organic growth rates.

The Group's continued focus on operational efficiency led to an increase in the operating margin before other items from 5.9% in 2006 to 6.5% in 2007, the highest for more than three decades. The operating profit before other items increased by DKK 890 million, or 27% compared with 2006.

ISS Global generated positive cash flow, which was at level with 2006 with net inflow from operating activities of DKK 3.0 billion in 2007.

ISS Global continued to invest in acquisitions in order to strengthen its service offering and to pursue opportunities in new geographies with high growth potential. During 2007, ISS Global completed a total of 67 acquisitions with total annual revenue estimated at approximately DKK 4.5 billion. The most significant acquisition was that of Sanitors Inc. in the USA. This step was in line with the stated vision of becoming the global leader in Facility Services.

In June 2007, ISS Global completed the refinancing of a portion of the Group's existing debt. The purpose of the refinancing was to raise additional funding to support continued acquisitions and organic growth initiatives, increase financing flexibility and optimise the Group's funding structure, thereby reducing the average cost of debt. The refinancing resulted in a net gain of DKK 227 million, including DKK 25 million of non-cash items.

At the end of the year, ISS Global employed more than 438,000 people worldwide. This meant that since year-end 2006, roughly 47,000 more employees had joined the company as a result of either organic growth or through acquisitions.

Financials

Income statement

Revenue increased by DKK 8.2 billion or 15% from DKK 55.8 billion in 2006 to DKK 63.9 billion in 2007 driven by organic growth of 6% and growth from acquisitions of 10%. This was partly offset by negative growth of 1% from divestments while foreign currency adjustments at Group level evened out. All regions contributed to the revenue growth, headed by double-digit organic and acquisitive growth in the growth economies of Asia, Latin America and Central and Eastern Europe.

Operating profit before other items increased by 27% to DKK 4.2 billion and the operating margin was further increased to 6.5% compared with 5.9% in 2006. In line

with previous years, changes in social legislation, pensions and a number of non-recurring items affected the Group in 2007, including curtailment gains related to defined benefit plans, release of provisions following settlement of legal cases and workers' compensation incentives received. These were partly offset by write-offs relating to the landscaping activities in Ireland and security activities in the Netherlands as well as investments in growth and business development.

Operating profit increased by DKK 237 million, or 8% from DKK 2,796 million in 2006 to DKK 3,033 million in 2007 after royalty to ISS A/S of DKK 1,002 million in 2007 compared with DKK 283 million in 2006.

Net finance costs increased from DKK 1.2 billion in 2006 to DKK 1.3 billion in 2007, and were negatively impacted by the increase in debt as a result of acquisitions in 2007, partly offset by a gain related to the refinancing. In line with objectives, the Group's financial leverage, on a multiple basis, was further reduced in 2007.

Profit before goodwill impairment/amortisation of brands and customer contracts decreased by DKK 33 million from DKK 982 million in 2006 to DKK 949 million in 2007, as a result of the above as well as higher royalty expenses and higher tax expenses.

Net profit decreased from a profit of DKK 734 million in 2006 to a profit of DKK 540 million in 2007, as a result of the above as well as increased goodwill write-down and amortisation of brands and customer contracts.

Cash flow statement

Cash flow from operating activities was a net inflow of DKK 3.0 billion in 2007, which is at level with 2006. The operating profit before other items contributed positively with an increase of DKK 0.9 billion, offset by higher royalty payments of DKK 0.7 billion and higher tax payments of DKK 0.2 billion. In spite of an organic growth rate of 6.0% in 2007, changes in working capital were close to neutral with a cash inflow of DKK 29 million. As a result, cash conversion was 101% in 2007, compared with 103% in 2006. Generally, the cash flow from operating activities, and thereby cash conversion for individual periods, depends on the timing of a number of payments towards the end of individual months and years.

Cash flow from investing activities was a cash outflow of DKK 3.7 billion, predominantly affected by a cash outflow of DKK 3.0 billion related to acquisitions. Investments in intangible assets and property, plant and equipment, net, were DKK 0.7 billion.

Cash flow from financing activities was a net cash inflow of DKK 1.2 billion in 2007. This was primarily the result of increased borrowing to fund acquisitions, partly offset by interest payments of DKK 1.5 billion and dividends of DKK 1.0 billion.

Carrying amount of net debt

Carrying amount of net debt amounted to DKK 23.3 billion at 31 December 2007, an increase of DKK 3.1 bil-

lion from DKK 20.2 billion at 31 December 2006. The increase was due primarily to acquisitions in 2007. At 31 December 2007, long-term debt was DKK 23.1 billion, short-term debt amounted to DKK 2.8 billion, while securities, cash and cash equivalents and net payables to affiliates related to joint taxation were DKK 2.7 billion.

Business development

In line with the Group strategy, ISS Global continues to strengthen the services offered to the clients. Country operations continued the ongoing effort to strengthen single services and to improve the way in which these services are delivered.

In collaboration with a large number of ISS Global countries, the ISS Head Office launched a programme of "Knowledge Forums" within selected business areas. The objective of the Knowledge Forums is to facilitate international knowledge sharing and make best practice deployment available for all ISS Global countries based on a practical understanding of ISS Global's core services. The forums are an important element in building and maintaining best-in-class services in ISS Global.

ISS Global focuses on delivering site-based services, where ISS staff becomes an integrated part of the clients' daily operations. However, in selected regions ISS Global also offers certain route-based services, e.g. pest control, landscaping and other property services in line with client demand.

ISS Global distinguishes between services offered and the way in which these services are delivered. The **services** offered include: Cleaning, Catering, Property Services, Office Support, Security and Facility Management. The way the services are delivered (**delivery model**) includes: Single Services, Multi Services and Integrated Facility Services.

Services

Cleaning

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

In 2007, Cleaning continued to be ISS Global's largest business, accounting for 54%, or DKK 34.8 billion of total Group revenue, compared with 57% in 2006. Measured by revenue, Cleaning grew by 8% from 2006. During 2007, ISS Global acquired 19 companies specialised in cleaning in 15 different countries, which in total added DKK 1.7 billion to the Group's annual revenue.

In line with the strategy to broaden the service offering, Cleaning's relative share of ISS Global's total revenue continued to dilute according to plan and has been reduced by more than 10 percentage points since 2004,

while growing by more than 30 percent in terms of revenue.

In terms of competency and quality development, the regional Cleaning Excellence expert teams continued rolling out the Cleaning Excellence concept throughout the ISS Global regions. This process involves supporting the countries with optimal solutions, the most efficient planning and delivery tools and methods, training, improved logistics, efficient supply chain and cost reductions. When implemented, the concept will also contribute to improved ergonomics for the cleaning staff as well as reduced environmental effects.

Large Cleaning Excellence projects were finalised during 2007 in Denmark, Iceland and Switzerland, with continued follow-up attention from regional Cleaning Excellence Teams. Furthermore, new Cleaning Excellence projects were initiated in Australia, Belgium, Chile, Italy, the Netherlands, Russia, Spain and the USA and these projects are in progress. In 2008, similar Cleaning Excellence projects will be launched in Austria, Finland, Germany, Ireland, Israel, Latvia, Mexico, New Zealand and Portugal.

In 2007, two Knowledge Forums were conducted, which focused on cleaning issues, more specifically within the hospital sector and food hygiene services.

Property Services

ISS Global's offering within Property Services encompasses building maintenance, landscaping, pest control and damage control.

In 2007, revenue in Property Services grew by approximately DKK 2.6 billion to DKK 15.2 billion and represented 24% of total Group revenue compared with 23% in 2006.

During the year, ISS Global expanded its offering of property services to new geographies and increased density in other markets, where the services were already being offered. The position in landscaping was further consolidated through acquisitions in e.g. the United Kingdom and France, while the non-strategic project/construction-based landscaping activities in Ireland were divested in 2007. The offering of building maintenance and technical services was strengthened primarily through the acquisition of Adviance Ltd. in the United Kingdom. The platform for delivering pest control services was enhanced, most notably in Mexico, with the acquisition of Martex, the "household name" within pest control in Mexico, and in Belgium with the acquisition of Hunt & Ondes, which significantly expanded ISS Belgium's existing pest control activities.

Pest control, which is a growing service area in many ISS Global countries, was also the subject of a Knowledge Forum session held in 2007.

Office Support

ISS Global's offering within Office Support encompasses the running of receptions, internal mail handling, scan-

ning and other office logistics, call centres, manpower supply, and outplacement services.

In 2007, Office Support accounted for approximately 6% of total Group revenue compared with 5% in 2006. In absolute figures, revenue in Office Support increased by almost DKK 1 billion to DKK 3.9 billion. ISS Global's service offering within Office Support was strengthened through a number of acquisitions in several countries. For example, ISS Global acquired one of Turkey's leading call-centre businesses, CMC, and seven companies specialised in manpower & staffing, including Group Suprema in Portugal.

The activities within the Office Support division included a Knowledge Forum held at ISS's head office in Copenhagen in March 2007.

Catering

ISS Global's offering within Catering includes in-house restaurants, catering services e.g. for meetings and events, executive dining and coffee solutions.

Catering accounted for about 7% or DKK 4.2 billion of total Group revenue, equalling an increase in revenue of DKK 0.6 billion compared with 2006. As a strategic step towards building new competencies and offerings, Catering was significantly expanded in Asia through three catering acquisitions in India, Indonesia and the Philippines with combined annual revenue amounting to more than DKK 100 million and adding 2,500 employees. ISS Global also made strategically important catering acquisitions in the larger and more mature markets in Belgium, the United Kingdom and Spain, adding more than DKK 600 million in annual revenue.

Security

ISS Global's offering within Security includes primarily manned guarding, access control and patrolling.

In 2007, Security was extracted as an individual business area and added as a fifth "pillar" to the IFS House. Annual revenue amounted to DKK 3.4 billion equivalent to 5% of total revenue. In 2006, revenue from Security accounted for 4% of annual revenue. In total, organic and acquisitive growth amounted to almost DKK 1 billion.

The offering of Security was expanded through acquisitions of security companies and capabilities in Taiwan, Hungary, Indonesia and Israel.

ISS Thailand, which has a well-developed offering within Security, hosted a Knowledge Forum focusing on Security in 2007.

Facility Management (FM)

ISS Global's offering within Facility Management includes on-site management of facility services, change management, space management and consulting.

Facility Management generated revenue of DKK 2.5 billion equivalent to 4% of total revenue. This was the

same relative share as in 2006, but constituted growth of almost DKK 0.4 billion in revenue. Following several major acquisitions of FM companies, e.g. in Germany and Switzerland in 2006, ISS Global strengthened its capabilities and offering within Facility Management services in several countries.

Delivery model

Fundamentally, ISS Global's delivery models include three different ways of delivering services to the clients.

Service solutions are offered as Single Services, Multi Services or Integrated Facility Services. Generally, ISS Global delivers the services through use of own personnel. The use of third party suppliers is usually reserved for special service deliveries, which normally comprise a limited part of a service contract.

In **Single-Service** outsourcing the customer buys one service solution from ISS Global, e.g. outsourcing of cleaning. For single-service deliveries ISS Global distinguishes between key account single-service customers and other customers.

In **Multi-Service** outsourcing, which consists of two or more services but is not a fully integrated solution, the customer achieves the same benefits as with single-service outsourcing only for each outsourced service area as well as benefits of service integration where possible.

In an **Integrated Facility Services** solution, ISS Global delivers two or more services under one contract and with a single point of contact on-site, and ISS Global takes over all or most of the Facility Services functions at the customer's premises. The customer receives both the full potential of single-service outsourcing and the advantages of integrating services.

ISS Global continues to develop and strengthen the Single Service delivery. Similarly, ISS Global strengthens the offering to the clients by building up Multi Services and Integrated Facility Services Solutions.

IFS constituted around 15%, or DKK 9.7 billion, of total annual revenue in 2007, roughly DKK 2 billion more than in 2006.

Acquisitions and new geographies

ISS Global completes acquisitions every year to further broaden its service offering, geographical coverage and establish critical mass. The acquisitions are based on careful screening selections and appropriate due diligence processes to ensure that the acquired companies match the corporate values of ISS Global, add value and growth potential, and that the risks and integration processes connected with acquisitions are manageable.

Since the turn of the millennium, ISS Global has acquired more than 575 companies around the world adding approximately DKK 35 billion in annual revenue. During 2007, ISS Global completed 67 acquisitions spread across 33 countries, including two country establishments and nine platform developing acquisitions. Sixty of the acquisitions had estimated average annual revenue of less than DKK 30 million, confirming the strategy of limiting integration risks. The acquisitions added annualised revenue of approximately DKK 4.5 billion and almost 33,000 employees to ISS Global.

The activities acquired were diversified across all regions and all business areas where ISS Global has operations. 3% of total acquired revenue was in Security, which from 2007 became the fifth "pillar" in the IFS house. The largest business area, Cleaning, also accounted for the largest part of acquired revenue with 38%, heavily impacted by the acquisition of Sanitors in the USA. 31% of acquired revenue was in Property Services, 16% in Catering, 8% in Office Support – and 4% of the acquired revenue was within Facility Management.

During the last few years, ISS Global has significantly expanded its geographical footprint. ISS has established operations in new geographies to pursue business opportunities in countries characterised by significant market potential for facility services and future prospects for strong economic growth. Consequently, ISS Global has expanded operations to high growth countries like China, India, Mexico and a number of countries in Central and Eastern Europe. Since 2004, ISS Global has established operations in 11 countries.

In 2007, ISS Global passed a new milestone by entering the world's largest economy, the USA, through the acquisition of Sanitors Inc. This step was in line with the stated vision of becoming the global leader in Facility Services as the US market is the largest market for outsourcing of facility services. In March 2008, ISS further strengthened its presence in the USA through the acquisition of BGM Industries adding DKK 500 million in estimated annual revenue.

Another new country added to the ISS country list during the year was Taiwan, which ISS entered through a joint acquisition of Topman and the smaller company Fealty Properties Management Co. Ltd., which specialises in providing Facility Management and mechanical & engineering services. By combining the strengths of Topman and Fealty with ISS Global's international concepts, the objective for ISS Taiwan is to lead the Taiwanese facility services market in virtually all customer segments.

Also in early 2007, ISS Global established greenfield operations in Bosnia and Herzegovina.

ISS Global usually enters a new country by establishing a starting platform of cleaning services and subsequently expanding into other relevant business areas. This is also the case in the USA and Taiwan, where acquisitions primarily brought cleaning services and con-

tracts under the ISS brand. However, the acquired companies in these countries also offered e.g. property services, and the entry into Taiwan included facility management activities.

In existing ISS Global geographies, ISS Global broadened its service offering and geographical coverage and continued building up critical mass within office support, catering and security services through acquisitions in 2007.

In 2007, ISS Global completed the following larger and strategic acquisitions in new and existing ISS Global countries:

Topman – Taiwan

In January, ISS Global acquired Topman, a leading Taiwanese provider of cleaning and security services for department stores, commercial properties, condominiums and hospitals, with more than 20 years of experience in the industry. With offices in 10 cities, the acquisition immediately ensured ISS market coverage across all of Taiwan. Among ISS Taiwan's clients is the Taipei Metro Tower - a landmark building in the capital city of Taipei.

Aircon – Norway

In March, ISS Global acquired the remaining 60% of the Aircon Group in Norway. The initial 40% of Aircon was acquired by ISS Global in 2004. Aircon is the second-largest provider of general cleaning services in Norway and the only provider with national coverage besides ISS Global. Aircon's customer base includes both private, commercial and public customers and the acquisition has strengthened ISS Global's position within the Business-to-Business cleaning segment in Norway. The acquisition added approximately DKK 107 million in annual revenue.

Caterhouse Limited – United Kingdom

In April, ISS Global acquired Caterhouse Limited, a catering company that supplies quality and nutritional meals to high schools in Central London and Essex in the United Kingdom.

Caterhouse prepares and cooks school meals from fresh ingredients, and ISS Global will benefit from winning new tenders on the basis of this proven ability to provide healthy and nutritionally compliant school meals. The acquisition added approximately DKK 102 million in annual revenue.

Adviance Technical Services Limited – United Kingdom

In May, ISS Global acquired Adviance Technical Services Limited, a property services company specialising in maintenance of mechanical and electrical building services for industrial and commercial clients in the United Kingdom.

The acquisition supplied the ISS UK business with engineering credibility and critical mass to win large con-

tracts. It also ensured national coverage including the ability to service both large single sites and dispersed portfolios. The acquisition added approximately DKK 207 million in annual revenue and the acquired competencies materially contributed to a significant IFS contract that was won following the acquisition.

Sanitors Inc. – USA

In June, ISS Global entered the USA through the acquisition of Sanitors Inc., taking an important strategic step to fulfil the ambition to lead Facility Services globally. Sanitors Inc. had annual revenue of approximately DKK 1.8 billion, 10,000 employees and a service offering in cleaning, building maintenance, landscaping and security. Sanitors Inc. operates through eight divisions in 42 of the 50 states in the USA.

The acquisition of Sanitors Inc. provided ISS Global with a strong US platform with a solid mix of services, nationwide coverage, a consistent financial performance and a strong reputation in the market. As a large acquisition, Sanitors provided ISS Global with the necessary market leverage from the outset, yet had a manageable size in line with ISS's acquisition strategy.

B.D. Food Invest SA – Belgium

In August, ISS Global expanded its business in the Belgian market through the acquisition of B.D. Food Invest SA, one of the largest catering companies in the southern part of Belgium.

BD Food Invest provides mainly catering for hospitals, refugee centres and schools and the company has a meticulous focus on quality. In addition, the company has important know-how with regards to special diets of people with specific needs. The acquisition added approximately DKK 103 million in annual revenue.

Shivas Hotliers and Caterers Pvt. Ltd. – India

In November, ISS Global acquired the largest catering business in southern India, Shivas Hotliers and Caterers Pvt. Ltd. The company offers catering services and canteen management, primarily to industrial corporations, and added approximately DKK 39 million in annual revenue and 1,500 employees. The acquisition meant that ISS Global expanded its catering operations significantly in a fast-growing facility services market.

Carlos Rocha – Spain

In December, ISS Global acquired Carlos Rocha, which is a well-established catering company in Spain. Carlos Rocha is specialised in contract catering services for hospitals and other healthcare centres. The top five customers are public hospitals and 90% of the revenue is related to public customers, while the remaining 10% is related to Business-to-Business customers.

The acquisition of Carlos Rocha is an important strategic move, as ISS Global has entered the growing Spanish catering market via the sixth-largest player. Furthermore, it is a natural step towards the fulfilment of the Inte-

grated Facility Services strategy. The acquisition added approximately DKK 408 million in annual revenue.

Regional and country development

To reflect ISS Global's geographical expansion in recent years and the differences between consolidated regions and growth regions the regional split was changed in 2007 to the following regions: Nordic, Western Europe, Central and Eastern Europe, Asia, Latin America, the USA and Pacific.

Nordic

In 2007, revenue in the Nordic region increased from DKK 15,475 million in 2006 to DKK 16,488 million in 2007. The increase was driven by 4% organic growth and 2% growth from net acquisitions, while currency adjustments increased revenue by approximately 1%.

Operating profit before other items in the Nordic region increased to DKK 1,162 million, up from DKK 987 million. The operating margin for the region was 7.0% in 2007, up from 6.4% in 2006.

A strong overall performance characterised the activities for ISS Norway in 2007 with revenue of DKK 5,324 million, up from DKK 4,758 million, and with organic growth rate of 6%. The growth was realised mainly as a result of increased activity in Property Services, FM and Office Support divisions. The growth also stems from a low loss rate of contracts, which was the result of customer retention procedures initiated in 2005. In the second half of 2007, ISS Norway experienced high additional social costs in relation to pre-retirement payments. Operating profit before other items was DKK 381 million, equal to an unchanged operating margin of 7.2%, which was positively impacted by a curtailment gain related to defined benefit plans of DKK 13 million.

The organic growth in **ISS Sweden** was 5% in 2007 which, combined with a net acquisitive growth of 3%, increased revenue from DKK 3,558 million in 2006 to DKK 3,861 million in 2007. ISS Sweden further increased the operating margin from 6.4% in 2006 to 6.9% in 2007 and achieved an operating profit before other items of DKK 266 million. The 2007 result was positively impacted by a strong performance related to key accounts as well as a recognised curtailment gain related to defined benefit pension plans of DKK 32 million. This was partly offset by lower profitability in the landscaping division and part of the cleaning business.

Competition within the cleaning and property services industries intensified significantly in Denmark in 2007, which resulted in a slightly negative organic growth for **ISS Denmark**. ISS Denmark was able to maintain revenue of DKK 3,713 million, slightly below the revenue of DKK 3,748 million in 2006. The operating margin was 5.5% in 2007, compared with 6.6% in 2006. The 2007 result was negatively impacted by one-off costs related to administration and payment of overtime wages

amounting to approximately DKK 20 million.

ISS Denmark appointed a new Country Manager and a new management team in 2007, who have focused on increasing profitability across business areas.

ISS Finland successfully completed the turnaround plan initiated in 2006, with all business areas now performing better than last year, in line with expectations, and with Property Services doing particularly well.

Organic growth rate was improved from a negative rate of 2% in 2006 to a positive growth of 5% in 2007. Revenue increased to DKK 3,317 million, and the operating profit before other items was DKK 292 million, compared with DKK 157 million in 2006, equalling an operating margin of 8.8%, up from 5.0% in 2006.

Following the completion of the turnaround plan for ISS Finland, a new country manager has been announced to take over in 2008.

Western Europe

In 2007, revenue in the Western European region increased from DKK 33,666 million in 2006 to DKK 37,709 million. The increase was driven by 7% growth from net acquisitions and 6% organic revenue growth while currency adjustments decreased revenue by approximately 1%.

The operating profit before other items in Western Europe increased to DKK 2,356 million. The operating margin for the region was 6.2% in 2007 compared with 6.4% in 2006.

ISS France, the largest ISS Global country operation, passed a milestone in 2007 by reaching revenue of over DKK 10 billion (DKK 10,144 million). The performance varied between the business areas in France: Cleaning, Pest Control and Landscaping performed very well, but their positive development was offset by negative performances primarily by the project based energy business. The energy business is not part of the Facility Services strategy for ISS France and in February 2008, ISS France completed a divestment of its remaining energy activities.

The organic growth for 2007 was 3%, the operating profit before other items was DKK 632 million compared with DKK 595 million in 2006, and the operating margin was 6.2%, unchanged from 2006. The 2007 result was negatively impacted by losses in the energy division of DKK 42 million which was partly offset by release of provisions following a settlement of social charges of approximately DKK 37 million.

ISS UK, the second-largest country operation in ISS, maintained its market position in a very competitive market and continued to make strong progress. ISS UK increased its organic growth rate to an impressive 9%, which together with a net acquisitive growth of 5% increased revenue to DKK 7,809 million in 2007, up from DKK 6,877 million in 2006. This was accomplished even

though the revenue in ISS UK was influenced by the exchange rate of the pound sterling devaluating against Danish krone in the fourth quarter of 2007.

ISS UK's operating profit before other items was DKK 526 million, up from DKK 433 million the year before and the operating margin increased significantly from 6.3% in 2006 to 6.7% in 2007, fuelled by increased activities in Damage Control and Mediclean.

In 2007, **ISS Spain** increased revenue to DKK 3,775 million, up from DKK 3,142 million, representing growth of 20% compared with 2006. Organic growth represented 8% of the revenue growth, which was driven mainly by the maintenance division in Property Services. The remaining 12% revenue growth came from the five acquisitions that ISS Spain completed during the year. The most significant acquisition was Carlos Rocha, whereby ISS Spain entered the Spanish catering market as the sixth-largest provider of catering services, with an annual revenue of approximately DKK 400 million. Catering is expected to open substantial cross-selling opportunities and be a catalyst for organic growth. Furthermore, ISS Spain continued to consolidate its position within the maintenance sector with the acquisition of Mainsa. The completed acquisitions supported ISS Spain's strategic objective of national coverage and critical mass within the various service offerings.

In addition, ISS Spain delivered an operating margin of 6.4%, the highest in more than a decade, and an operating profit before other items of DKK 242 million compared with DKK 192 million in 2006.

Overall, 2007 was challenging for **ISS Netherlands**. The Cleaning business performed well but this was partially off-set by disappointing performances in especially Security and Landscaping. Revenue increased from DKK 3,481 million in 2006 to DKK 3,654 million, while operating profit before other items was down from DKK 244 million in 2006 to DKK 220 million in 2007, equalling an operating margin of 6.0%. In 2007, operating profit before other items was positively impacted by release of provisions following settlement of legal cases and claims of approximately DKK 25 million. In 2006, the operating profit before other items was favourably impacted by a curtailment gain of DKK 98 million related to defined benefit pension plans.

In 2007, a restructuring of the Cleaning operation was initiated in order to meet demands from both site-based and route-based customers.

ISS Belgium and Luxembourg performed according to plan and the integration of the acquired pest control company Hunt & Ondes in Belgium was completed successfully. Revenue increased from DKK 2,534 million to DKK 2,888 million and the growth rate of 14% was a combination of 7% net acquisitive growth and 7% organic growth. Operating profit before other items amounted to DKK 204 million in 2007, compared with DKK 165 million in 2006, representing an increase in operating margin from 6.5% to 7.1%.

A particularly strong performance in Damage Control resulted in an increase in revenue in **ISS Germany** from DKK 1,842 million in 2006 to DKK 2,235 million in 2007. The organic growth rate was 4% and the acquisitive growth was 17%. The acquisitive growth was related primarily to the full effect of the acquisition of Debeos, now part of FM services, which was acquired in 2006. The expansion within FM services is in line with the objective of offering more integrated services. The operating profit before other items was up from DKK 74 million to DKK 91 million. Both FM services and the Damage Control business contributed to a higher operating margin than the 4.1% average operating margin for Germany.

ISS Switzerland showed impressive growth of 19% in 2007, with 6% stemming from organic growth and 18% from net acquisitive growth while currency adjustments decreased revenue by 5%. This growth largely related to extensive cross-selling and the start-up of new contracts. Secondly, the full effect of the acquisition of Edelweiss in 2006, now FM services, continued to contribute positively to the development of the IFS strategy, aiming at selling more integrated services.

Revenue from Switzerland increased from DKK 1,875 million in 2006 to DKK 2,228 million in 2007. Operating profit before other items was DKK 186 million, up from DKK 143 million in 2006. The operating margin was 8.4%, up from 7.6%. The improvement in the operating margin related primarily to Cleaning, which contributed a higher performance due to continuous improvement in operational efficiency.

During 2007, it was difficult for **ISS Austria** to recruit new employees for some of the existing contracts within Office Support and Manpower, which became a hindrance for the optimal start-up of new contracts. Revenue was up from DKK 1,589 million in 2006 to DKK 1,737 million in 2007, stemming from net acquisitive growth of 6% and organic growth of 3%. Operating profit before other items was DKK 100 million, slightly lower than the DKK 106 million in 2006, and the operating margin was 5.8% compared with 6.7% in 2006.

ISS Israel continued its strong performance in 2007, with revenue of DKK 900 million, up from DKK 769 million in 2006, supported by strong growth rates in Catering and Cleaning. The growth was 17%, of which 8% was organic growth. Furthermore, ISS Israel entered into the Pest Control market by acquiring one of the market leaders, Eitan Amichai in 2007. The operating margin increased from DKK 51 million to DKK 58 million and reached 6.5% compared with 6.7% in 2006.

ISS Turkey achieved impressive growth in 2007. Revenue increased from DKK 539 million in 2006 to DKK 816 million in 2007, and operating profit increased to DKK 55 million, up from DKK 33 million in 2006. The operating margin was strong at 6.8% compared with 6.2% in 2006. The revenue growth of 51% was equally divided between organic growth and acquisitive growth and came primarily from Cleaning, Security, Pest Control and the

newly acquired call centre company CMC.

The results in **ISS Ireland** were heavily impacted by the performance of the Landscaping business. Revenue fell from DKK 575 million in 2006 to DKK 486 million in 2007.

ISS Ireland realised an operating loss before other items of DKK 31 million, down DKK 80 million compared with 2006, impacted primarily by the performance of the landscaping division, resulting in a negative operating margin of 6.5%. Based on a strategic decision to divest project/construction-based landscaping activities, ISS Ireland divested the landscaping division in August 2007, resulting in a loss of DKK 43 million presented in Other income and expenses, net.

A new management team was appointed in August 2007, and the remaining business areas are performing according to plan, illustrated by two large recent contract wins.

ISS Greece performed a turnaround in 2007, following the loss of a major part of its business in Manpower in 2006, and delivered impressive revenue growth of 39% in 2007, with 14% stemming from organic growth and the remaining from acquisitive growth. Operating profit before other items increased from DKK 15 million to DKK 23 million and the operating margin was 7.1%. This performance has established the platform for further growth expected from the acquisition of the cleaning-based company Piotita Zois in November 2007, and the entry into the security market with the acquisition of Aspis Security in 2008.

Central and Eastern Europe

In 2007, revenue in the Central and Eastern European region increased by 31% from DKK 935 million in 2006 to DKK 1,226 million. The increase was driven primarily by strong organic growth of 16% and 13% from net acquisitions while currency adjustments increased revenue by approximately 2%.

Operating profit before other items in Central and Eastern Europe was DKK 91 million and the operating margin for the region was 7.4% in 2007, up from 6.4% in 2006.

ISS Czech Republic improved many of its existing cleaning contracts and developed strongly within technical Facility Management following the acquisitions of Optimal in 2006 and Ryvola in 2007. This resulted in an increase in revenue from DKK 325 million in 2006 to DKK 380 million in 2007. Operating profit before other items increased from DKK 27 million in 2006 to DKK 31 million in 2007 with an operating margin of 8.3%. Revenue growth was 15% with 2% deriving from organic growth.

During 2007, **ISS Slovakia** achieved significant increases in both new sales and customer retention. This resulted in revenue of DKK 266 million in 2007, up from DKK 172 million in 2006. The organic growth was an impressive 25% while growth from net acquisitions

amounted to 18%, and currency adjustments increased revenue by an additional 12%. The Cleaning, Technical Facility Management and Manpower services division were the main contributors to the increased revenue. Operating profit before other items grew from DKK 14 million in 2006 to DKK 23 million in 2007, resulting in an operating margin of 8.6%.

Asia

In 2007, the markets in Asia continued to boast the highest growth rates in ISS. The increase in revenue was 33%, fuelled by organic growth of 19% and acquisitive growth of 20%, partly off-set by negative currency adjustments of 6%. In particular, China, India, Indonesia and the Philippines led the organic revenue expansion with organic growth rates in excess of 40%. The largest contribution to acquisitive growth stemmed from the country establishment in Taiwan through the acquisition of the companies Topman and Fealty completed in January 2007, which established a Cleaning, Security and Facility Management platform in Taiwan.

The operating margin in Asia was 6.6% in 2007, up from 6.2% in 2006. The increase in profitability was fuelled primarily by margin improvements in China, Hong Kong, India, Indonesia, Singapore and Thailand, as well as the establishment in Taiwan.

Operational improvements ensured good results for **ISS Hong Kong** in 2007. The growth achieved was 9%, with 11% stemming from organic growth, 9% from acquisitive growth, net, partly offset by negative currency adjustments of 11%. Revenue increased from DKK 697 million to DKK 761 million in 2007, and operating profit before other items increased to DKK 58 million with an operating margin of 7.7% compared with 7.1% in 2006.

ISS Singapore grew revenue from DKK 472 million to DKK 515 million in 2007 with an operating profit before other items of DKK 31 million and an operating margin of 6.1% compared with 6.0% in 2006. Organic growth was 11%, while net growth from acquisitions was 3%, partly offset by negative currency adjustments of 5%.

With a revenue increase of 50% from DKK 179 million in 2006 to DKK 268 million in 2007 and an operating margin increase to 10% in 2007, **ISS Indonesia** continued its strong performance. Organic growth was an impressive 43%. Through two acquisitions ISS Indonesia added security services and catering services to its Facility Services offering in 2007. Measured in number of employees, ISS Indonesia is the third-largest company in the Group. The number of employees rose to 33,000 in 2007.

ISS Taiwan was established in January 2007 through the platform acquisition of Topman within Cleaning, Security and Property Management services and Fealty within Maintenance and Facility Management services. Revenue in 2007 was DKK 180 million and operating profit before other items was DKK 12 million equalling an operating margin of 6.5%.

Strong organic growth of 58% in **ISS China** and acquisi-

tive growth of 38%, led to an increase in revenue to DKK 159 million in 2007, up from DKK 84 million in 2006, while currency adjustments decreased revenue by 7%. The operating margin was 6.4% compared with an operating margin of 3.3% in 2006, significantly influenced by the investment in growth. The competence-enhancing acquisitions within Facility Management services and technical maintenance services increased the Facility Services capabilities in China.

ISS India also continued its strong growth in 2007 with 94% organic growth and 23% net acquisitive growth and more than 10,000 employees. With the acquisition of Shivas Hotliers and Caterers in 2007, ISS India expanded its Catering operations to gain critical mass alongside the already established Cleaning, Building Maintenance, Pest Control and Office Support services. Revenue more than doubled from DKK 45 million in 2006 to DKK 98 million in 2007. The operating margin increased from 1.0% to 2.6% despite continued investments in infrastructure and management.

Since launching operations in India in 2005, ISS has expanded its presence to cover 18 cities, including the country's principal multi-million population metropolises.

Latin America

ISS Global's operations in Latin America continued to deliver strong growth and expansion in 2007 as a result of the continued focus on service excellence, development of management capabilities and strong sales-team platforms in the region. Cleaning still represents a material percentage of the regional service offerings; however, the countries are rapidly diversifying into new services, especially within building/industrial maintenance. Revenue in Latin America increased from DKK 1,049 million in 2006 to DKK 1,484 million in 2007, driven by strong organic growth of 15% and through acquisitive growth of 30%, while currency adjustments reduced revenue by 4%. Argentina, Chile, Brazil and Uruguay all delivered double-digit organic growth. The operating margin for 2007 was 5.8% compared with 4.8% in 2006, with ISS Brazil as the main contributor.

ISS Brazil experienced strong revenue growth in 2007, up from DKK 580 million in 2006 to DKK 808 million. Operating profit before other items increased from DKK 33 million to DKK 50 million at an operating margin of 6.2%. ISS Brazil experienced good growth both in Cleaning and Industrial maintenance and expanded its capabilities with the acquisition of Semco Manutencao Volante Ltda, which provides route-based technical maintenance.

Revenue for 2007 in **ISS Mexico** increased to DKK 292 million, up from DKK 213 million in 2006. Operating profit before other items more than doubled from DKK 6 million in 2006 to DKK 13 million in 2007 with an operating margin of 4.4%. ISS Mexico expanded its service offering through the purchase of Martex, one of Mexico's most reputable pest control companies with a presence in all major regions in Mexico.

USA

ISS entered the USA in June 2007 through the acquisition of Sanitors, Inc. During the last seven months of 2007, ISS USA generated revenue of DKK 1,100 million and operating profit before other items of DKK 62 million. The operating margin was 5.6%, which is in line with expectations. In March 2008, ISS further strengthened its presence in the USA through the acquisition of BGM Industries adding DKK 500 million in estimated annual revenue.

Pacific

In 2007, the Pacific region, consisting of ISS Australia and ISS New Zealand, increased revenue by 24% to DKK 3,519 million, primarily from acquisitive growth of 15% and organic growth of 6%, while currency adjustments increased revenue by 3%. Operating profit before other items increased to DKK 225 million, up from DKK 176 million in 2006, while the margin increased from 6.2% in 2006 to 6.4%.

ISS Australia increased revenue from DKK 2,691 million in 2006 to DKK 3,307 million in 2007. This revenue growth reflects the full-year contribution from the acquisition of the Tempo Group, which was consolidated from March 2006, together with steady organic growth led by the Security division, which constitutes 36% of the Australian operations. Operating profit before other items also grew from DKK 171 million to DKK 212 million, delivering a consistent 6.4% operating margin, positively impacted by income related to workers' compensation incentives of DKK 34 million received from the Australian government.

During 2007, the Australian Cleaning operations went through a period of restructuring to better equip the business to meet the growing demands of its larger customers. The IFS division also actively implemented initiatives in order to pursue the emerging multi-service opportunities in the rapidly expanding government and natural resources sectors.

Similar growth was achieved in **ISS New Zealand** where revenue increased from DKK 155 million in 2006 to DKK 213 million in 2007, equivalent to an organic growth rate of 9%. Operating profit before other items almost tripled from DKK 5 million to DKK 14 million with an operating margin of 6.4%, compared with 3.3% in 2006.

This result was achieved through significant cross-selling improvements, coupled with a strong performance by the security division. Conditions within the cleaning market continued to be challenging, however through cost control and contract reviews, improvements were achieved.

Management changes

The management team of ISS Global formally consists of the Managing Directors of ISS Global. As ISS Global has no operating activities of its own it relies on the management team of ISS A/S, which consists of the Executive Group Management, the Operational Board and certain senior officers responsible for the day-to-day op-

erations of the Group. Consequently, the management changes described below also include management changes in ISS A/S.

On 13 December 2007, ISS A/S announced that Group COO and Managing Director of ISS Global Flemming Schandorff had decided to retire on 31 March 2008. The former Group CFO, Jeff Gravenhorst, was appointed new Group COO of ISS A/S and took over the responsibilities on 1 April 2008.

ISS A/S is in the process of finding a new Group CFO and until then, Jeff Gravenhorst will continue to act as Group CFO as well.

With effect from 31 March 2007 Flemming Schandorff stepped down from the Board of Directors of ISS Global.

Subsequent events

ISS Global has made a number of acquisitions subsequent to 31 December 2007. All acquisitions concluded between 1 January 2008 and 29 February 2008 are listed in note 11, Acquisition and divestment of businesses, to the consolidated financial statements.

On 29 February 2008, the remaining part of the energy activities in France, classified as assets and liabilities held for sale on 31 December 2007, were sold. In addition, ISS has in February 2008 announced the acquisition of Aspis Security in Greece (subject to government approval) and in March 2008 the acquisition of BGM Industries in the USA.

Apart from the above and the events described in this Annual Report, ISS Global is not aware of events subsequent to 31 December 2007 that are expected to have a material impact on ISS Global's financial position.

Dividend

At the Annual General Meeting, the Board of Directors intends to propose that a dividend of DKK 525 million be paid in respect of the 2007 financial year.

Outlook

The outlook set out below should be read in conjunction with "Forward-looking statements" (see box) and the description of Risk Management set out on pages 19-20 of this report.

In 2008, ISS Global will continue its strategic direction towards offering Integrated Facility Services, strengthening single service excellence and maintaining its focus on key operational objectives (i) cash flow, (ii) operating margin, and (iii) profitable organic growth. The initiatives to improve efficiencies include the continued development of single-service excellence concepts of knowledge and best-practice sharing, further strengthening the global Corporate Client organisation and rolling out the "Service Culture - The ISS Way" programme. Furthermore, the Group intends to continue its strategy of acquiring companies to increase local scale and broadening its service competencies. Finally, ISS Global is also determined to seek to reduce, on a multiple basis, the financial leverage of the Group.

At the prevailing currency rates and including acquisitions and divestments completed up to 16 April 2008, ISS Global expects that revenue will increase by more than 10% compared with 2007, and that the operating margin will be maintained at the current level in 2008.

Depending on market conditions, ISS Global may consider raising additional funding in the debt capital markets in 2008 to support continued progress in line with the Group strategy, including further investments in acquisitions and organic growth initiatives.

Forward-looking statements

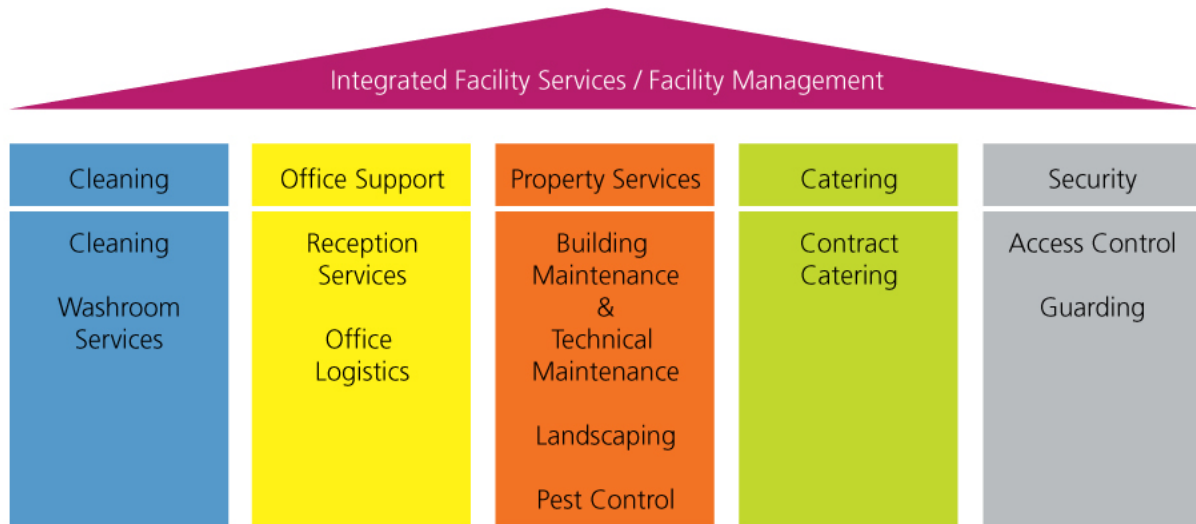
This report may contain forward-looking statements. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. The words "may", "will", "should", "expect", "anticipate", "believe", "estimate", "plan", "predict", "intend" or variations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

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

Governing text

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

Strategy



ISS Global is a subsidiary of ISS A/S (“ISS” or the “Group”) and is therefore subject to the same strategy as ISS. The following section describes the strategy of ISS.

Everything we do at ISS is guided by our vision:

“Lead Facility Services globally – by leading Facility Services locally”

Lead globally with a presence in all main regions and countries.

Lead locally with leading positions in all established markets and the ambition to quickly achieve this position in new markets.

Lead the industry by offering best-in-class Single Services, Multi Services and Integrated Facility Services (IFS).

In 2007, ISS updated the implementation plan on its strategic objectives in the “ISS Strategy Plan 2007-2009”. The ISS Strategy Plan 2007-2009 is a continuation and development of the previous strategy plans and further details the initiatives needed to fulfil the ISS vision.

Service offering

ISS is a global Facility Services company. In 2007, ISS further strengthened its global delivery capability by adding new service areas in several countries and by expanding existing service areas through organic growth and acquisitions. In response to customer demand, ISS has established operations in security services through acquisitions in several geographies. To further strengthen the strategic focus on

developing this business area, Security, including access control and guarding services, was from the outset of 2007 added as a fifth pillar in ISS’s “IFS House” as illustrated above. This means that ISS can offer a wide range of services within the IFS House:

- Cleaning
- Office Support
- Property Services
- Catering
- Security
- Facility Management

Delivery model

Service solutions are offered to the customer as Single Services, Multi Services or Integrated Facility Services and are generally self-delivered by ISS.

In single-service outsourcing, the customer buys one service solution from ISS, e.g. outsourcing of cleaning or property services. The customer thereby enjoys the benefits of outsourcing to ISS and can capitalise on service know-how and best practices, HR management, procurement benefits, reduced financial administration of the outsourced service area, increased operational flexibility, etc.

In multi-service outsourcing (two or more services without the full integration of IFS) the customer achieves the same benefits as with single-service outsourcing for each outsourced service area as well as benefits of service integration where possible.

In an Integrated Facility Services solution (two or more services under one contract and with a single point of contact on-site), ISS takes over all or most of the Facility Service functions at the customer's premises. The customer thereby receives both the full potential of single-service outsourcing and the advantages of integrating services. By integrating services, ISS can drive further cost synergies and increase simplicity, efficiency and flexibility for the customer by providing a single point of contact, and utilise best practice across service areas.

Single-service excellence

The foundation for being the leading Facility Services company is a continuous focus on delivering service excellence in every service area. Going forward, ISS will continue to focus heavily on developing and spreading single-service excellence throughout the organisation.

In 2007, significant resources were added to the Cleaning Excellence initiative, as cleaning is still ISS's largest single service area. The purpose of the Cleaning Excellence concept is to support the ISS countries in delivering optimal performance, using the most efficient tools and methods, superior training, improved logistics, efficient supply chain, cost reductions and gap-closing tool processes.

To facilitate knowledge sharing and best practices between countries and within the service lines, ISS has established Knowledge Forums within all key service areas. These forums are sponsored by a COO or Regional Director and focus on both general knowledge sharing and the implementation of specific service-excellence initiatives.

Development and methodology

ISS continued the development of new services, delivery models, systems and methodologies in 2007 to fulfil its vision of being the leading global Facility Services company.

Global Corporate Client organisation

To further leverage and develop ISS's position as the leading global Facility Services company and provide excellent service for our multinational clients, in November 2007 ISS decided to introduce a global Corporate Clients organisation. The purpose of the Corporate Client organisation is to:

- drive New Business Sales with selected multinational customers
- operate multinational clients through a key account organisation
- support 100% retention of existing multinational customers
- support further development of IFS within the countries

IFS implementation

An IFS implementation team was established in 2006 with the primary focus of accelerating the IFS implementation in selected countries. The team consists of experienced specialists with an overlying mission of providing operational support in winning, bidding, transitioning and operating the first IFS contract within a country. Going forward, this team will be an integrated part of the Corporate Clients organisation, working with both building IFS competencies in the

countries and operating multinational IFS contracts.

Service Culture – The ISS Way

In 2007, ISS decided to establish the "Service Culture – The ISS Way" programme to further define and develop a strong and characteristic corporate culture and an ISS approach to service management for all country organisations to implement. The aim of Service Culture – The ISS Way is to achieve specific improvements in customer retention and employee satisfaction by educating the organisation in service management and the ISS values. It is the ambition that the programme will have a positive short and long-term effect on both customer satisfaction and employee motivation. Service Culture - The ISS Way is a cornerstone towards maintaining and further improving the ISS position as one of the world's leading service organisations.

Systems and methodologies

ISS will invest further in systems and methodologies.

In 2007, ISS's IT business solutions were further developed and implemented in a number of countries. Shared initiatives in a number of areas such as planning tools, facility service management systems, etc. have been developed and will be further implemented.

Operational objectives

ISS will seek to maintain and enhance operational efficiency by retaining its focus on three well-established and prioritised operational objectives for its local managers: (i) cash flow, (ii) operating margin, and (iii) profitable organic growth. In addition, ISS will focus on reducing financial leverage on a multiple basis.

Cash flow

ISS's first objective is to continue to maintain a relatively high rate of cash conversion primarily by operating in a manner that optimises working capital. Through this approach, ISS expects to continue to generate a level of positive cash flow from operations exceeding its obligations to service its credit facilities.

Operating margin

ISS's second objective is to maintain or improve its operating margin, which increased from 5.9% in 2006 to 6.5% in 2007 for ISS Global. ISS will seek to generate further operational efficiencies by increasing its local market positions and operational densities, as well as through the implementation of company-wide best practices. In 2007, ISS increased its market position and service offering in especially the high-growth economies and introduced regional Cleaning Excellence teams.

Profitable organic growth

ISS's third objective is to continue to leverage its international market position and service offering in order to increase its local market positions and drive

organic growth. ISS continues to work with a wide range of initiatives to: (i) attract new customers, (ii) increase customer retention rates, including through the establishment of dedicated key account teams, and (iii) cross-selling related services, such as security and pest control, to existing customers. Additionally, ISS has increased its market presence and operating platform in selected high-growth economies, particularly in Latin America, Asia and Eastern Europe.

Reduce financial leverage

ISS is determined to seek to reduce the financial leverage of the Group on a multiple basis. This is expected to be achieved primarily through growth in ISS's operating profit through a continued focus on cash flow, operating margin, organic growth and acquisitions. However, as a result of this growth strategy, ISS expects to incur additional debt in the future. The extent and timing of ISS's deleveraging on a multiple basis will, however, depend upon, among other things, ISS's cash flow generation and the scale and timing of payments related to its future acquisition activities, which may temporarily increase its leverage on a multiple basis in terms of net debt to pro forma adjusted EBITDA.

Growth and geography

A wide range of initiatives will underpin organic growth spanning from further investment in the growth economies of the world via an enhanced sales force and training for new customer retention initiatives.

ISS intends to continue to focus on the high-growth economies in Latin America, Asia and Central and Eastern Europe. In 2007, ISS experienced revenue growth of 33% in Asia, including a new country establishment in Taiwan. Revenue growth in Central & Eastern Europe was 31% in 2007 while revenue grew in Latin America by 41% compared with 2006.

ISS expects to continue to make acquisitions to facilitate its strategy of increasing local scale and broadening its local service offerings. Since the beginning of 2000, ISS has acquired and integrated more than 575 businesses, of which more than 500 were acquisitions of relatively small businesses with annual revenue of less than DKK 100 million (EUR 13.4 million).

In 2007, ISS entered the US Facility Services market through the acquisition of Sanitors Inc. Sanitors has annual revenue of approximately DKK 1.8 billion, 10,000 employees and a service offering in cleaning, building maintenance, landscaping and security. The company operates in 42 of the country's 50 states. With the acquisition of Sanitors, ISS has created a strong platform for future organic and acquisitive growth in the US market. ISS intends to build on this platform by expanding its geographical coverage in the USA and further strengthening delivery capabilities within the service areas where ISS is already present.

ISS expects to continue focusing primarily on smaller bolt-on acquisitions, which it believes will reduce the risks relating to individual acquisitions and enable it to leverage the experience of local management teams throughout its countries of operation. ISS cannot provide any assurance, however, that it will not pursue larger acquisitions in the future.

It is important to emphasise that acquisition driven revenue growth will vary widely from year to year, among other things depending on opportunities, organisational capability, financial resources, etc. and thus acquisition speed could deviate significantly from the level mentioned above.

Corporate Governance

ISS Global is a subsidiary of ISS A/S (“ISS” or the “Group”) and is therefore subject to the same corporate governance policies as ISS. The following section describes the corporate governance policies applicable in ISS.

Corporate governance policies and procedures

ISS is committed to good corporate governance. This is a practice fundamental to all ISS’s activities as it benefits stakeholders and the business itself.

Accordingly, although ISS’s shares are not publicly listed, the Group to some extent applies corporate policies and procedures based on the recommendations applicable to companies listed on the OMX Nordic Exchange Copenhagen. However, being privately held, some of the recommendations primarily targeted at companies with a broad shareholder base are not relevant for ISS.

Shareholders

ISS is a limited liability company incorporated and operating under Danish law. The company’s share capital is indirectly owned primarily by funds advised by EQT Partners (“EQT”) and GS Capital Partners (together with EQT the “Principal Shareholders”).

EQT is a leading private equity group with operations in Northern Europe and Greater China. EQT currently manages approximately EUR 11 billion in 12 funds. In total, EQT funds have invested approximately EUR 6 billion in about 60 companies. EQT Partners, acting as exclusive investment advisor to EQT, is headquartered in Stockholm and maintains offices in Copenhagen, Frankfurt, Helsinki, Hong Kong, Munich, New York, Oslo and Shanghai.

GS Capital Partners is the private equity vehicle through which the Goldman Sachs Group, Inc. conducts its privately negotiated corporate equity investment activities. Since 1986, GS Capital Partners has raised thirteen corporate investment vehicles aggregating over USD 56 billion of capital (including mezzanine funds). GS Capital Partners is a global private equity group focused on large, sophisticated business opportunities in which value can be created through leveraging the resources of Goldman Sachs.

Shareholders’ agreement

The Principal Shareholders have entered into a shareholders’ agreement applying to any entities through which EQT and GS Capital Partners hold their interest in ISS. The description below relates to

implications of the shareholders’ agreement for ISS.

Under the shareholders’ agreement, the Board of Directors of ISS (the Board) shall consist of six members excluding employee representatives. EQT and GS Capital Partners are entitled to nominate three directors each. EQT has the right to nominate the Chairman of the Board, after consultation with GS Capital Partners. In addition, each of EQT and GS Capital Partners is entitled to appoint one deputy member of the Board who shall be entitled to be present at Board meetings, but the two deputy members shall be entitled to vote only if they are substitutes for a Board member who is unable to attend the meeting.

The Board will generally act by simple majority, with the Chairman casting the deciding vote in the event of a tie. However, under the shareholders’ agreement, certain actions require special approval by one or both of the Principal Shareholders.

Stakeholders

ISS is committed to creating value for all its key stakeholders, i.e. investors, customers, employees, suppliers and the societies in which it operates. This commitment is vested in ISS’s four corporate values: honesty, entrepreneurship, responsibility and quality, based on the recognition that stakeholder value is directly connected to financial performance.

ISS has developed a corporate code of conduct endorsed by the Board. The code applies to all ISS’s executives, managers and employees and is intended to assist them in carrying out their duties and responsibilities to high ethical standards. The code of conduct is available from the corporate website: www.issworld.com.

The stakeholder approach is also put into practice in dialogues and partnerships with the United Nations (the Global Compact initiative), the European Works Council and Amnesty International’s Business Club. Relations with stakeholders are described in further detail in the Stakeholder Review in the Annual Report for 2007 for ISS A/S.

Openness and transparency

In addition to its country-specific websites, ISS has a corporate website at www.issworld.com on which financial statements and other announcements are posted. ISS endeavours to keep the website up to date at all times. Due to ISS’s international relations, the website is in English.

ISS has prepared its consolidated financial statements for 2007 in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU with effect for financial reporting periods beginning on 1 January 2007, and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act. The accounting policies applied are described in note 1 to the consoli-

dated financial statements. The annual reports of ISS include financial as well as non-financial information.

For information about the ISS Group, stakeholders are always welcome to contact ISS's Group Communications Department (info@group.issworld.com). Questions from investors may be directed to Group Treasury of ISS (ir@group.issworld.com).

The Board

ISS has a two-tier management structure consisting of the Board of Directors (the Board) and the Executive Group Management (the EGM). The Board supervises the company's activities, its management and organisation. The EGM is responsible for ISS's day-to-day operations. The two bodies are separate and do not have overlapping members.

The Board functions in accordance with the rules set out in the Danish Public Companies Act, the shareholders agreement and its rules of procedure, which provide guidelines for the Board's work in general and prescribe any special duties assigned to the Chairman of the Board.

ISS follows the ISS Strategy Plan 2007-2009 approved by the Board in spring 2007. A description of the Group strategy is available from the corporate website: www.issworld.com. It contains ISS's visions, goals, core values etc.

The Board convenes at least six times a year. Extraordinary meetings are convened whenever specific matters need attention between scheduled meetings. The Board is briefed about important matters in the periods between Board meetings.

The monthly reporting is the primary formal communication vehicle between management and the Board. The Board approves the strategy plan, the annual budget and large or strategic acquisitions based on recommendations from the Acquisition Committee (see "Board Committees" below).

The directors are nominated to the Board in accordance with the shareholders' agreement described above. As per 31 December 2007, six directors and one alternate director served on the Board:

- Sir Francis Mackay (Chairman), Chairman of Carlton Partner LLP;
- Leif Östling (Vice-Chairman), President and Group Chief Executive of Scania AB;
- Ole Andersen, Head of the Copenhagen office of EQT Partners and Senior Partner at EQT Partners;
- Sanjay Patel, Co-head of Private Equity in Europe for the Principal Investment Area of Goldman Sachs;
- Christoph Sander, Co-founder and CEO of Casper Limited;
- Steven Sher, Managing Director for the

Principal Investment Area of Goldman Sachs International; and

- Peter Korsholm (alternate director), Partner at EQT Partners.

A further description of the Board members is available in the Annual Report for 2007 for ISS A/S.

Board committees

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

The Acquisition Committee considers ISS's procedures for acquisitions and integration, effected acquisitions and the acquisition pipeline. The committee consists of at least three members of the Board (currently Christoph Sander, Peter Korsholm and Steven Sher), and the Group CEO, Group CFO and Head of Group M&A participate in its meetings. The committee is convened at least six times a year.

The Remuneration Committee considers remuneration packages and incentive schemes for ISS Management Team members, compensation levels and bonus systems in general, and the status of the Management Participation Programme. The committee consists of at least three members of the Board (currently Francis Mackay, Ole Andersen and Sanjay Patel), and the Group CEO participates in its meetings. The committee is convened at least twice a year.

The Financing Committee considers ISS's capital structure, financing of future investments and hedging policies. The committee consists of at least two members of the Board (currently Peter Korsholm and Steven Sher), and the Group CFO and Head of Group Treasury participate in its meetings. The committee is convened at least twice a year.

The Audit Committee evaluates ISS's external financial reporting, main accounting principles and estimates, and systems of internal controls and risk management. Further, the committee considers the relationship to ISS's external auditor and reviews the audit process. The committee consists of at least three members of the Board (currently Leif Östling, Christoph Sander, Steven Sher and Peter Korsholm), and the Group CFO participates in its meetings. The committee is convened at least twice a year.

Executive Group Management

The Executive Group Management of ISS consists of Jørgen Lindegaard, Group CEO; Jeff Gravenhorst, Group COO and Group CFO (the EGM). Flemming Schandorff was Group COO until 31 March 2008, when Jeff Gravenhorst took over the responsibilities as Group COO. ISS is in the process of finding a new Group CFO and until then, Jeff Gravenhorst will continue to act as Group CFO as well.

The EGM together with COOs Allan Aebischer, Jacob Götzsche, Stig Pastwa and Martin Gaarn Thomsen, Head of Group M&A Jens Ebbe Olesen, Head of Group Development Magnus Åkerberg and Head of Group Treasury Christian Kofoed Jakobsen constitute the Operational Board (the OB). The primary task of the OB is to coordinate and evaluate acquisitions made by the Group, operational issues in general as well as to discuss and develop new general stra-

tegic initiatives.

Further, the EGM, the OB and certain senior officers of ISS constitute the ISS Management Team (the IMT).

The members of the IMT are remunerated with a combination of a fixed salary and a bonus, which is capped at 50% of their fixed salary. The employment contracts of the IMT members are subject to termination periods of between 12 and 18 months. Directorships in companies in the ISS Group held by members of the IMT are not remunerated separately.

No member of the IMT is permitted to hold directorships in companies outside the ISS Group unless specific consent is granted. Remuneration received in respect of such external directorships is retained by the member, and ISS assumes no liability for such directorships.

Country management

ISS has country management teams in each of the countries in which it operates that are structured based on ISS principles and experience as well as local legislation and practice. ISS delegates substantial autonomy and considerable powers to the country management teams including management of operations in their relevant markets, financial reporting, local tax and compliance with local legislation and practices. A description of the country management teams can be found on the ISS website or annual report for each relevant country.

Management Participation Programme

The Principal Shareholders have established a Management Participation Programme, under which the IMT and a number of senior officers of the Group were given the opportunity to make investments. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants of FS Invest, ISS's ultimate parent. As of 31 December 2007, the investments amounted to DKK 191 million in total for 139 executives and officers. As part of the programme, warrants in FS Invest were granted of which 532,012 were outstanding as of 31 December 2007.

Non-executive members of the Board (except representatives of the Principal Shareholders) have been given the opportunity to participate in a directors' participation programme, under which they have invested in a mix of FS Invest shares and warrants of amounting to approximately DKK 6.4 million in total. In addition, they have co-invested with the Principal Shareholders for approximately DKK 17.6 million in total.

Risk management

ISS strives to identify risk factors that may have an adverse effect on the ISS Group's activities, financial position, results and future growth. For a detailed

non-exhaustive listing of the risk factors to which the Group is subject to, reference is made to the High Yield Offering Memorandum.

ISS considers strong controls to be an essential management tool. Accordingly, care is taken to ensure that a sound framework of controls is in place for safeguarding the business. However, such controls are designed to manage rather than eliminate the risks and can provide only reasonable and not absolute assurance against material misstatements or losses. The policies and procedures set out below reflect the principal features of the ISS Group's control environment.

Overall, operational and financial risk are managed in accordance with a policy adopted by the Board. In addition, detailed plans and business procedures for a number of functions are described in manuals and guidelines.

Operational risk management focuses principally on procedures for claims management, entering into contracts, occupational safety, environment and safeguarding of physical assets. Operational risk is assessed on the basis of the activities of each operating company, historic and current claims events, and the markets in which the companies operate. Operational risk is monitored and mitigated in accordance with ISS Group standards for risk management, risk financing and good operational practice. Operational risk financing is based on insurance and own funding, primarily through local and global insurance programmes including a captive (Global Insurance A/S), all coordinated centrally in ISS.

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

Financial risk management focuses principally on interest rate risk, currency risk and credit risk. The ISS Group's financial risk management is described in note 31 to the consolidated financial statements.

The policies for operational and financial risk management and the ISS Group's standards are documented and distributed to the operating companies. ISS's Group Risk Management and Group Treasury departments supervise compliance with these standards. Monthly reporting to the Board contains an overview of the status in these areas.

Operational responsibility is delegated to the operating companies under the supervision of regional management. In order to ensure that adequate internal control procedures are maintained locally, controllers employed by ISS visit the subsidiaries regularly. Controller visits take place according to a plan for the year approved by the Audit Committee and in accordance with the control procedures and standards defined in ISS's control manual. The findings and conclusions of the visits, which include recommendations on how to improve the control environment, are presented in reports addressed to local and regional managements and the external auditor. The controllers perform follow-up reviews to ensure that the recommendations are implemented.

Other key elements of the framework constituting ISS's control environment are:

- Strategy reviews – annual meetings with country managers at which the strategy is discussed and priorities and plans for the coming year are agreed.
- Business reviews – monthly meetings between regional management and country managers with a focus on the current performance and state of the business.
- Budgets and financial plans – all countries must prepare budgets and plans for the next financial year in a pre-defined format. Regional managements review the budgets and plans with the countries.
- Acquisitions – all acquisition proposals must be presented in a predefined acquisition report and valuation model for approval. Board approval is required for large or strategic acquisitions.
- Reporting of cash flow forecasts – countries must report the daily cash flow forecast for the coming month on the third working day of each month. Subsequently, actual figures are continuously monitored by ISS's Group Treasury department for deviations from the forecasted figures.
- Reporting of financial results – all countries must report a full income statement, balance sheet, portfolio analysis etc. on a monthly basis. Any significant variance from budgets must be explained.
- Full-year forecasts – all countries must update and report their year-end estimates twice a year.

Auditor

The Board nominates the external auditor for election pursuant to the shareholder's agreement. The nomination is made after an assessment of the competencies, objectivity and independence of the external auditor and the effectiveness of the audit process.

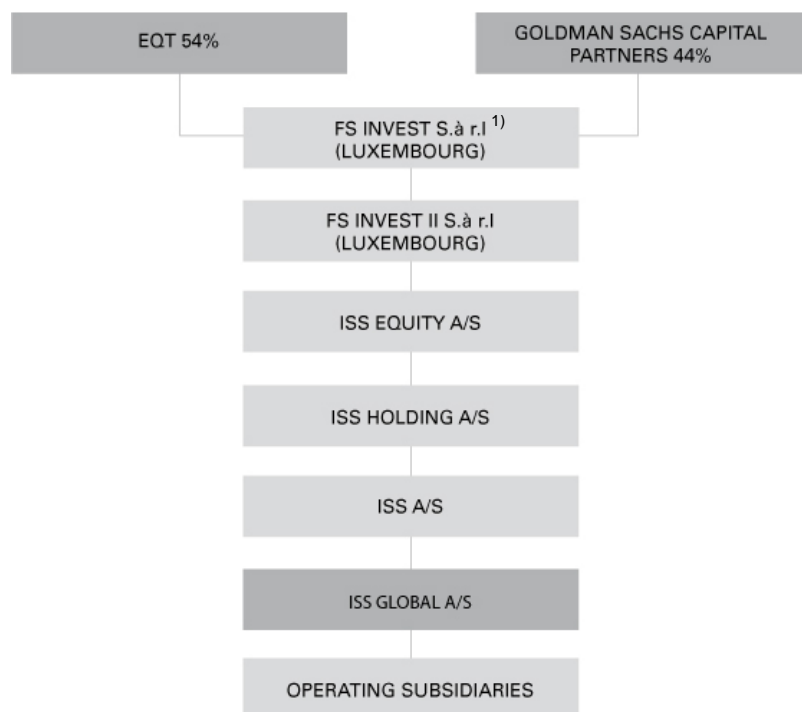
An independent business relationship with the ISS Group's external auditor is essential for the control environment. As part of the safeguarding measures to ensure independence, the external auditor may not be used for certain non-audit services for ISS including, but not limited to, preparation of accounting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

The company collaborates with its external auditor in relation to risk management by exchanging controller reports and audit reports and by generally sharing relevant knowledge.

All Board members receive the external auditor's long-form audit reports in connection with the audit of the annual financial statements and any other long-form report.

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

Group Structure



¹⁾ As described in note 32 to the consolidated financial statements, the Managing Directors, the Board of Directors and a number of senior officers of the Group have invested, directly or indirectly, in shares in FS Invest S.à r.l. The total number of shares held by these officers is below 2% of the total share capital.

Board of Directors of ISS Global A/S

Jørgen Lindegaard (1948)
Chairman

Jeff Gravenhorst (1962)
Member of the Board

Bjørn Raasteen (1964)
Member of the Board

Managing Directors of ISS Global A/S

Bjørn Raasteen (1964)
Group General Counsel

Christian K. Jakobsen (1970)
Group Treasurer

Note: The ultimate parent company for which consolidated financial statements are prepared is FS Invest S.à r.l. The consolidated financial statements can be acquired at FS Invest S.à r.l., 9-11 Grand Rue, L-1661 Luxembourg

Management Statement

Copenhagen, 16 April 2008

The Board of Directors and the Managing Directors have today discussed and approved the Annual Report 2007 of ISS Global A/S. The Annual Report 2007 has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports.

In our opinion, the Annual Report gives a true and fair view of the Group's and the Parent Company's financial position at 31 December 2007 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 2007.

Managing Directors

Bjørn Raasteen
Group General Counsel

Christian K. Jakobsen
Group Treasurer

Board of Directors

Jørgen Lindegaard
Chairman

Jeff Gravenhorst

Bjørn Raasteen

Independent Auditor's Report

To the shareholder of ISS Global A/S

We have audited the Annual Report of ISS Global A/S for the financial year 1 January - 31 December 2007, which comprises the Company Report, Management Statement, Financial Review, Income Statement, Cash Flow Statement, Balance Sheet, Statement of Total Recognised Income and Expense and Changes in Equity and as Notes to the Financial Statements for the Group as well as for the parent company. The Annual Report has been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

Management's responsibility for the Annual Report

Management is responsible for the preparation and fair presentation of the Annual Report in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of an annual report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on the Annual Report based on our audit. We conducted our audit in accordance with Danish and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the Annual Report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual report. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of

the Annual Report, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Annual Report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the Annual Report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit did not result in any qualification.

Opinion

In our opinion, the Annual Report gives a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2007 and of the results of the Group's and the Company's operations and cash flows for the financial year then ended in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements.

KPMG C.Jespersen
Statsautoriseret Revisionsinteressentskab

Copenhagen, 16 April 2008

Jesper Ridder Olsen
State Authorised
Public Accountant

Claus Kronbak
State Authorised
Public Accountant

Financial Review

The consolidated financial statements of ISS Global as of and for the year ended 31 December 2007 have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU being effective for accounting periods beginning on 1 January 2007, and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act. The applied accounting policies are described in note 1 to the consolidated financial statements.

Income Statement

To reflect ISS Global's geographical expansion in recent years and the differences between consolidated regions and growth regions the regional split has been changed to the following regions: Nordic, Western Europe, Central and Eastern Europe, Asia, Latin America, USA and Pacific. The comments in the following sections are based on the figures for the new regions and comparative figures have been restated accordingly.

Revenue

Revenue increased by DKK 8,151 million, or 15%, from DKK 55,784 million in 2006 to DKK 63,935 million in 2007, primarily due to 10% growth from acquisitions and organic growth of 6%, partly offset by negative growth of 1% from divestments.

Nordic revenue increased by DKK 1,013 million, or 7%, from DKK 15,475 million in 2006 to DKK 16,488

million in 2007. The increase was related primarily to organic growth, which increased revenue by 4%, mainly due to organic growth in Norway, Sweden and Finland. Acquisitions, net of divestments, accounted for growth of 2%, driven by acquisitions in Norway and Sweden. Currency adjustments increased revenue by approximately 1%.

Western Europe revenue increased by DKK 4,043 million, or 12%, from DKK 33,666 million in 2006 to DKK 37,709 million in 2007. The increase was primarily due to 7% growth from acquisitions and divestments, net. Organic growth increased revenue by 6%, which primarily stemmed from organic growth in the United Kingdom of 9% and Spain of 8%. Turkey, Portugal and Greece all achieved double digit organic and acquisitive growth in 2007. With the exception of Ireland and Italy organic growth was positive in all countries in the region. Currency adjustments decreased revenue by approximately 1%.

Revenue in Central and Eastern Europe increased by DKK 291 million, or 31%, from DKK 935 million in 2006 to DKK 1,226 million in 2007. The growth was driven by organic growth of 16%. Acquisitions, net of divestments, accounted for growth of 13%, primarily stemming from the acquisition of Ryvola in the Czech Republic and Slovakia. Currency adjustments increased the revenue for the region by approximately 2%.

Asia revenue increased by DKK 591 million, or 33%,

Operating results, 2007								
	Revenue			Operating profit before other items			Operating margin before other items	
	DKK millions			DKK millions			2007	2006
	2007	2006	Change	2007	2006	Change	2007	2006
Nordic ¹⁾	16,488	15,475	7%	1,162	987	18%	7.0 %	6.4 %
Western Europe ²⁾	37,709	33,666	12%	2,356	2,139	10%	6.2 %	6.4 %
Central and Eastern Europe ³⁾	1,226	935	31%	91	59	54%	7.4 %	6.3 %
Asia ⁴⁾	2,409	1,818	33%	158	113	40%	6.6 %	6.2 %
Latin America ⁵⁾	1,484	1,049	41%	86	50	72%	5.8 %	4.8 %
USA ⁶⁾	1,100	N/A	N/A	62	N/A	N/A	5.6 %	N/A
Pacific ⁷⁾	3,519	2,846	24%	225	176	28%	6.4 %	6.2 %
Corporate / eliminations	-	(5)	N/A	43	(231)	N/A	N/A	N/A
Total	63,935	55,784	15%	4,183	3,293	27%	6.5 %	5.9 %

¹⁾ Nordic comprises Denmark, the Faroe Islands, Finland, Greenland, Iceland, Norway and Sweden.
²⁾ Western Europe comprises Austria, Belgium & Luxembourg, France, Germany, Greece, Ireland, Israel, Italy, the Netherlands, Portugal, Spain, Switzerland, Turkey and the United Kingdom.
³⁾ Central and Eastern Europe comprises Bosnia and Herzegovina, Croatia, the Czech Republic, Estonia, Hungary, Poland, Romania, Russia, Slovakia and Slovenia.
⁴⁾ Asia comprises Brunei, China, Hong Kong, India, Indonesia, Malaysia, the Philippines, Singapore, Sri Lanka, Taiwan and Thailand.
⁵⁾ Latin America comprises Argentina, Brazil, Chile, Mexico and Uruguay.
⁶⁾ USA was established as a region through the acquisition of Sanitors Inc. in June 2007.
⁷⁾ Pacific comprises Australia and New Zealand.

Revenue growth, 2007

	Revenue growth, %			
	Organic ¹⁾	Acq./Div., net	Currency	Total growth
Nordic	4	2	1	7
Western Europe	6	7	(1)	12
Central and Eastern Europe	16	13	2	31
Asia	19	20	(6)	33
Latin America	15	30	(4)	41
USA ²⁾	N/A	N/A	N/A	N/A
Pacific	6	15	3	24
Total	6	9	(0)	15

¹⁾ For a description of the method applied in estimating organic growth, see below.

²⁾ USA was established as a region through the acquisition of Sanitors Inc. in June 2007.

Organic growth

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

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

Acquisitions of businesses with reported annual revenue of less than DKK 50 million (EUR 7 million)

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

Acquisitions of businesses with reported annual revenue of DKK 50 million (EUR 7 million) or more

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

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

The difference between ISS Global's actual current period consolidated revenue and its adjusted prior period consolidated revenue is deemed by ISS Global to be its organic growth, which is expressed as a percentage calculated by dividing organic growth calculated in this manner by ISS Global's actual prior period consolidated revenue adjusted to current year exchange rates. The calculations of organic growth are based on the unaudited internal management accounts of the acquired businesses and related estimates. The organic growth numbers have not been, and cannot be, audited.

from DKK 1,818 million in 2006 to DKK 2,409 million in 2007. The increase was due primarily to 20% growth from acquisitions and divestments, net and organic growth of 19%, driven mainly by Indonesia, China and India. In addition, the majority of the countries in the region realised double-digit organic growth figures. Currency adjustments decreased the revenue for the region by approximately 6%.

Latin America revenue increased by DKK 435 million, or 41%, from DKK 1,049 million in 2006 to DKK 1,484 million in 2007. The increase was due primarily to 30% growth from acquisitions mainly in Brazil and Mexico. Organic growth increased revenue by 15%, the main contributors being Brazil, Argentina and Chile. Currency adjustments decreased the revenue for the region by approximately 4%.

USA revenue was DKK 1,100 million, which was in line with expectations. The revenue is related to the country establishment in the USA, via the acquisition of Sanitors Inc., which was completed in June 2007.

Pacific revenue increased by DKK 673 million, or 24%, from DKK 2,846 million in 2006 to DKK 3,519 million in 2007. The increase was due primarily to 15% growth from acquisitions, predominantly the effect of the acquisition of Tempo Services in March 2006. Organic growth increased revenue by 6%, which stemmed from positive organic growth in both Australia and New Zealand. Currency adjustments positively impacted the revenue for the region by approximately 3%.

Staff costs

Staff costs consist of salaries, wages, pension contributions, social security expenses and other employee-related costs, such as bonuses. Staff costs increased by DKK 4,553 million, or 13%, from DKK 36,283 million in 2006 to DKK 40,836 million in 2007. This increase was primarily due to an increase in the overall number of employees as a result of acquisitions and organic growth. Staff costs as a percentage of revenue decreased from 65.0% in 2006 to 63.9% in 2007, primarily as a consequence of growth in geographies and services with a less labour intensive cost structure.

Cost of sales

Cost of sales consists primarily of costs of cleaning supplies, catering supplies and other materials used in ISS Global's operations related to the recorded revenue. Cost of sales increased by DKK 703 million, or 14%, from DKK 4,911 million in 2006 to DKK 5,614 million in 2007. This increase was due primarily to acquisitions and organic growth. Cost of sales as a percentage of revenue amounted to 8.8% in 2007, which is the same level as in 2006.

Other operating expenses

Other operating expenses consists primarily of selling and distribution costs, subcontracting costs, administrative expenses, marketing and advertising

expenses and vehicle lease payments. Other operating expenses also include costs incurred in respect of professional services, such as audit and legal fees, as well as losses on accounts receivable. Other operating expenses increased by DKK 1,910 million, or 18%, from DKK 10,557 million in 2006 to DKK 12,467 million in 2007. This increase was due primarily to acquisitions and organic growth. Other operating expenses as a percentage of revenue increased from 18.9% in 2006 to 19.5% in 2007, mainly relating to increased subcontractor costs as a result of a change in mix of activities in particular towards Facility Management in Germany and Switzerland and increase in Property Services in Spain and United Kingdom.

Depreciation and amortisation

Depreciation and amortisation consists of depreciation of property, plant and equipment and amortisation of intangible assets other than goodwill, customer contracts and brands. Depreciation and amortisation increased by DKK 95 million, or 13%, from DKK 740 million in 2006 to DKK 835 million in 2007. Depreciation and amortisation excluding amortisation of intangibles related to acquisitions remained unchanged, as a percentage of revenue, at 1.3% in both 2007 and 2006.

Operating profit before other items

Operating profit before other items increased by DKK 890 million, or 27%, from DKK 3,293 million in 2006 to DKK 4,183 million in 2007, due to the factors discussed above. Operating profit before other items as a percentage of revenue, i.e. the operating margin, was 6.5% in 2007 compared with 5.9% in 2006, as a result of improvements in the operating margin in all regions apart from Western Europe, as well as the positive effect of DKK 311 million related to transfer of employees from ISS Management A/S, a wholly owned subsidiary, to ISS A/S with effect from 1 January 2007.

The operating profit before other items in the Nordic region increased 18% to DKK 1,162 million. The operating margin in the region increased from 6.4% in 2006 to 7.0% in 2007. The operating margin in ISS Finland increased from 5.0% in 2006 to 8.8% in 2007 primarily a result of a successful turn-around process initiated in 2006. ISS Sweden increased the operating margin from 6.4% in 2006 to 6.9% in 2007, positively impacted by a strong performance from key accounts as well as income related to curtailment gains of DKK 32 million on defined benefit pension schemes. ISS Norway maintained an operating margin of 7.2% positively impacted by income related to curtailment gains of DKK 13 million on defined benefit pension schemes in 2007. The positive developments in Finland and Sweden were partly offset by a negative development in the operating margin in ISS Denmark, which decreased from 6.6% in 2006 to 5.5% in 2007, primarily a result of intense competition especially within Cleaning, and one-off costs related to administration and payment of over-

time wages amounting to approximately DKK 20 million.

In Western Europe, the operating profit before other items increased 10% to DKK 2,356 million. The operating margin was 6.2% in 2007 compared with 6.4% in 2006. The operating margin in ISS UK increased from 6.3% to 6.7% equivalent to an increase in operating profit before other items of DKK 93 million. Furthermore, Switzerland and Belgium & Luxembourg increased their operating margin in 2007 which was partly offset by decreases in the Netherlands and Austria. The operating margin in France, Spain and Germany was maintained or slightly increased in 2007. ISS Ireland was negatively impacted by performance in the landscaping division resulting in a operating margin of negative 6.5% compared with 8.5% in 2006. Based on a strategic decision to divest project/construction-based landscaping activities, ISS Ireland divested the landscaping division in August 2007.

In Central and Eastern Europe the operating profit before other items increased 54% to DKK 91 million. The increase in profitability was primarily driven by the Czech Republic, Slovakia and Romania. The operating margin was 7.4% in 2007, an increase of 1.1% compared with 2006. Eight out of ten countries in the region contributed to the margin increase.

In Asia the operating profit before other items increased 40% to DKK 158 million. The operating margin increased from 6.2% in 2006 to 6.6% in 2007. The increased profitability primarily relates to China, Hong Kong and Indonesia which all presented growth in both operating profit before other items and operating margin in 2007. In addition, ISS Global's country establishment in Taiwan through two acquisitions in the beginning of 2007 contributed positively, as ISS Taiwan achieved an operating profit before other items of DKK 12 million, equivalent to an operating margin of 6.5%.

The operating profit before other items in Latin America increased 72% from DKK 50 million in 2006 to DKK 86 million in 2007. The operating margin increased from 4.8% in 2006 to 5.8% in 2007. All countries in the region contributed positively to the increase in operating profit before other items and operating margin. The main contributor being ISS Brazil with an increase in operating profit before other items of DKK 17 million and an increase in operating margin of 0.5%.

The operating profit before other items in USA amounted to DKK 62 million in 2007. ISS USA was established in June 2007 through the acquisition of Sanitors Inc. In line with expectations USA contributed with an operating margin of 5.6%.

In the Pacific region operating profit before other items increased by DKK 49 million or 28% in 2007. The operating margin was slightly improved from 6.2% in 2006 to 6.4% in 2007. Both Australia and New Zealand contributed to the increase in profit-

ability. In ISS Australia the operating margin was favourably impacted by income related to workers compensation incentives of DKK 34 million received from the Australian government.

Corporate overhead costs in 2007 were an income of 43, which related primarily to discounts on materials for production. In 2006, corporate overhead was a cost of DKK 231 million including employee costs in ISS Management A/S. In 2007, the employees in ISS Management A/S were transferred to ISS A/S and reduced the cost in ISS Global from 2006 to 2007 by DKK 311 million.

Other income and expenses, net

Other income and expenses, represented a net expense of DKK 81 million in 2007 compared with a net expense of DKK 108 million in 2006. Other income and expenses, net included a gain of DKK 61 million on the sale of a call option relating to a property in Norway and a gain of DKK 41 million related to the sale of a PFI stake in the United Kingdom. These gains were more than offset by losses on divestments of DKK 115 million mainly related to landscaping activities in Ireland and part of the energy activities in France, restructuring costs of DKK 70 million related to office relocation and re-organisational projects in Norway and the Netherlands, and costs of DKK 28 million as ISS UK consolidated properties in central London and Scotland.

Other income and expenses, net in 2006 included a gain of DKK 108 million on the sale of a call option relating to a property in Denmark and a gain of DKK 62 million related to the sale of a PFI stake in the United Kingdom. These gains were offset by restructuring costs of DKK 100 million related to a re-scoping of the IT outsourcing agreement with CSC from a centralised to a decentralised solution, costs of DKK 62 million as ISS UK consolidated seven properties in the south of England and outsourced certain related functions as well as severance and redundancy payments at corporate and country management level of DKK 50 million.

Integration costs

Integration costs decreased to DKK 67 million in 2007 compared with DKK 106 million in 2006. Integration costs in 2007 primarily related to redundancy payments and termination of rental obligations with respect to acquired companies in France, Norway, Spain, Taiwan and the USA.

Royalty

Royalty increased in 2007 to DKK 1,002 million from DKK 283 million in 2006. Royalty consists of payments to ISS A/S for the right to use the ISS brand and know-how. In 2006, royalty did not include payments of management fee to ISS A/S as head office employees were employed by ISS Management A/S, a wholly owned subsidiary of ISS Global. Consequently, the management fee was eliminated at ISS Global level in 2006. In 2007, the head office employees were transferred from ISS

Management A/S to ISS A/S and thereby reducing ISS Global's staff costs but increasing the management fee. Furthermore, a higher royalty percentage increased revenue and led to a higher royalty in 2007.

Operating profit

Operating profit increased by DKK 237, or 8%, from DKK 2,796 million in 2006 to DKK 3,033 million in 2007, due to the factors discussed above.

Share of result from associates

Share of result from associates increased by DKK 25 million from a loss of DKK 17 million in 2006 to a profit of DKK 8 million in 2007.

The development was primarily due to the fact that share of result from associates in 2006 includes a net loss of DKK 26 million from Tempo, negatively impacted by vesting of warrants amounting to DKK 32 million in connection with the acquisition of the outstanding 51% interest in Pacific Service Solutions Pty Ltd., the parent company of Tempo, as per 1 March 2006.

Net finance costs

Net finance costs increased by DKK 88 million to DKK 1,271 million from DKK 1,183 million in 2006 and were impacted by a refinancing of a portion of the Group's existing debt. As part of the refinancing, ISS Global A/S accepted tender offers in July 2007 for approximately 78% of its outstanding DKK 3,721 million (EUR 500 million) Medium Term Notes ("EMTNs") due 2014. The notes were acquired at a discount to nominal value resulting in a net gain of DKK 227 million, including DKK 25 million of non-cash items from amortisation of related interest rate swaps and financing fees. For further details see note 7, Net finance costs.

Profit before tax and goodwill impairment/ amortisation of brands and customer contracts

Profit before tax and goodwill impairment/ amortisation of brands and customer contracts increased by DKK 174 million from DKK 1,596 million in 2006 to DKK 1,770 million in 2007, primarily due to the factors discussed above.

Income taxes

Income taxes increased from DKK 614 million in 2006 to DKK 821 million in 2007 negatively impacted by write-downs and allowances in respect of tax assets in foreign subsidiaries. The effective tax rate was 46.4% in 2007 compared with 38.5% in 2006, calculated as the consolidated tax provision of DKK 821 million divided by the profit before tax and goodwill impairment/amortisation of brands and customer contracts of DKK 1,770 million.

ISS Global is jointly taxed with all Danish resident affiliates. The Danish income tax payable is allocated between the jointly taxed Danish companies

on the basis of their respective shares of taxable income (full absorption including reimbursement of tax deficits).

The finance costs exceeded the taxable profit in the jointly taxed Danish subsidiaries, thus creating a tax loss. This tax loss can be carried forward indefinitely, but only the amount of the tax loss that can be utilised in the foreseeable future has been capitalised as deferred tax assets.

With effect from 1 July 2007 the Danish Government passed a bill to amend the Corporation Tax Act and various other tax laws. The bill contains, among other things, provisions that limit the right to deduct interests and reduce the possibility of certain tax depreciation. However, this limitation is partly compensated by a reduction of the corporate income tax rate from 28% to 25%. Primarily as a result of the substantial indebtedness of ISS Global the bill will have a future adverse effect on the tax position in the Danish part of ISS Global.

Profit before goodwill impairment/ amortisation of brands and customer contracts

Profit before goodwill impairment/amortisation of brands and customer contracts decreased DKK 33 million or 3%, from DKK 982 million in 2006 to 949 million in 2007.

Goodwill impairment and write-down

In 2007, goodwill impairment and write-down amounted to DKK 99 million of which DKK 70 million related to the divestment of ISS Global's landscaping business in Ireland and DKK 9 million related to the divestment of the energy activities in France and a number of minor divestments in Denmark. In 2006, goodwill impairment and write-down amounted to DKK 15 million.

Amortisation of brands and customer contracts

Amortisation of brands and customer contracts amounted to DKK 439 million in 2007, an increase from DKK 333 million in 2006. The amortisation was primarily related to customer contracts and related customer relationships, which generally are amortised over the estimated useful lives of such portfolios and relationships using the declining balance method. The value of local brands is amortised over the useful lives of such brands.

Tax effect

Tax effect of goodwill impairment and write-down and amortisation of brands and customer contract portfolios, which is presented separately in the income statement to show the effective tax percentage before goodwill impairment/amortisation of brands and customer contracts was DKK 129 million in 2007 and DKK 100 million in 2006.

The tax effect related to amortisation of brands and customer contracts is positively impacted by the reduction in corporate income tax rates in several countries in which ISS Global operates, as the deferred tax liabilities are reduced accordingly.

Net Profit

Net profit decreased from a profit of DKK 734 million in 2006 to a profit of DKK 540 million in 2007. The net profit was positively impacted by an operating profit, which was DKK 237 million higher than in 2006, negatively impacted by higher net finance costs, as well as higher non-cash charges related to amortisation of brands and customer contract portfolios and related customer relationships, net of tax, and an increase in income taxes of DKK 207 million. In 2007, a profit of DKK 514 million was attributable to the equity holders of ISS Global, whereas a profit of DKK 26 million was attributable to minority interests.

Adjusted EBITDA

As a result of the foregoing factors, adjusted EBITDA increased DKK 985 million, or 24%, from DKK 4,033 million in 2006 to DKK 5,018 million in 2007.

Cash Flow Statement

Cash flow from operating activities

Cash flow from operating activities was a net inflow of DKK 3,021 million in 2007 an increase of DKK 15 million from DKK 3,006 million in 2006. The increase was primarily due to an increase in Operating profit before other items of DKK 890 million. Cash inflow related to working capital was DKK 29 million, as an increase in trade receivables primarily driven by organic growth was more than offset by an increase in trade payables, see note 10, Changes in working capital to the consolidated financial statement. These positive movements were partly offset by an increase in royalty payments of DKK 714 million.

The negative effect from changes in provisions increased to DKK 203 million in 2007 from DKK 166 million in 2006. The amount comprises the effect of net changes in provisions charged to the income statement during 2007 and payments made in relation to provisions.

Income taxes paid, net amounted to DKK 568 million in 2007 compared with DKK 347 million in 2006. The increase was primarily related to increased corporate income tax paid in foreign operations and an increase in withholding tax payments.

Payments related to Other income and expenses, net amounted to DKK 175 million in 2007, a decrease of DKK 48 million compared with 2006. Payments of DKK 51 million were related to the rescoping of the IT outsourcing agreement with CSC, DKK 46 million were related to an office relocation project in Norway and DKK 32 million were pay-

ments related to consolidation of properties in the United Kingdom.

Integration costs paid amounted to DKK 78 million in 2007 compared with DKK 102 million in 2006. The costs related mainly to the acquisition of Tempo in Australia and acquisitions in France, Belgium, Spain and Norway.

Cash flow from investing activities

Cash flow from investing activities in 2007 was a cash outflow of DKK 3,680 million, predominantly affected by a cash outflow of DKK 2,957 million related to acquisitions. These comprised the acquisition of Sanitors Inc. in the USA as well as a number of other acquisitions, of which the most significant were Hunt & Ondes in Belgium, Adviance and Caterhouse in the United Kingdom, Ryvola in the Czech Republic and Slovakia, Carlos Rocha in Spain, Topman and Fealty in Taiwan, CMC in Turkey and the acquisition of the remaining 60% of the shares in Norwegian Aircon. Investments in intangible assets and property, plant and equipment, net, (which excludes goodwill, brands and customer contract portfolio and related customer relationships) were DKK 699 million, representing 1.1% of revenue. Investments in financial assets, net, were an inflow of DKK 2 million in 2007.

Net cash flow from investing activities represented an outflow of DKK 4,253 million in 2006, primarily related to the acquisition of Tempo Services as well as a number of smaller acquisitions including broad ranged service companies in Germany and Switzerland. This was partly offset by proceeds from divestments of DKK 68 million, primarily from the sale of industrial services activities in Sweden.

Cash flow from financing activities

Cash flow from financing activities was a net inflow of DKK 1,232 million in 2007 impacted positively by proceeds from borrowings to fund acquisitions and partly offset by interest payments of DKK 1,462 million and payment of dividends to shareholders of DKK 1,000 million.

Cash flow from financing activities was a net inflow of DKK 2,039 million in 2006. This amount reflected DKK 4,651 million of cash received following an increase in indebtedness. Interest paid, net was DKK 1,344 million, primarily due to an increased indebtedness during the second half of 2005 and in 2006. Payment of dividends to shareholders was a cash outflow of DKK 1,260 million.

Balance Sheet

Total assets

Total assets amounted to DKK 42,871 million at 31 December 2007, of which DKK 27,913 million were non-current assets, primarily intangible assets, and DKK 14,958 million were current assets, primarily trade receivables of DKK 10,114 million.

Intangible assets

Intangible assets increased by DKK 2,115 million from DKK 22,944 million at 31 December 2006 to DKK 25,059 million at 31 December 2007. Intangible assets were primarily related to goodwill, customer contract portfolios and related customer relationships and brands.

Goodwill relates to acquisitions, carried out under varying circumstances and at different stages of macroeconomic cycles. The goodwill stems from most of the countries in which the Group operates. The acquired companies, to which the goodwill relates, comprise a diverse portfolio of service types, customer segments, geographical regions, contract sizes and management skills. The largest amount of goodwill relates to the Group's operations in France, representing approximately 20% of the total carrying amount of goodwill. At 31 December 2007, goodwill was DKK 21,689 million, an increase of DKK 1,624 million, or 8%, from DKK 20,065 million in 2006. Additions related to acquisitions in 2007 amounted to DKK 2,136 million while negative currency adjustments reduced goodwill by DKK 211 million. Goodwill was reduced by impairment and write-down of DKK 99 million primarily related to ISS's landscaping activities in Ireland and energy activities in France.

Customer contract portfolios and related customer relationships increased by DKK 449 million to DKK 3,155 million at 31 December 2007, from DKK 2,706 million at 31 December 2006. Additions of DKK 917 million from acquisitions were partly offset by DKK 33 million of foreign exchange adjustments and amortisation of DKK 438 million.

Investments in associates

Investments in associates net decreased from DKK 66 million at 31 December 2006, to DKK 28 million at 31 December 2007, primarily a result of the acquisition of the remaining shares in Norwegian Aircon AS, taking the stake from 40% in 2006 to 100% in 2007.

Trade receivables

Trade receivables increased 9% from DKK 9,281 million at 31 December 2006 to DKK 10,114 million at 31 December 2007. The increase was primarily derived from organic growth and acquisitions in 2007.

Assets held for sale

Assets held for sale amounted to DKK 550 million and include the remaining part of the energy activities in France for which a sales process was initiated in June 2007. The sale was finalised on 29 February 2008.

Cash and cash equivalents

Cash and cash equivalents increased from DKK 2,006 million at 31 December 2006 to DKK 2,574 million at 31 December 2007, of which DKK 1,600 million resided at Group level and the remainder re-

sided at country level. The cash position was positively impacted by the working capital inflow in Q4 2007. The cash position during the month may fluctuate significantly as a result of frequency and timing of cash collection and outgoing payments, e.g. salary payments.

Total equity

Total equity decreased from DKK 1,678 million at 31 December 2006 to DKK 1,137 million at 31 December 2007, of which DKK 1,083 million was equity attributable to the equity holders of ISS Global.

Net income and expenses recognised directly in equity reduced equity by DKK 52 million. This included negative currency adjustments relating to investments in foreign subsidiaries of DKK 115 million and positive fair value adjustments on hedges of DKK 7 million. Actuarial gains, net, on defined benefit pension schemes amounted to DKK 111 million. The gains were primarily related to the Group's pension schemes in the Netherlands, the United Kingdom and Germany. As described in note 1, Significant accounting policies in the consolidated financial statements, such gains are taken directly to equity. Reversal of fair value adjustments related to the sale of a PFI equity stake in the United Kingdom reduced equity by DKK 19 million. The tax effect of entries recognised directly in equity was a decrease of DKK 35 million.

The total change in equity for the year attributable to the equity holders of ISS Global was DKK 537 million. The equity ratio, defined as total equity relative to total assets, decreased from 4.3% at 31 December 2006, to 2.7% at 31 December 2007. Dividends reduced equity attributable to the equity holders of ISS Global by DKK 1,000 million in 2007 compared with DKK 1,260 million in 2006.

Pensions and similar obligations

Pensions and similar obligations amounted to DKK 724 million at 31 December 2007, compared to DKK 885 million at 31 December 2006. The majority of the Group's pension plans are defined contribution plans. The Group's contributions to such plans are accrued and expensed on an ongoing basis. In certain countries, mainly France, Germany, the Netherlands, Norway, Sweden, Switzerland and the United Kingdom, ISS has defined benefit plans. As mentioned above, actuarial gains including the effect from asset ceiling, net, of DKK 111 million were taken directly to equity. The net liability for the defined benefit plans amounted to DKK 672 million at 31 December 2007, representing a decrease from DKK 844 million at 31 December 2006, primarily due to actuarial gains caused by an increase in discount rate. Based on the current discount rates ranging between 3.4% and 11.0%, pension costs related to defined benefits plans are expected to amount to approximately DKK 138 million in 2008. A simultaneous change in the discount rates of 0.5 percentage point is estimated to increase or decrease, the costs in 2008 to approximately DKK 118

million or approximately DKK 141 million respectively. For detailed information on pension obligations, please see note 26, Pensions and similar obligations, to the consolidated financial statements.

Liabilities held for sale

Liabilities held for sale amounted to DKK 331 million and included liabilities related to the above-mentioned energy activities in France. The sale was finalised on 29 February 2008.

Other provisions

Other provisions were DKK 653 million at 31 December 2007, of which DKK 327 million had an estimated maturity of less than one year. Comparative figures at 31 December 2006 were DKK 745 million and DKK 414 million, respectively. Provisions related to acquisitions, mainly redundancy payments and termination of rental of properties, amounted to DKK 41 million compared to DKK 64 million at 31 December 2006. The remaining provisions comprise various obligations incurred in the ordinary course of business, e.g. labour related obligations, legal obligations, contract closures etc.

Other liabilities

Other liabilities in ISS Global amounted to DKK 10,315 million at 31 December 2007 compared with DKK 9,903 million at 31 December 2006. Other liabilities mainly consist of accrued wages and holiday allowances, tax withholdings, VAT and other payables and accrued expenses.

Carrying amount of net debt

Carrying amount of net debt amounted to DKK 23,262 million, at 31 December 2007 an increase of DKK 3,019 million from DKK 20,243 million at 31 December 2006. The increase was primarily due to acquisitions in 2007. At 31 December 2007, Long-term debt was DKK 23,124 million, short-term debt amounted to DKK 2,811 million while securities, cash and cash equivalents and receivable from affiliates related to joint taxation were DKK 2,673 million.

Consolidated Financial Statements

CONSOLIDATED INCOME STATEMENT

1 January – 31 December. Amounts in DKK millions

Note		2007	2006
2	Revenue	63,935	55,784
3, 4	Staff costs	(40,837)	(36,283)
19	Cost of sales	(5,614)	(4,911)
5	Other operating expenses	(12,466)	(10,557)
13, 15	Depreciation and amortisation ¹⁾	(835)	(740)
2	Operating profit before other items ²⁾	4,183	3,293
6	Other income and expenses, net	(81)	(108)
	Integration costs	(67)	(106)
	Royalty	(1,002)	(283)
2	Operating profit ¹⁾	3,033	2,796
2, 16	Share of result from associates	8	(17)
7	Net finance costs	(1,271)	(1,183)
	Profit before tax and goodwill impairment/ amortisation of brands and customer contracts	1,770	1,596
8	Income taxes ³⁾	(821)	(614)
	Profit before goodwill impairment/ amortisation of brands and customer contracts	949	982
9, 13, 14	Goodwill impairment and write-down	(99)	(15)
13	Amortisation of brands and customer contracts ⁴⁾	(439)	(333)
8	Income tax effect ⁵⁾	129	100
	Net profit for the year	540	734
	Attributable to:		
	Equity holders of ISS Global	514	717
	Minority interests	26	17
	Net profit for the year	540	734

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

²⁾ Other items comprise Other income and expenses, net, Integration costs, Goodwill impairment and write-down, Amortisation of brands and customer contracts and Royalty.

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

⁴⁾ Includes customer contract portfolios and related customer relationships.

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

CONSOLIDATED CASH FLOW STATEMENT

1 January – 31 December. Amounts in DKK millions

Note	2007	2006	
2	Operating profit before other items	4,183	3,293
13, 15	Depreciation and amortisation	835	740
10	Changes in working capital	29	94
	Changes in provisions	(203)	(166)
8	Income taxes paid, net	(568)	(347)
	Payments related to other income and expenses, net	(175)	(223)
	Payments related to integration costs	(78)	(102)
	Payments related to royalties	(1,002)	(283)
2	Cash flow from operating activities	3,021	3,006
11	Acquisition of businesses	(2,957)	(3,537)
11	Divestment of businesses	(26)	68
12	Investments in intangible assets and property, plant and equipment, net	(699)	(831)
12	Investments in financial assets, net	2	47
	Cash flow from investing activities	(3,680)	(4,253)
	Net proceeds from financing ¹⁾	3,708	4,651
	Interest paid, net	(1,462)	(1,344)
	Dividends paid to shareholders	(1,000)	(1,260)
	Minority interests	(14)	(8)
	Cash flow from financing activities	1,232	2,039
	Total cash flow	573	792
	Cash and cash equivalents at 1 January	2,006	1,231
	Total cash flow	573	792
	Foreign exchange adjustments	(5)	(17)
23	Cash and cash equivalents at 31 December	2,574	2,006

¹⁾ Net proceeds from financing consists of proceeds from borrowings of DKK 10,063 million (2006: DKK 7,183 million) and repayment of borrowings of DKK 6,355 million (2006: DKK 2,532 million).

CONSOLIDATED BALANCE SHEET

At 31 December. Amounts in DKK millions

Note		2007	2006
Assets			
13, 14	Intangible assets	25,059	22,944
15	Property, plant and equipment	2,207	2,144
16	Investments in associates	28	66
8, 17	Deferred tax assets	394	606
18	Other financial assets	225	234
Total non-current assets		27,913	25,994
19	Inventories	249	324
20	Trade receivables	10,114	9,281
20	Contract work in progress	161	207
8	Tax receivables	277	216
21	Other receivables	950	811
22	Assets held for sale	550	-
23	Securities	83	59
23	Cash and cash equivalents	2,574	2,006
Total current assets		14,958	12,904
Total assets		42,871	38,898
Equity and liabilities			
Total equity attributable to equity holders of ISS Global		1,083	1,620
Minority interests		54	58
24	Total equity	1,137	1,678
25	Long-term debt	23,124	19,949
26	Pensions and similar obligations	724	885
8, 17	Deferred tax liabilities	915	640
27	Other provisions	326	331
Total long-term liabilities		25,089	21,805
28	Short-term debt	2,811	2,379
	Trade payables	2,710	2,552
8	Tax payables	151	167
29	Other liabilities	10,315	9,903
27	Other provisions	327	414
22	Liabilities held for sale	331	-
Total current liabilities		16,645	15,415
Total liabilities		41,734	37,220
Total equity and liabilities		42,871	38,898

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

At 31 December. Amounts in DKK millions

	Attributable to equity holders of ISS Global						Total equity
	Share capital	Retained earnings	Cumulative fx adj.	Realised gain/(loss) on hedges	Unrealised gain/(loss) on hedges	Minority interests	
2007							
Total recognised income and expense							
Net profit for the year	-	514	-	-	-	26	540
Foreign exchange adj. of subsidiaries and minorities	-	-	(115)	-	-	(1)	(116)
Fair value adjustment of hedges, net	-	-	-	-	77	-	77
Fair value adjustment of hedges, net, transferred to Net finance costs	-	-	-	-	(70)	-	(70)
Actuarial gains, net ¹⁾	-	111	-	-	-	-	111
Fair value adjustment of PFI investments transferred to Other income and expenses, net	-	(19)	-	-	-	-	(19)
Tax of entries recognised directly in equity	-	(33)	-	-	(2)	-	(35)
Net income and expense recognised directly in equity	-	59	(115)	-	5	(1)	(52)
Total recognised income and expense for the year	-	573	(115)	-	5	25	488
Equity at 1 January 2007	160	1,406	24	(51) ²⁾	81 ²⁾	58	1,678
Changes in equity							
Total recognised income and expense for the year	-	573	(115)	-	5	25	488
Impact from acquired and divested companies, net	-	-	-	-	-	(15)	(15)
Dividends paid	-	(1,000)	-	-	-	(14)	(1,014)
Total changes in equity	-	(427)	(115)	-	5	(4)	(541)
Equity at 31 December 2007 ³⁾	160	979	(91)	(51) ²⁾	86 ²⁾	54	1,137

¹⁾ Reduced by effect from asset ceiling of DKK 41 million.

²⁾ Net of taxes.

³⁾ At 31 December 2007, Retained earnings included DKK 525 million in proposed dividends.

continues

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

At 31 December. Amounts in DKK millions

2006	Attributable to equity holders of ISS Global						Total equity
	Share capital	Retained earnings	Cumulative fx adj.	Realised gain/(loss) on hedges	Unrealised gain/(loss) on hedges	Minority interests	
Total recognised income and expense							
Net profit for the year	-	717	-	-	-	17	734
Foreign exchange adj. of subsidiaries and minorities	-	-	(101)	-	-	(3)	(104)
Fair value adjustment of hedges, net	-	-	-	14	95	-	109
Fair value adjustment of hedges, net, transferred to Net finance costs	-	-	-	-	8	-	8
Actuarial gains, net	-	46	-	-	-	-	46
Share-based payments ¹⁾	-	14	-	-	-	-	14
Fair value adjustment of PFI investments transferred to Other income and expenses, net	-	(18)	-	-	-	-	(18)
Tax of entries recognised directly in equity	-	(13)	-	(3)	(16)	-	(32)
Net income and expense recognised directly in equity	-	29	(101)	11	87	(3)	23
Total recognised income and expense for the year	-	746	(101)	11	87	14	757
Equity at 1 January 2006	160	1,920	125	(62) ²⁾	(6) ²⁾	55	2,192
Changes in equity							
Total recognised income and expense for the year	-	746	(101)	11	87	14	757
Impact from acquired and divested companies, net	-	-	-	-	-	(4)	(4)
Dividends paid	-	(1,260)	-	-	-	(7)	(1,267)
Total changes in equity	-	(514)	(101)	11	87	3	(514)
Equity at 31 December 2006 ³⁾	160	1,406	24	(51) ²⁾	81 ²⁾	58	1,678

¹⁾ Mainly related to associates.

²⁾ Net of taxes.

³⁾ At 31 December 2006, Retained earnings included DKK 1,000 million in proposed dividends.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

1. Significant accounting policies

The consolidated financial statements of ISS Global A/S as of and for the year ended 31 December 2007, comprise ISS Global A/S and its subsidiaries (together referred to as "ISS Global" or "the Group") and ISS Global's interests in associates and jointly controlled entities.

STATEMENT OF COMPLIANCE

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU being effective for accounting periods beginning on 1 January 2007, and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The accounting policies set out below have been applied consistently by all entities of ISS Global to all periods presented in these consolidated financial statements.

BASIS OF PREPARATION

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

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

CHANGES IN ACCOUNTING POLICIES

ISS Global has with effect from 1 January 2007 implemented IFRS 7, "Financial Instruments: Disclosures", IAS 1 (revised 2005), "Presentation of Financial Statements" and IAS 32 (revised 2005), "Financial Instruments: Presentation". These standards have impacted the disclosures given in the notes but it has not impacted the recognition and measurement and consequently the accounting policies are unchanged compared to last year. The comparative figures in the notes have been adjusted accordingly.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

BASIS OF CONSOLIDATION

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

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

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

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

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

1. Significant accounting policies (continued)

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

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

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

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

For acquisitions made prior to implementing IFRS as at 1 January 2004, goodwill is included on the basis of its deemed cost, which represents the net book value as at 31 December 2003, recorded under previously applied accounting policies.

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

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

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

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

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

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

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

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

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

1. Significant accounting policies (continued)

Realised and unrealised exchange gains and losses related to the translation of the above four groups of transactions are taken directly to equity. The related tax impact is taken into account.

INCOME STATEMENT

Presentation The income statement is presented in accordance with the "nature of expense" method. Goodwill impairment and write-down and Amortisation of brands and customer contracts as well as the Income tax effect hereof are presented in separate line items after Operating profit. This income statement presentation more appropriately reflects the Group's profitability as it is seen to fairly present the financial performance of the Group's activities.

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

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

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

Operating expenses **Staff costs** comprises salaries and wages, pensions, social security expenses and other employee related expenses. **Cost of sales** comprises material consumption related to the recorded revenue. **Other operating expenses** includes expenses related to the operation of service equipment and other non-current assets, external assistance as well as other selling, distribution and administrative expenses, including expenses related to marketing, transportation, operating leases, subcontractors, audit, legal assistance, losses and loss provisions on receivables etc.

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

Share-based compensation The fair value of equity-settled share-based compensation plans, is recognised as an expense with a corresponding increase in equity. The fair value is fixed at grant date and allocated over the vesting period. The fair value of the options and warrants granted is measured using the Black-Scholes valuation method taking the terms and conditions upon which they were granted into account. Non-market vesting conditions are included in the assumptions applied for the number of options and warrants that are expected to become exercisable. At each balance sheet date, ISS Global revises this estimate. ISS Global recognises the impact of the revision of the original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. Adjustments relating to prior years are included in the income statement in the year of adjustment.

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.

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

Integration costs includes costs regarding the acquiring ISS Global company and the acquired company that are a consequence of the integration. Integration costs include costs of compensating employees for termination of their employment, closing facilities, and termination of subscriptions and agreements.

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

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

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

1. Significant accounting policies (continued)

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. Furthermore, a deferred tax liability is recognised for expected re-taxation of tax-deductible losses realised in foreign subsidiaries previously included under Danish joint taxation.

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

Deferred tax is computed based on the tax rate expected to apply when the temporary differences are balanced out. No deferred tax provisions are made for undistributed profits of subsidiaries and goodwill not deductible for tax purposes. Deferred tax assets, including the tax value of losses carried forward, are 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 impairment and write-down and amortisation of brands and customer contracts and Equity, as applicable.

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

Goodwill impairment and write-down includes impairment losses arising from impairment tests as well as write-down of goodwill in connection with divestments.

Amortisation of brands and customer contracts includes amortisation of acquired brands and acquired customer contract portfolios and related customer relationships, impairment losses arising from impairment tests and write-down in connection with divestments.

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

CASH FLOW STATEMENT

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

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

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

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

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

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

BALANCE SHEET

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

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

1. Significant accounting policies (continued)

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units. The determination of cash-generating units follows the level of monitoring for internal management purposes. This is generally equal to country level. Goodwill is tested for impairment annually and whenever there is an indication that goodwill may be impaired.

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

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

The valuation of acquired brands is based on a discounted cash flow model using the after-tax royalty payments (the royalty relief method). Cash flows are discounted on an after tax basis using the local Weighted Average Cost of Capital (WACC) plus a risk premium for the assumed risk inherent in the brand.

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

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

The value of brands is tested for impairment as part of the impairment test.

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

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

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

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

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

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

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

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

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

1. Significant accounting policies (continued)

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 benefits will flow to ISS Global are recognised in the income statement as and when incurred.

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

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

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

Gains and losses arising on the disposal or retirement of non-current assets are measured as the difference between the selling price less direct sales costs and the net carrying amount, and are 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.

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

Financial assets Investments in associates are measured in accordance with the equity method. Associates with a negative net asset value are stated at zero, and amounts owed to ISS Global by such associates are written down by ISS Global's share of the negative net asset value to the extent it is considered uncollectible. Should the negative net asset value exceed the receivable, the residual amount is recognised under provisions to the extent ISS Global 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 as incurred. If ISS Global is awarded status as preferred bidder, directly attributable costs and investments from that date, if any, are recognised under Financial assets. For PPP/PFI contracts awarded, the costs are amortised over the term of the contract. If ISS Global is not awarded the contract, all costs are recognised in the income statement.

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

Inventories Raw materials and supplies are measured at the lower of cost under the FIFO principle and net 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 selling 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 which are designated as fair value through the income statement are measured at fair value at the balance sheet date, with any resulting gains or losses recognised directly in the income statement.

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

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

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

1. Significant accounting policies (continued)

Financial liabilities are initially measured at the value of the proceeds received less related transaction costs. Subsequently, financial liabilities are measured at 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.

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

Any actuarial gains and losses are recognised directly in equity.

Other long-term employee benefits ISS Global's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value and the fair value of any related assets is deducted. Discount rates are based on the market yield of high quality corporate bonds or government bonds in the country concerned with a maturity approximating to the terms of the Group's obligations. The calculations are performed by a qualified actuary using the Projected Unit Credit Method.

Any actuarial gains and losses are recognised under Staff costs in the income statement.

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

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

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

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

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

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

Non-current assets held for sale Assets are classified as held for sale when the carrying amount of the assets are expected to primarily be recovered through a sale within 12 months rather than through continuing use. Immediately before classification as held for sale, the assets are remeasured in accordance with ISS Global's accounting policies. Thereafter, assets held for sale are recognised at the lower of the carrying amount and fair value less costs to sell. Assets held for sale are not amortised or depreciated. Impairment losses on initial classification as held for sale are included in the income statement. The same applies to gains and losses on subsequent remeasurement. Assets and related liabilities are separated in the balance sheet and the main elements are specified in the notes to the financial statements.

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

1. Significant accounting policies (continued)

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

New standards and interpretations not yet adopted IASB has published the following new standards and amendments to existing standards that are not mandatory for the preparation of the consolidated financial statements of ISS Global for the year ended 31 December 2007.

- IFRS 8 Operating Segments on disclosures on operating segments is effective for annual periods beginning on or after 1 January 2009. This standard does not have any impact on recognition and measurement, but only the presentation and note disclosures.
- Revised IAS 23 Borrowing Costs on the accounting treatment of borrowing costs is effective for annual periods beginning on or after 1 January 2009. As ISS Global has very few qualifying assets, the Revised IAS 23 is not expected to have a material impact on the consolidated financial statements of ISS Global.
- IFRS 3 Business Combinations and IAS 27 Consolidated and Separate Financial Statements are effective for annual periods beginning on or after 1 July 2009. The potential effect is not yet known.

The following interpretations (IFRIC) have been published but are not mandatory for the preparation of the consolidated financial statements of ISS Global for the year ended 31 December 2007.

- IFRIC 11 IFRS 2 - Group and Treasury Share Transactions is effective for annual periods beginning on or after 1 March 2007. ISS Global already accounts for intra-group transactions relating to share-based payments in accordance with the principles described in IFRIC 11.
- IFRIC 12 Service Concession Arrangements is effective for annual periods beginning on or after 1 January 2008. ISS Global has no and does not expect to obtain any concessions subject to IFRIC 12. Consequently, IFRIC 12 is not expected to have any impact on the consolidated financial statements of ISS Global.
- IFRIC 13 Customer Loyalty Programmes is effective for annual periods beginning on or after 1 January 2009. ISS Global has no and does not expect to enter into any customer loyalty programmes with customers subject to IFRIC 13. Consequently, IFRIC 13 is not expected to have any impact on the consolidated financial statements of ISS Global.
- IFRIC 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction is effective for annual periods beginning on or after 1 January 2008. The potential effect of the interpretation is not yet known.

ISS Global expects to implement these IFRS's and IFRIC's from the mandatory effective date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

2. Segment information

In line with the internal management structure, the geographical segment is the primary segment.

2007 Geographical (primary segment)	External revenue	Total revenue ¹⁾	Operating profit before other items ²⁾	Operating margin %	Operating profit ³⁾	Share of result from associates	Cash flow from operating activities
France	10,144	10,144	632	6.2	416	(1)	621
United Kingdom	7,812	7,814	526	6.7	412	-	394
Norway	5,324	5,324	381	7.2	304	1	174
Sweden	3,861	3,861	266	6.9	207	8	232
Spain	3,775	3,775	242	6.4	176	-	138
Denmark	3,713	3,713	205	5.5	137	-	106
Netherlands	3,654	3,654	220	6.0	151	(0)	132
Finland	3,317	3,317	292	8.8	230	1	309
Australia	3,307	3,307	212	6.4	153	-	186
Belgium and Luxembourg	2,888	2,888	204	7.1	156	-	171
Germany	2,235	2,235	91	4.1	59	-	(26)
Switzerland	2,228	2,228	186	8.4	145	-	126
Austria	1,737	1,737	100	5.8	72	-	106
USA	1,100	1,100	62	5.6	41	-	59
Israel	900	900	58	6.5	44	-	31
Turkey	816	816	55	6.8	44	-	22
Brazil	808	808	50	6.2	37	-	50
Hong Kong	761	761	58	7.7	45	-	42
Singapore	515	515	31	6.1	22	-	30
Portugal	499	499	37	7.3	27	-	27
Ireland	486	486	(31)	(6.5)	(84)	-	(29)
Czech Republic	380	380	31	8.3	25	-	20
Greece	329	329	23	7.1	18	-	14
Mexico	292	292	13	4.4	9	-	(31)
Thailand	279	279	21	7.4	16	-	10
Indonesia	268	268	27	10.0	22	-	23
Slovakia	266	266	23	8.6	19	-	23
New Zealand	213	213	14	6.4	11	-	10
Italy	206	206	20	9.9	17	-	14
Chile	191	191	13	6.6	11	-	8
Taiwan	180	180	12	6.5	12	-	9
Iceland	173	173	13	7.7	11	-	13
Argentina	171	171	9	5.0	5	-	1
China	159	159	10	6.4	9	(1)	13
Slovenia	136	136	8	6.2	6	-	4
Estonia	123	123	6	4.6	6	-	8
Romania	107	107	18	17.2	16	-	16
India	98	98	3	2.6	1	-	(5)
Greenland	91	91	6	7.0	5	-	14
Poland	85	85	3	3.3	1	-	3
Malaysia	71	71	3	3.7	0	-	-
Hungary	51	51	2	4.3	1	-	2
Russia	49	49	(2)	(3.1)	(3)	-	2
Philippines	40	40	3	8.4	2	-	(3)
Croatia	24	24	0	0.1	0	-	(1)
Uruguay	22	22	2	7.3	2	-	0
Sri Lanka	20	20	1	2.9	1	-	1
Brunei	17	17	2	11.9	2	-	3
Faroe Islands	9	9	(0)	(2.1)	0	-	0
Bosnia and Herzegovina	5	5	0	4.6	0	-	0
Regional cost, not allocated to countries / eliminations	-	(2)	(2)	-	(4)	-	(30)
Total regions	63,935	63,935	4,159	6.5	3,015	8	3,042
Corporate functions / eliminations	-	-	24	0.0	18	-	(21)
Group	63,935	63,935	4,183	6.5	3,033	8	3,021

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

²⁾ Before internal royalty to corporate functions and excluding Goodwill impairment and write-down and Amortisation of brands and customer contracts.

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

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

2. Segment information (continued)

2007 Geographical (primary segment)	Segment assets	Investments in assets ¹⁾	Investments in associates	Depreciation and amortisation	Goodwill impairment and write- down	Amortisation of brands and customer contracts	Segment liabilities	Number of employees at year-end
France	8,370	(201)	2	174	9	35	7,207	42,388
United Kingdom	3,315	(80)	-	67	-	36	2,598	42,227
Norway	2,662	(85)	2	62	-	30	3,406	13,755
Sweden	2,113	(25)	18	39	-	19	1,974	10,417
Spain	2,897	(32)	-	23	4	42	2,260	27,371
Denmark	1,788	94	-	51	16	9	781	10,994
Netherlands	3,014	(3)	3	35	-	13	1,945	20,941
Finland	2,634	(59)	2	57	-	27	1,652	12,243
Australia	2,433	(37)	-	32	-	38	1,869	13,194
Belgium and Luxembourg	1,900	(23)	-	30	-	18	1,216	10,661
Germany	1,701	(46)	0	34	-	19	716	12,534
Switzerland	1,328	(48)	-	45	-	36	651	9,415
Austria	812	(9)	-	9	-	8	1,149	8,313
USA	1,195	(7)	-	6	-	24	907	10,524
Israel	719	(13)	-	8	-	11	340	8,133
Turkey	529	(14)	-	8	-	7	367	14,027
Brazil	442	(7)	-	6	-	5	343	14,788
Hong Kong	527	(4)	-	6	-	10	133	9,451
Singapore	254	(8)	-	8	-	2	155	5,688
Portugal	237	(6)	-	6	-	5	265	7,216
Ireland	210	(8)	-	11	70	7	258	2,650
Czech Republic	390	(5)	-	7	-	4	268	6,835
Greece	321	(3)	-	2	-	5	293	3,124
Mexico	220	(2)	-	2	-	3	228	11,455
Thailand	151	(9)	-	4	-	2	108	13,148
Indonesia	139	(5)	-	7	-	1	105	32,609
Slovakia	193	(4)	-	6	-	3	151	5,374
New Zealand	170	(3)	-	2	-	3	142	1,946
Italy	367	(4)	-	3	-	1	188	930
Chile	144	(6)	-	3	-	4	143	6,394
Taiwan	185	(2)	-	1	-	4	120	1,845
Iceland	116	(3)	-	3	-	-	24	835
Argentina	114	(4)	-	2	-	1	41	3,913
China	130	(36)	1	5	-	2	86	12,092
Slovenia	83	(2)	-	1	-	-	59	1,302
Estonia	110	(1)	-	1	-	2	104	1,800
Romania	102	(0)	-	1	-	1	68	2,307
India	152	(6)	-	3	-	1	60	10,730
Greenland	93	(4)	-	5	-	-	42	267
Poland	48	(4)	-	2	-	-	36	1,784
Malaysia	93	(2)	-	2	-	-	35	2,374
Hungary	40	(0)	-	1	-	-	33	548
Russia	23	(1)	-	1	-	-	8	676
Philippines	52	(2)	-	0	-	1	30	2,286
Croatia	8	(1)	-	0	-	0	7	361
Uruguay	20	(1)	-	0	-	0	11	878
Sri Lanka	6	(0)	-	0	-	0	4	4,898
Brunei	25	(1)	-	1	-	-	1	254
Faroe Islands	2	(0)	-	0	-	-	1	34
Bosnia and Herzegovina	2	(0)	-	0	-	-	2	51
Regional cost, not allocated to countries / eliminations	(562)	33	-	-	-	-	(902)	-
Total regions	42,017	(699)	28	782	99	439	31,688	437,980
Corporate functions / eliminations ²⁾	854	-	-	53	-	-	10,046	-
Group	42,871	(699)	28	835	99	439	41,734	437,980

¹⁾ Investment in intangible assets and property, plant and equipment, net.

²⁾ Includes eliminations of intra-group balances and investments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

2. Segment information (continued)

2006 Geographical (primary segment)	External revenue	Total revenue ¹⁾	Operating profit before other items ²⁾	Operating margin %	Operating profit ³⁾	Share of result from associates	Cash flow from operating activities
France	9,641	9,642	595	6.2	453	0	609
United Kingdom	6,877	6,879	433	6.3	333	-	407
Norway	4,758	4,758	341	7.2	279	4	276
Sweden	3,558	3,558	226	6.4	180	4	194
Spain	3,142	3,142	192	6.1	145	-	108
Denmark	3,747	3,748	248	6.6	290	-	205
Netherlands	3,481	3,481	244	7.0	204	1	162
Finland	3,173	3,173	157	5.0	110	0	170
Australia	2,691	2,691	171	6.4	99	(26)	100
Belgium and Luxembourg	2,534	2,534	165	6.5	131	-	116
Germany	1,842	1,842	74	4.0	46	-	7
Switzerland	1,875	1,875	143	7.6	111	-	190
Austria	1,589	1,589	106	6.7	86	-	34
USA	-	-	-	-	-	-	-
Israel	769	769	51	6.7	34	-	41
Turkey	539	539	33	6.2	25	-	24
Brazil	580	580	33	5.7	25	-	(21)
Hong Kong	696	697	50	7.1	34	-	29
Singapore	472	472	28	6.0	20	-	18
Portugal	364	364	25	6.8	20	-	33
Ireland	575	575	49	8.5	42	-	16
Czech Republic	325	325	27	8.3	23	-	21
Greece	237	237	15	6.4	12	-	(2)
Mexico	213	213	6	2.8	1	-	(8)
Thailand	213	213	16	7.4	11	-	7
Indonesia	179	179	17	9.8	14	-	16
Slovakia	172	172	14	8.1	12	-	13
New Zealand	155	155	5	3.3	2	-	6
Italy	199	199	23	11.8	21	-	9
Chile	154	154	8	5.2	5	-	5
Taiwan	-	-	-	-	-	-	-
Iceland	146	146	12	8.0	9	-	9
Argentina	96	96	3	3.2	1	-	0
China	84	84	3	3.3	3	0	2
Slovenia	111	111	5	4.6	2	-	(2)
Estonia	107	107	3	2.6	2	-	4
Romania	65	65	15	23.0	14	-	11
India	45	45	0	1.0	0	-	(3)
Greenland	84	84	4	4.5	2	-	5
Poland	71	71	2	2.5	-	-	3
Malaysia	81	81	5	5.7	4	-	4
Hungary	29	29	0	1.2	0	-	(2)
Russia	32	32	(6)	(19.2)	(7)	-	(7)
Philippines	7	7	0	1.0	0	-	(2)
Croatia	21	21	(0)	(1.9)	(1)	-	(0)
Uruguay	6	6	0	4.8	0	-	1
Sri Lanka	22	22	1	3.1	1	-	1
Brunei	18	18	4	21.7	4	-	2
Faroe Islands	9	9	0	3.0	0	-	0
Bosnia and Herzegovina	-	-	-	-	-	-	-
Regional cost, not allocated to countries / eliminations	-	-	(3)	-	(4)	-	(52)
Total regions	55,784	55,789	3,543	6.4	2,798	(17)	2,759
Corporate functions / eliminations	-	(5)	(250)	(0.5)	(2)	-	247
Group	55,784	55,784	3,293	5.9	2,796	(17)	3,006

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

²⁾ Before internal royalty to corporate functions and excluding Goodwill impairment and write-down and Amortisation of brands and customer contracts.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

2. Segment information (continued)

Geographical (primary segment)	Segment assets	Investments in assets ¹⁾	Investments in associates	Depreciation and amortisation	Goodwill impairment and write-down	Amortisation of brands and customer contracts	Segment liabilities	Number of employees at year-end
2006								
France	8,235	(165)	3	161	-	33	7,106	41,109
UK	3,181	(53)	-	67	-	29	2,615	39,170
Norway	2,298	(82)	44	59	-	24	1,785	14,907
Sweden	2,146	(18)	14	32	-	17	2,044	11,117
Spain	2,244	(13)	-	17	-	37	1,869	24,470
Denmark	1,924	(71)	-	54	-	7	838	12,729
Netherlands	2,904	(40)	3	31	-	11	1,932	21,534
Finland	2,627	(60)	1	62	-	30	1,739	12,061
Australia	2,357	(26)	-	27	-	30	2,194	16,416
Belgium and Luxembourg	1,479	(29)	-	22	-	9	844	10,404
Germany	1,783	(36)	0	21	-	13	723	12,956
Switzerland	1,395	(38)	-	33	-	22	763	8,821
Austria	769	(8)	-	8	-	6	1,109	8,530
USA	-	-	-	-	-	-	-	-
Israel	645	(5)	-	8	-	12	347	8,130
Turkey	337	(10)	-	4	-	4	209	10,835
Brazil	314	(6)	-	7	-	2	219	13,700
Hong Kong	457	(5)	-	7	-	11	318	9,026
Singapore	239	(14)	-	8	-	2	148	5,196
Portugal	136	(6)	-	5	-	2	169	4,625
Ireland	377	(16)	-	10	-	7	254	2,948
Czech Republic	260	(11)	-	4	-	2	149	7,125
Greece	226	(3)	-	3	-	4	208	2,038
Mexico	219	(2)	-	1	-	2	229	10,639
Thailand	124	(4)	-	3	-	2	90	12,330
Indonesia	90	(8)	-	6	-	1	64	23,520
Slovakia	125	(12)	-	7	-	2	92	5,108
New Zealand	162	(2)	-	2	-	2	129	1,934
Italy	268	(3)	-	3	-	1	173	567
Chile	117	(5)	-	2	-	3	115	5,255
Taiwan	-	-	-	-	-	-	-	-
Iceland	97	(2)	-	2	-	-	20	806
Argentina	82	(4)	-	2	-	1	28	2,432
China	30	(5)	1	3	-	1	16	9,373
Slovenia	47	(0)	-	2	-	0	28	1,067
Estonia	103	(1)	-	1	-	2	95	1,616
Romania	84	(2)	-	1	-	1	20	1,380
India	56	(4)	-	1	-	1	24	4,578
Greenland	99	(1)	-	6	-	-	50	268
Poland	30	(2)	-	1	-	-	17	1,327
Malaysia	99	0	-	2	-	-	37	2,498
Hungary	15	(1)	-	1	-	0	6	564
Russia	24	(3)	-	1	-	-	10	800
Philippines	14	(1)	-	0	-	0	6	1,032
Croatia	6	(0)	-	0	-	-	5	405
Uruguay	17	(1)	-	0	-	0	8	653
Sri Lanka	7	(0)	-	1	-	0	5	4,886
Brunei	26	(1)	-	1	-	-	3	337
Faroe Islands	2	-	-	0	-	-	1	41
Bosnia and Herzegovina	0	-	-	-	-	0	-	-
Regional cost, not allocated to countries / eliminations	2,398	-	-	-	-	-	42	-
Total regions	40,674	(779)	66	699	-	333	28,895	391,263
Corporate functions / eliminations ²⁾	(1,776)	(52)	-	41	(15)	-	8,325	93
Group	38,898	(831)	66	740	(15)	333	37,220	391,356

¹⁾ Investment in intangible assets and property, plant and equipment, net.

²⁾ Includes eliminations of intra-group balances and investments.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

2. Segment information (continued)

The business segment is the secondary segment, and is based on the main service areas defined in ISS Global's strategy plan. As ISS Global does not fully allocate balances to the service areas within Facility Services, only revenue is disclosed for the different service areas within the business segment. Compared to 2006, the secondary segment has been amended to reflect a pure service type segmentation. In 2006, the secondary segment also included Integrated Facility Services, which reflects a service delivery method rather than an actual service type. Comparative figures have been restated accordingly.

Business (secondary segment)	2007	2006
External revenue		
Cleaning	34,786	32,072
Office Support	3,881	2,936
Property Services	15,186	12,632
Catering	4,198	3,635
Security	3,406	2,427
Facility Management	2,478	2,082
Group	63,935	55,784

3. Staff costs	2007	2006
Wages and salaries	31,453	27,876
Pension costs, defined benefit plans	118	51
Pension costs, defined contribution plans	1,477	1,311
Social charges and other costs	7,789	7,045
Staff costs	40,837	36,283
Average number of employees	416,867	362,677

Remuneration to the Board of Directors and Executive Management of ISS Global

DKK thousands	2007		2006	
	Board of Directors ¹⁾	Executive Management ²⁾	Board of Directors ¹⁾	Executive Management ²⁾
Salaries (including benefits) and fees	-	17,267	1,356	29,118
Bonus	-	6,510	-	23,494
Pension	-	-	-	449
Severance payments ³⁾	-	12,833	-	27,875
Total	-	36,610	1,356	80,936

In relation to severance payment, the members of Executive Management are, in the event of termination, entitled to a severance payment of between 12 - 18 months salary plus benefits.

¹⁾ In 2007, no remuneration was paid to the Board of Directors. In 2006, remuneration to the former Board of Directors was paid by ISS Management A/S, whereas no remuneration was paid to the current Board of Directors.

²⁾ In 2007, Executive Management of ISS Global comprised the Executive Group Management of ISS A/S. In 2006, Executive Management of ISS Global comprised the former Executive Management Board of ISS Management A/S up until 31 August 2006 and the current Executive Group Management of ISS A/S for the remainder of 2006. In 2007, the Executive Management of ISS Global was paid by ISS A/S, the parent of ISS Global A/S, and in 2006 by ISS Management A/S, a wholly owned subsidiary of ISS Global A/S.

³⁾ Included in Other income and expenses, net.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

4. Share-based payments

Warrant programmes

At 1 January 2007, certain members of Executive Management and senior managers of ISS Global, all employed by ISS A/S, the parent of IISS Global A/S, held warrants issued under two warrant programmes.

ISS A/S warrant programme

At 1 January 2007, 322,000 warrants issued by ISS A/S were outstanding under the 2000 warrant programme. All of these warrants expired out-of-the money on 10 May 2007.

FS Invest warrant programme

In July 2006, funds advised by EQT Partners and Goldman Sachs Capital Partners (the "Principal Shareholders") established a management participation programme. As part of the programme, Executive Management and senior managers of ISS Global were granted warrants in FS Invest S.à r.l ("FS Invest"), ISS Global's ultimate parent. The warrants were issued in two series, A and B, both expiring on 1 June 2014. The estimated FS Invest share price at the time of the grant was DKK 1,019 per share. The warrants entitle the holder to subscribe for FS Invest shares at an exercise price of DKK 2,039 and DKK 2,549 per share for warrants in series A and series B, respectively, in a proportion which is determined by the exercise restrictions set out below. The warrants are exercisable for a period of 30 business days prior to and ending on 1 June 2014.

The warrants under the above-mentioned programme are non-transferable.

FS Invest warrants granted to Executive Management and senior managers of ISS Global

	Executive Management		Senior managers		Total	
	Series A	Series B	Series A	Series B	Series A	Series B
Outstanding at 1 January 2007	-	125,424	31,367	385,575	31,367	510,999
Warrants granted in 2007	-	-	-	-	-	-
Warrants forfeited in 2007	-	-	(1,515)	(8,839)	(1,515)	(8,839)
Outstanding at 31 December 2007	-	125,424	29,852	376,736	29,852	502,160

At 1 January 2007, 542,366 warrants were outstanding under the FS Invest warrant programme and no further warrants were granted in 2007. 10,354 warrants were forfeited in 2007 and at 31 December 2007, the number of outstanding warrants was 532,012.

Accounting

In accordance with the provisions of IFRS 2 Share-based Payment, ISS Global applies IFRS 2 to account for warrants that were granted after 7 November 2002, and had not yet vested at 1 January 2005.

Share-based payments not within the scope of IFRS 2

The outstanding warrants under the ISS A/S 2000 warrant programme were not within the scope of IFRS 2, and the fair value of these instruments has not been expensed in the income statement.

Share-based payments within the scope of IFRS 2

The FS Invest warrants granted to Executive Management and senior managers of ISS Global are within the scope of IFRS 2. The share-based payment transactions including FS Invest warrant grants to Group officers are accounted for as equity-settled transactions in ISS A/S, the parent of ISS Global A/S. In 2007, expenses of DKK 2 million were recognised under Other income and expenses, net in ISS A/S.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

4. Share-based payments (continued)

Valuation

The estimated value of warrants issued by FS Invest is measured by the Black-Scholes option pricing model based on the following assumptions and exercise restrictions

Assumptions at time of grant, July 2006

	Series A	Series B
Share price (DKK)	1,019	1,019
Exercise price	2,039	2,549
Volatility	20%	20%
Risk free interest rate (8 year swap rate)	3.60%	3.60%
Dividend per share (DKK)	0	0
Time to maturity (years)	8	8
Number of FS Invest shares outstanding	7,686,537	7,686,537
Number of FS Invest warrants outstanding	2,202,812	2,202,812

Exercise restrictions

The warrants are subject to exercise restrictions depending on the share price at the time of exercise (the "Exercise Share Price"):

- If the Exercise Share Price is equal to or above DKK 6,114, 100% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 4,076 and below DKK 6,114, 90% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 3,312 and below DKK 4,076, 85% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 3,057 and below DKK 3,312, 80% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 2,803 and below DKK 3,057, 75% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 2,547 and below DKK 2,803, 65% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 2,293 and below DKK 2,547, 45% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 2,038 and below DKK 2,293, 10% of the granted warrants can be exercised.

FS Invest and ISS are privately held companies and therefore it is not possible to apply market data to measure the volatility of the underlying share. A volatility of 20% has been applied in the Black-Scholes valuation. This is on level with the volatility, which can be measured for the period January 2004 to the de-listing of the ISS A/S share in June 2005 using weekly observations of market data.

The risk free interest rate applied in the Black-Scholes model is the Euro swap rate with a duration matching the time to maturity of the warrants. At the time of the grant, an eight year swap rate of 3.6% was used to estimate the Black-Scholes value.

Applying these assumptions, ISS Global estimates that the value of the warrants granted under the FS Invest warrant programme was DKK 25 million at the time of the grant in July 2006. In accordance with IFRS 2, these warrants will be expensed in the income statement of ISS A/S, the parent of ISS Global A/S, over the vesting period from July 2006 to June 2014. In 2007, expenses of DKK 2 million were recognised under Other income and expenses, net in ISS A/S.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

5. Fees to auditors	2007	2006
KPMG		
Audit fees ¹⁾	37	30
Other audit related services	12	10
Tax and VAT advisory services	8	6
Other services ²⁾	20	20
Total KPMG	77	66

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

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

6. Other income and expenses, net	2007	2006
Gain on sale of Private Finance Initiative stake in the United Kingdom ¹⁾	41	62
Gain on sale of properties ²⁾	23	7
Gain on sale of option ³⁾	61	108
Gain on divestments	7	-
Other	14	-
Other income	146	177
Re-scoping of IT outsourcing agreement ⁴⁾	(10)	(100)
Consolidation projects in the United Kingdom ⁵⁾	(28)	(62)
Group Restructuring project ⁶⁾	-	(35)
Restructuring projects ⁷⁾	(70)	-
Redundancy and severance payments relating to organisational changes ⁸⁾	-	(50)
Loss on divestments ⁹⁾	(115)	(17)
Other	(4)	(21)
Other expenses	(227)	(285)
Other income and expenses, net	(81)	(108)

¹⁾ Sale of the Group's interest (PFI-stake) in Criterion Healthcare (Bishop Auckland) which operates certain facilities at Bishop Auckland Hospital in the United Kingdom resulted in a gain of DKK 41 million. In 2006, sale of ISS Global's interest (PFI-stake) in Catalyst Healthcare (Worcester) Ltd. resulted in a gain of DKK 62 million.

²⁾ In 2007, sale of properties mainly related to sale of buildings within Landscaping activities in the Netherlands.

³⁾ Sale of a call option held by ISS Global related to property located in Norway. In 2006, the gain related to sale of a call option related to a property located in Denmark.

⁴⁾ ISS Global has as part of its outsourcing of the operation and maintenance of certain of its information technology systems incurred re-scoping costs, primarily as a result of change in the IT outsourcing agreement from a centralised to a decentralised solution amounting to DKK 10 million (DKK 100 million in 2006).

⁵⁾ ISS Global has initiated projects in the United Kingdom comprising a consolidation of properties in central London and Scotland. The projects include termination of leaseholds, write-off of fixed assets and relocation costs.

⁶⁾ In the autumn of 2005, ISS Global initiated a Group Restructuring Project comprising certain organisational and structural changes to reduce ongoing costs in a number of countries. The project included physical relocations, termination of leaseholds, redundancy payments, and contract restructuring.

⁷⁾ ISS Global initiated restructuring projects in Norway and the Netherlands. In Norway an office relocation project was initiated to consolidate several office locations amounting to DKK 55 million. In the Netherlands a restructuring project was initiated to re-organise the organisational setup amounting to DKK 15 million. Both projects included redundancy payments, termination of leaseholds and relocation costs.

⁸⁾ In 2006, ISS Global carried out organisational changes at both corporate level and country management level and thereby incurred severance and redundancy payments.

⁹⁾ Divestments mainly related to landscaping activities in Ireland and various other countries as well as part of the energy activities in France.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

7. Net finance costs	2007	2006
Interest income etc.	147	86
Interest income from affiliates	-	0
Amortised gain from settlement of interest rate swaps ¹⁾	84	86
Gain related to partial refinancing of EMTNs ²⁾	227	-
Foreign exchange gain	22	11
Financial income	480	183
Interest expenses etc. ³⁾	(1,527)	(1,224)
Interest expenses to affiliates	(158)	(85)
Amortisation of financing fees	(26)	(15)
Foreign exchange loss	(40)	(42)
Financial expenses	(1,751)	(1,366)
Net finance costs	(1,271)	(1,183)

¹⁾ The interest rate swaps hedging ISS Global's Medium Term Notes (EMTNs) were partially settled in June 2005 and the remaining part was settled in June 2006 resulting in a net gain to be recognised in the consolidated income statement over the remaining term of the EMTNs. A part of the gain is referred to the partially redeemed EMTNs and was recognised in the income statement in connection with the redemption in July 2007. The remaining unrecognised net gain of DKK 231 million at 31 December 2007 (DKK 343 million at 31 December 2006) will be recognised in the income statement in the financial years 2008 - 2014 corresponding to the remaining term of the EMTNs (see note 25, Long-term debt).

²⁾ In July 2007, 77.9% of the Medium Term Notes due in 2014 were redeemed. The notes were acquired at a discount to nominal value resulting in a net gain of DKK 227 million including DKK 25 million of non-cash items from amortisation of related interest rate swaps and financing fees.

³⁾ In all material aspects related to long-term debt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

8. Taxes	2007			2006		
	Income taxes	Tax payables/ (receivables)	Deferred tax liabilities/ (assets)	Income taxes	Tax payables/ (receivables)	Deferred tax liabilities/ (assets)
Balance at 1 January	-	(49)	34	-	(49)	(172)
Foreign exchange adjustments	-	(4)	(0)	-	(3)	(2)
Additions from acquired companies, net	-	4	173	-	30	163
Adjustments relating to prior years, net	12	(12)	-	(6)	6	-
Tax regarding equity movements	-	2	33	-	19	13
Transfer to assets held for sale	-	-	(11)	-	-	-
Tax on profit before impairment/ amortisation of intangibles ¹⁾	(833)	412	421	(608)	476	132
Subtotal	(821)	353	650	(614)	479	134
Tax effect of impairment/ amortisation of intangibles ¹⁾	129	-	(129)	100	-	(100)
Reclassification of joint taxation contribution	-	89	-	-	(181)	-
Tax paid, net	-	(568)	-	-	(347)	-
Taxes at 31 December	(692)	(126)	521	(514)	(49)	34
Tax receivables/deferred tax assets		(277)	(394)		(216)	(606)
Tax payables/deferred tax liabilities		151	915		167	640
Income tax, net/deferred tax, net		(126)	521		(49)	34
Computation of effective tax rate				2007	2006	
Statutory income tax rate in Denmark				25.0 %	28.0 %	
Foreign tax rate differential, net				2.5 %	0.4 %	
				27.5 %	28.4 %	
Non-tax deductible expenses less non-taxable income				1.7 %	2.6 %	
Adjustments relating to prior years, net				(0.7)%	0.3 %	
Change of valuation of net tax assets				15.4 %	6.6 %	
Effect of changes in tax rates				(0.4)%	0.5 %	
Withholding tax				2.9 %	0.0 %	
Effective tax rate (excluding effect from impairment/amortisation of intangibles) ¹⁾				46.4 %	38.4 %	

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

9. Goodwill impairment and write-down	2007	2006
Write-down	99	15
Goodwill impairment and write-down	99	15

In 2007, write-down of DKK 99 million mainly related to divestment of the landscaping activities in Ireland of DKK 70 million and the energy activities in France of DKK 9 million as well as a number of divestments in Denmark. In 2006, write-down of DKK 15 million related to employees taken over from ISS A/S in connection with a management agreement between ISS A/S and ISS Management A/S.

10. Changes in working capital	2007	2006
Changes in inventories	2	5
Changes in trade receivables etc.	(558)	(511)
Changes in payables etc.	585	600
Changes in working capital	29	94

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1 January - 31 December. Amounts in DKK millions

11. Acquisition and divestment of businesses

ISS Global made 67 acquisitions during 2007 (104 during 2006). The total purchase price amounted to DKK 2,896 million (DKK 4,145 million in 2006). The total annual revenue of the acquired businesses (unaudited approximate figure) is estimated at approximately DKK 4,540 million (DKK 8,408 million in 2006) based on expectations at the time of acquisition. The balance sheet items etc. relating to acquisitions and divestments (including adjustments to acquisitions and divestments in prior years) are specified below:

	Acquisition of Sanitors Inc. ¹⁾		Total acquisitions		Total divestments
	Net book value at takeover	Fair value at takeover	Net book value at takeover	Fair value at takeover ²⁾	
Acquisitions and divestments in 2007					
Goodwill	497	-	497	-	(37)
Brands	-	2	-	2	-
Customer contract portfolios and related customer relationships	-	309	-	948	(1)
Other non-current assets	34	28	216	234	(45)
Trade receivables	223	210	793	764	(47)
Other current assets	27	24	275	259	(69)
Other provisions	(18)	(31)	(65)	(82)	-
Pensions, deferred tax liabilities and minorities	(17)	(75)	(35)	(265)	-
Long-term debt	-	-	(91)	(87)	-
Short-term debt	(1)	(2)	(205)	(209)	6
Other current liabilities	(117)	(213)	(633)	(747)	101
Net identifiable assets	628	252	752	817	(92)
Hereof previously recognised as associates		-		(42)	-
Net identifiable assets		252		775	(92)
Goodwill ³⁾		706		2,201	-
Loss/(gain) on divestment of businesses		-		-	108
Acquisition/divestment costs, net of tax ⁴⁾		(13)		(80)	(48)
Purchase/(sales) price		945		2,896	(32)
Cash and cash equivalents in acquired/divested businesses		(13)		(196)	24
Net purchase/(sales) price		932		2,700	(8)
Changes in deferred payments and earn-outs		5		172	(6)
Changes in prepayments regarding acquisitions in the coming year		-		(1)	-
Acquisition/divestment costs paid, net of tax		12		86	40
Net payments regarding acquisition/divestment of businesses		949		2,957	26

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

¹⁾ In 2007, only the acquisition of Sanitors Inc. accounted for more than 2% of ISS Global's revenue on an individual basis.

²⁾ In accordance with IFRS 3 opening balances are only provisionally determined within the 12 months period from the acquisition date. Fair value adjustments made in 2007 include adjustments relating to net assets from prior years acquisitions of DKK 3 million made within the 12 months period. Furthermore, the purchase price of prior years acquisitions increased by DKK 21 million in 2007, mainly due to inclusion of an earn-out on the acquisition of Tempo Services Ltd. in 2006. As a result goodwill increased by DKK 18 million in 2007 due to adjustments to prior years acquisitions.

³⁾ The following intangibles are subsumed into goodwill; i) assembled workforce, ii) technical expertise and technological know how, iii) training expertise and training and recruitment programmes and iv) platform for growth. As ISS Global is a service company that acquires businesses in order to apply the ISS model and generate value by restructuring and refining the acquired business, the main impact from acquisitions derives from synergies, the value of human resources and the creation of platforms for growth.

⁴⁾ Acquisition costs, net of tax amounting to DKK 80 million related mainly to the acquisitions of Sanitors in the USA, Topman and Fealty in Taiwan, Hanyang in China, Carlos Rocha in Spain and Adviance in the United Kingdom.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

11. Acquisition and divestment of businesses (continued)

	Acquisition of Pacific Service Solutions Pty Ltd. ¹⁾		Total acquisitions		Total divestments
	Net book value at takeover	Fair value at takeover	Net book value at takeover	Fair value at takeover ²⁾	
Acquisitions and divestments in 2006					
Goodwill	757	-	854	-	-
Brands	-	-	-	9	-
Customer contract portfolios and related customer relationships	156	295	153	1,274	-
Other non-current assets	86	62	308	351	(68)
Trade receivables	465	465	1,312	1,290	(10)
Other current assets	34	28	469	443	(22)
Other provisions	(67)	(101)	(1)	(166)	(1)
Pensions, deferred tax liabilities and minorities	-	-	(178)	(466)	2
Long-term debt	(1)	(1)	(68)	(77)	-
Short-term debt	(177)	(177)	(336)	(337)	-
Other current liabilities	(452)	(524)	(1,435)	(1,533)	9
Net identifiable assets ³⁾	801	47	1,078	788	(90)
Hereof previously recognised as associates	(61)	(61)		(61)	-
Net identifiable assets		(14)		727	(90)
Goodwill ⁴⁾		1,062		3,519	-
Loss/(gain) on divestment of businesses		-		-	6
Acquisition/divestment costs, net of tax ⁵⁾		(6)		(101)	-
Purchase/(sales) price		1,042		4,145	(84)
Cash and cash equivalents in acquired/divested businesses		(20)		(310)	1
Net purchase/(sales) price		1,022		3,835	(83)
Changes in deferred payments and earn-outs		(9)		(398)	13
Changes in prepayments regarding acquisitions in the coming year		-		5	-
Acquisition/divestment costs paid, net of tax		5		95	2
Net payments regarding acquisition/divestment of businesses		1,018		3,537	(68)

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

¹⁾ In 2006, only the acquisition of the remaining 51% of Pacific Service Solution Pty Ltd. including Tempo Services Ltd. accounted for more than 2% of ISS Global's revenue on an individual basis.

²⁾ In accordance with IFRS 3 opening balances are only provisionally determined within the 12 months period from the acquisition date.

³⁾ Settlement of shareholder loans and senior debt in total of DKK 630 million was considered part of the purchase price.

⁴⁾ The following intangibles are subsumed into goodwill; i) assembled workforce, ii) technical expertise and technological know how, iii) training expertise and training and recruitment programmes and iv) platform for growth. As ISS Global is a service company that acquires businesses in order to apply the ISS model and generate value by restructuring and refining the acquired business, the main impact from acquisitions derives from synergies, the value of human resources and the creation of platforms for growth.

⁵⁾ Acquisition costs, net of tax amounting to DKK 101 million related mainly to the acquisitions of San Rafael S.A. and Tap New S.A. in Mexico, Puissance Air in France, Debeos GmbH in Germany, Pegasus Security Holding Ltd. in the United Kingdom, Pacific Service Solution Pty Ltd. including Tempo Services Ltd. in Australia and MPA Securitas Ltd. in Thailand.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

11. Acquisition and divestment of businesses (continued)	2007	2006
Pro forma revenue ¹⁾		
Revenue recognised in the income statement	63,935	55,784
Adjustment, assuming all acquisitions in the year were included as of 1 January	1,996	2,719
<hr/>		
Revenue for ISS Global assuming all acquisitions in the year were included as of 1 January	65,931	58,503
Adjustment, assuming all divestments signed in the year were carried out as of 1 January	(181)	(101)
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Revenue for ISS Global assuming all acquisitions and divestments in the year were carried out as of 1 January	65,750	58,402
Pro forma operating profit before other items ¹⁾		
Operating profit before other items recognised in the income statement	4,183	3,293
Adjustment, assuming all acquisitions in the year were included as of 1 January	152	186
<hr/>		
Operating profit before other items for ISS Global assuming all acquisitions in the year were included as of 1 January	4,335	3,479
Adjustment, assuming all divestments signed in the year were carried out as of 1 January	7	(3)
<hr/>		
Operating profit before other items for ISS Global assuming all acquisitions and divestments in the year were carried out as of 1 January	4,342	3,476

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

11. Acquisition and divestment of businesses (continued)

During 2007, ISS Global made 67 acquisitions ¹⁾

Company	Country	Consolidated in the income statement	Percentage interest	Annual revenue ²⁾	Number of employees ²⁾
FM-Complete GmbH	Austria	January	100%	22	27
Advanced Group	United Kingdom	January	Activities	9	17
JV Strong	United Kingdom	January	100%	98	250
Jobbcoach	Norway	January	Activities	3	2
Karitza KV Hooldüs OÜ	Estonia	January	100%	2	51
Fealty	Taiwan	January	100%	41	82
Topman	Taiwan	January	100%	147	1,700
Prestanet SAS	France	February	100%	16	100
Jardi Breiz SAS	France	February	100%	42	50
Omni Net Services SAS	France	February	100%	18	113
PCC NV	Belgium	February	100%	24	30
Top Service	Argentina	February	100%	42	940
Nadese S.L.	Spain	February	100%	19	140
SMV Ltda.	Brazil	February	100%	99	513
Plantiago S.A.	Portugal	March	100%	23	95
Grupo Suprema	Portugal	March	100%	62	800
Megalimpa	Portugal	March	Activities	9	113
Lux Interim sárl	Luxembourg	March	100%	39	5
J.P.S. servis s.r.o.	Slovakia	March	100%	8	335
Morel	France	March	100%	45	400
Morwar Spólka z o.o.	Poland	March	100%	17	276
FDV AS	Norway	March	Activities	4	4
Sensa Advena AS	Norway	March	100%	2	5
Actum Rogaland AS	Norway	March	100%	6	6
Erlacher	Austria	March	Activities	4	5
Steinle GmbH	Germany	March	100%	4	4
Aircon	Norway	March	100%	107	380
Pro Exhibition Services	Thailand	April	Activities	5	160
THP SA	France	April	100%	32	370
Ledan Ltda.	Chile	April	100%	12	379
Caterhouse Ltd.	United Kingdom	April	100%	102	875
PT SAS	Indonesia	April	Activities	18	1,470
Hanyang	China	April	100%	35	2,400
Krogab	Norway	May	Activities	5	1
Perfect Choice AS	Norway	May	Activities	16	30
Adviance Ltd.	United Kingdom	June	100%	207	110
Sanitors Inc.	USA	June	100%	1,822	10,136
Hunt BVBA & Ondes NV	Belgium	June	100%	59	75
SEGA Consulting SRL	Romania	June	100%	11	504
Bioimago Lda.	Portugal	July	100%	4	19
KiPa Oy Siilinjärvi	Finland	July	100%	1	2
CMC	Turkey	July	100%	60	850
P Doc	India	July	100%	2	22
Tutti Frutti AS	Norway	July	100%	7	4
Subtotal				3,310	23,850

¹⁾ Includes all acquisitions completed prior to 1 January 2008.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

11. Acquisition and divestment of businesses (continued)

Company	Country	Consolidated in the income statement	Percentage interest	Annual revenue ¹⁾	Number of employees ¹⁾
Goldex-Security Kft.	Hungary	July	Activities	24	550
Virtin Teenus OÜ	Estonia	July	100%	6	150
	Republic /				
Ryvola Group	Slovakia	July	100%	78	469
Grupo Optima	Spain	July	100%	33	256
Tojer d.o.o.	Slovenia	July	100%	15	98
GD Cleaning BVBA	Belgium	July	100%	8	26
Putra Boogasari Buana	Indonesia	August	Activities	11	222
BD Food Invest	Belgium	August	100%	103	170
Italla Office Supply (Posti)	Finland	September	100%	69	301
HRC AS	Norway	September	100%	33	4
Manisa	Spain	September	100%	70	280
Adres	Turkey	September	Activities	12	300
Martex(Rodex)	Mexico	October	100%	13	78
Piotita Zois S.A.	Greece	October	100%	69	650
Kirwan Power Sweeping	Australia	October	100%	17	30
Makati Skyline	Philippines	October	Activities	62	778
Extincteurs Haas SAS	France	November	100%	73	111
Shivas Hotliers and Caterers Pvt. Ltd.	India	November	100%	39	1,534
G.S. Service s.r.l.	Italy	November	100%	51	380
Airsol Canarias S.L.	Spain	December	100%	13	40
Eitan Amichai	Israel	December	Activities	20	52
Carlos Rocha	Spain	December	100%	408	2,150
Magnetik d.o.o.	Slovenia	December	100%	3	5
Total				4,540	32,484

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

During 2007, ISS Global made 14 divestments ¹⁾

Company/activity	Country	Excluded from the income statement	Annual revenue ²⁾
Move Business	Finland	February	44
Niaga Suria Group	Malaysia	February	12
Dust Control	Denmark	March	5
Trio Landscaping	Denmark	March	7
Electronic Security	Taiwan	April	3
Landscaping	Switzerland	April	40
Damage Control BV	Netherlands	May	33
Hedelund Landscaping	Denmark	June	8
Kai Thor Catering	Denmark	July	18
Grangemore	Ireland	August	105
Skive Kloak Service	Denmark	August	6
Energie Rhone Alpes	France	August	55
Multi Clean SDH BHD	Brunei	October	4
Food & Hygiene	Sweden	October	54
Total			394

¹⁾ Includes all divestments completed prior to 1 January 2008.

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

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

11. Acquisition and divestment of businesses (continued)

	Total acquisitions		Total divestments
	Net book value at takeover	Fair value at takeover ²⁾	
Acquisitions and divestments in 2008 ¹⁾			
Goodwill	-	-	(9)
Customer contract portfolios and related customer relationships	-	20	-
Other non-current assets	3	3	(0)
Trade receivables	31	31	(16)
Other current assets	8	8	(3)
Pensions, deferred tax liabilities and minorities	(1)	(2)	11
Long-term debt	(0)	(0)	-
Short-term debt	(2)	(2)	-
Other current liabilities	(26)	(26)	9
Net identifiable assets	13	32	(8)
Goodwill		33	-
Loss/(gain) on divestment of businesses		-	(4)
Acquisition/divestment costs, net of tax		(3)	-
Purchase/(sales) price		62	(12)
Cash and cash equivalents in acquired/divested businesses		(5)	2
Net purchase/(sales) price		57	(10)

¹⁾ Unaudited figures up until 31 January 2008.

²⁾ In accordance with IFRS 3 opening balances are generally only provisionally determined within the 12 months period from the acquisition date.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

11. Acquisition and divestment of businesses

From 1 January to 29 February 2008, ISS Global made 10 acquisitions ¹⁾

Company	Country	Consolidated in the income statement from	Percentage interest	Annual revenue ²⁾	Number of employees ²⁾
Hoguin Espace	France	January	100%	10	21
Kolberg	Norway	January	Activities	17	12
Rengøringscentralen	Denmark	January	100%	24	120
Tefen	Israel	January	100%	26	230
Adams Secuforce Ltd	Hong Kong	January	100%	111	1,627
Triumph Network	India	February	Activities	2	35
Profi-Komfort	Hungary	February	100%	68	1,361
Smartcare	New Zealand	February	Activities	7	85
Kfir	Israel	March	100%	268	4,500
Arena 21	United Kingdom	March	100%	43	114
Total				576	8,105

¹⁾ Includes all acquisitions completed prior to 1 March 2008.

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

From 1 January to 29 February 2008, ISS Global made 6 divestments ¹⁾

Company/activity	Country	Excluded from the income statement	Annual revenue ²⁾
Wood Restoration Business	Spain	January	6
EU Business	France	January	25
Slotsholmen	Denmark	January	45
H. Jakober Transport	Switzerland	January	16
ISS Energie	France	March	854
Aquawall	Denmark	March	4
Total			950

¹⁾ Includes all divestments completed prior to 1 March 2008.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

12. Investments in non-current assets	2007	2006
Purchase of intangible assets ¹⁾ and property, plant and equipment ²⁾	(946)	(971)
Proceeds on sales of intangible assets and property, plant and equipment	247	140
Investments in intangible assets and property, plant and equipment, net	(699)	(831)
Investments in securities, net	(21)	5
Investments in other financial assets, net ³⁾	23	42
Investments in financial assets, net	2	47

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

²⁾ Excluding additions related to assets under finance leases.

³⁾ Including sale of Private Finance Initiative stake in the United Kingdom.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

13. Intangible assets

	Goodwill	Brands	Customer contracts ¹⁾	Software and other intangible assets	Total
2007					
Cost at 1 January 2007	20,494	8	3,314	465	24,281
Foreign exchange adjustments	(272)	0	(45)	(1)	(318)
Additions ²⁾	2,136	-	-	114	2,250
Additions from acquired companies, net	(52)	2	917	5	872
Disposals	(99)	-	-	(17)	(116)
Transfer to Assets held for sale	(165)	-	(3)	(2)	(170)
Cost at 31 December 2007	22,042	10	4,183	564	26,799
Impairment, write-down and amortisation at 1 January 2007	(429)	(0)	(608)	(300)	(1,337)
Foreign exchange adjustments	61	(0)	12	1	74
Amortisation	-	(1)	(438)	(74)	(513)
Amortisation/write-down from acquired companies, net	15	-	4	(3)	16
Write-down	(99)	-	-	-	(99)
Disposals	99	-	-	17	116
Transfer to Assets held for sale	-	-	2	1	3
Impairment, write-down and amortisation at 31 December 2007	(353)	(1)	(1,028)	(358)	(1,740)
Carrying amount at 31 December 2007	21,689	9	3,155	206	25,059
2006					
Cost at 1 January 2006	17,059	-	2,063	417	19,539
Foreign exchange adjustments	(73)	-	(20)	0	(93)
Additions ²⁾	3,508	-	-	107	3,615
Additions from acquired companies, net	-	8	1,271	11	1,290
Disposals	-	-	-	(67)	(67)
Transfer to Property, plant and equipment	-	-	-	(3)	(3)
Cost at 31 December 2006	20,494	8	3,314	465	24,281
Impairment, write-down and amortisation at 1 January 2006	(417)	-	(277)	(297)	(991)
Foreign exchange adjustments	3	-	2	0	5
Amortisation	-	(0)	(333)	(60)	(393)
Amortisation from acquired companies, net	-	-	-	(8)	(8)
Write-down	(15)	-	-	-	(15)
Disposals	-	-	-	65	65
Impairment, write-down and amortisation at 31 December 2006	(429)	(0)	(608)	(300)	(1,337)
Carrying amount at 31 December 2006	20,065	8	2,706	165	22,944

¹⁾ Includes customer contract portfolios and related customer relationships.

²⁾ In 2007, Additions to goodwill included DKK 706 million relating to the acquisition of Sanitors, USA. In 2006, Additions to goodwill included DKK 1,062 million relating to the acquisition of all remaining shares of Pacific Service Solution Pty Ltd. including Tempo Services Ltd., Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

14. Impairment tests

ISS Global performs impairment tests on intangibles¹⁾ annually and whenever there is an indication that intangibles may be impaired. As described in note 9, Goodwill impairment and write-down, no impairment losses have been recognised in 2007.

ISS Global's intangibles relate to several hundred acquisitions carried out under varying circumstances and at different stages of macro-economic cycles. The intangibles are distributed between most of the countries in which ISS Global operates. The acquired companies, to which the intangibles relate, comprise a diverse portfolio of service types, customer segments, geographical regions, contract sizes and management skills.

Impairment tests are carried out per country as this represents the lowest level of cash-generating units (CGU) to which the carrying amount of intangibles can be allocated and monitored with any reasonable certainty. This level of allocation and monitoring of intangibles is in accordance with the monitoring for internal management purposes and should be seen in the light of ISS Global's strategy to integrate acquired companies as quickly as possible in order to benefit from synergies.

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

As a company based in Europe, ISS Global assumes the long-term market equity risk premium to be 3.5%. When performing impairment tests for individual CGU's, the risk premium applied may be higher than ISS Global's. When doing acquisitions ISS Global typically applies a hurdle rate, which is significantly higher than the calculated cost of capital.

The carrying amount of intangibles and the key assumptions²⁾ used in the impairment testing for each CGU representing more than 3% (2006: 5%) of the carrying amount of intangibles are presented below.

	Carrying amount			Applied expected long-term rate		Applied rate Discount rate, net of tax	
	Goodwill	Customer Brands contracts ³⁾	Total intangibles ¹⁾	Growth	Margin		
2007							
France ⁴⁾	4,300	0	257	4,557	3.0%	7.0%	8.2%
Finland ⁵⁾	1,868	-	198	2,066	3.0%	8.0%	8.6%
Netherlands ⁶⁾	1,836	-	79	1,915	3.0%	6.7%	8.7%
United Kingdom	1,615	-	287	1,902	3.0%	6.7%	8.1%
Australia ⁷⁾	1,432	-	254	1,686	3.0%	6.5%	10.5%
Spain	1,155	-	338	1,493	3.0%	6.2%	8.2%
Norway	1,121	-	226	1,347	3.0%	7.5%	9.1%
Belgium	1,057	-	133	1,190	3.0%	7.3%	7.5%
Germany ⁸⁾	998	7	146	1,151	3.0%	5.5%	8.4%
Sweden	999	-	130	1,129	3.0%	6.6%	9.1%
Switzerland	833	-	128	961	3.0%	7.5%	7.7%
USA	658	2	266	926	3.0%	5.9%	7.7%
Denmark ⁹⁾	881	-	43	924	3.0%	7.0%	9.3%
Other	2,936	-	670	3,606			
Total carrying amount at 31 December 2007	21,689	9	3,155	24,853			

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

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

³⁾ Includes customer contract portfolios and related customer relationships.

⁴⁾ The growth in France is expected to be 4.3% on average over the next eight years.

⁵⁾ The growth in Finland is expected to be 3.9% on average over the next eight years while the margin is expected to be 7.5% on average over the next four years.

⁶⁾ The growth in the Netherlands is expected to be 4.0% on average over the next six years.

⁷⁾ The growth in Australia is expected to be 5.5% on average over the next seven years.

⁸⁾ The growth in Germany is expected to be 3.5% on average over the next three years while the margin is expected to be 4.7% on average over the next eight years.

⁹⁾ The margin in Denmark is expected to be 6.5% on average over the next three years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

14. Impairment tests (continued)

Estimates used to measure recoverable amount

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

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

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

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

Sensitivity analysis

A sensitivity analysis on the key assumptions in the impairment testing is presented below. The allowed change represents the percentage points by which the value assigned to the key assumption as applied in the expected long-term rate can change, all other things being equal, before the unit's recoverable amount equals its carrying amount.

	Growth		Margin		Discount rate, net of tax	
	Applied expected long-term rate	Allowed decrease	Applied expected long-term rate	Allowed decrease	Applied rate	Allowed increase
2007						
France ¹⁾	3.0%	>3.0%	7.0%	2.5%	8.2%	3.0%
Finland ²⁾	3.0%	>3.0%	8.0%	4.3%	8.6%	4.5%
Netherlands ³⁾	3.0%	>3.0%	6.7%	3.0%	8.7%	4.7%
United Kingdom	3.0%	>3.0%	6.7%	4.5%	8.1%	11.0%
Australia ⁴⁾	3.0%	3.0%	6.5%	1.3%	10.5%	1.7%
Spain	3.0%	2.7%	6.2%	2.1%	8.2%	2.7%
Norway	3.0%	>3.0%	7.5%	5.2%	9.1%	14.0%
Belgium	3.0%	>3.0%	7.3%	4.0%	7.5%	5.6%
Germany ⁵⁾	3.0%	0.5%	5.5%	0.6%	8.4%	0.5%
Sweden	3.0%	>3.0%	6.6%	4.8%	9.1%	17.5%
Switzerland	3.0%	>3.0%	7.5%	5.4%	7.7%	12.1%
USA	3.0%	1.8%	5.9%	1.6%	7.7%	1.8%
Denmark ⁶⁾	3.0%	>3.0%	7.0%	4.9%	9.3%	9.2%

¹⁾ The growth in France is expected to be 4.3% on average over the next eight years.

²⁾ The growth in Finland is expected to be 3.9% on average over the next eight years while the margin is expected to be 7.5% on average over the next four years.

³⁾ The growth in the Netherlands is expected to be 4.0% on average over the next six years.

⁴⁾ The growth in Australia is expected to be 5.5% on average over the next seven years.

⁵⁾ The growth in Germany is expected to be 3.5% on average over the next three years while the margin is expected to be 4.7% on average over the next eight years.

⁶⁾ The margin in Denmark is expected to be 6.5% on average over the next three years.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

14. Impairment tests (continued)

2006	Carrying amount				Applied expected long-term rate		Applied rate
	Goodwill	Brands	Customer contracts ¹⁾	Total intangibles ²⁾	Growth	Margin	Discount rate, net of tax
France	4,415	1	253	4,669	3.0%	6.7%	8.2%
Finland ³⁾	1,859	-	219	2,078	3.0%	8.5%	9.1%
Netherlands ⁴⁾	1,852	-	92	1,944	3.0%	6.5%	8.4%
United Kingdom	1,609	-	248	1,857	3.0%	6.5%	8.4%
Australia ⁵⁾	1,400	-	288	1,688	3.0%	7.0%	10.5%
Sweden	1,045	-	155	1,200	3.0%	6.2%	9.0%
Spain	913	-	277	1,190	3.0%	6.2%	8.2%
Germany ⁶⁾	990	7	163	1,160	3.0%	5.8%	8.5%
Other	5,982	-	1,011	6,993			

Total carrying amount at 31 December 2006 **20,065** **8** **2,706** **22,779**

2006	Growth		Margin		Discount rate, net of tax	
	Applied expected long-term rate	Allowed decrease	Applied expected long-term rate	Allowed decrease	Applied rate	Allowed increase
France	3.0%	2.0%	6.7%	1.8%	8.2%	2.0%
Finland ³⁾	3.0%	2.8%	8.5%	2.7%	9.1%	2.8%
Netherlands ⁴⁾	3.0%	>3.0%	6.5%	2.6%	8.4%	3.5%
United Kingdom	3.0%	>3.0%	6.5%	3.9%	8.4%	8.3%
Australia ⁵⁾	3.0%	0.9%	7.0%	0.8%	10.5%	0.9%
Sweden	3.0%	>3.0%	6.2%	4.1%	9.0%	12.0%
Spain	3.0%	2.1%	6.2%	1.8%	8.2%	2.1%
Germany ⁶⁾	3.0%	0.7%	5.8%	0.6%	8.5%	0.7%

¹⁾ Includes customer contract portfolios and related customer relationships.

²⁾ In this context intangibles cover the value of goodwill, brands and customer contract portfolios and related customer relationships resulting from the acquisition of companies.

³⁾ The growth in Finland is expected to be 3.3% on average over the next nine years while the margin is expected to be 7.6% on average over the next seven years.

⁴⁾ The growth in the Netherlands is expected to be 3.2% on average over the next seven years.

⁵⁾ The margin in Australia is expected to increase from 6% in 2007 to 7% in 2009 while the growth is expected to be 4.9% on average over the next eight years.

⁶⁾ The growth in Germany is expected to be 2.6% on average over the next four years while the margin is expected to be 4.8% on average over the next seven years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

15. Property, plant and equipment	2007			2006		
	Land and buildings	Plant and equipment	Total	Land and buildings	Plant and equipment	Total
Cost at 1 January	347	5,736	6,083	359	5,072	5,431
Foreign exchange adjustments	2	(55)	(53)	(3)	(21)	(24)
Additions ¹⁾	10	927	937	10	854	864
Additions from acquired companies, net	40	309	349	3	416	419
Disposals	(69)	(541)	(610)	(24)	(586)	(610)
Transfers ²⁾	(5)	(58)	(63)	2	1	3
Cost at 31 December	325	6,318	6,643	347	5,736	6,083
Depreciation at 1 January	(85)	(3,854)	(3,939)	(67)	(3,429)	(3,496)
Foreign exchange adjustments	0	48	48	0	14	14
Depreciation	(15)	(746)	(761)	(18)	(662)	(680)
Depreciation from acquired companies, net	(23)	(197)	(220)	(2)	(233)	(235)
Disposals	1	395	396	2	456	458
Transfers ²⁾	-	40	40	-	-	-
Depreciation at 31 December	(122)	(4,314)	(4,436)	(85)	(3,854)	(3,939)
Carrying amount at 31 December	203	2,004	2,207	262	1,882	2,144

Land and buildings with a carrying amount of DKK 6 million (DKK 10 million in 2006) have been provided as collateral for mortgage debt of DKK 0 million (DKK 1 million in 2006). Additionally, a minor part of Land and buildings and Plant and equipment in certain countries has been provided as security for the borrowings under the senior facilities in ISS Holding A/S, see note 30, Contingent liabilities. The carrying amount of ISS Global's Land and buildings under finance leases was DKK 0 million (DKK 59 million in 2006). The carrying amount of ISS Global's Plant and equipment under finance leases was DKK 156 million (DKK 207 million in 2006).

¹⁾ In 2007, additions includes financial leased assets of DKK 111 million (2006: DKK 104 million).

²⁾ In 2007, DKK 23 million was transferred to Assets held for sale. In 2006, DKK 3 million was transferred from Intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

16. Associates	2007	2006
Investments in associates		
Cost at 1 January	56	117
Foreign exchange adjustments	1	(3)
Additions	-	11
Disposals ¹⁾	(37)	(69)
Cost at 31 December	20	56
Revaluation at 1 January	10	15
Foreign exchange adjustments	0	(1)
Net result for the year	8	(17)
Dividends received	(3)	(1)
Disposals ¹⁾	(7)	14
Revaluation at 31 December	8	10
Carrying amount at 31 December	28	66

2007	Country	Revenue	Operating profit	Net result	Assets	Liabilities	ISS Global's share		
							Owner-ship %	Equity	Net result
NSB Trafikservice AS	Norway	64	4	3	27	22	45	2	1
ISS Industriservice AB	Sweden	245	24	16	127	91	49	18	8
Other associates		153	1	(3)	50	38		8	(1)
		462	29	16	204	151		28	8
Goodwill at 31 December 2007								-	-
Total carrying amount at 31 December 2007								28	8

2006	Country	Revenue	Operating profit	Net result	Assets	Liabilities	ISS Global's share		
							Owner-ship %	Equity	Net result
Pacific Service Solutions Pty Ltd. ²⁾	Australia	437	(22)	(54)	-	-	-	-	(26)
Aircon AS ³⁾	Norway	131	15	12	46	16	40	12	5
NSB Trafikservice AS	Norway	51	2	1	21	16	45	0	0
ISS Industriservice AB ⁴⁾	Sweden	169	11	7	109	81	49	14	3
Other associates		166	2	3	52	38		8	1
		954	8	(31)	228	151		34	(17)
Goodwill at 31 December 2006								32	-
Total carrying amount at 31 December 2006								66	(17)

¹⁾ Including transfers related to associates now fully owned.

²⁾ The remaining 51% shareholding in Pacific Service Solutions Pty Ltd. including Tempo Services Ltd. was acquired as per 1 March 2006. Operating profit in 2006 is negatively impacted by vesting of warrants amounting to DKK 32 million in connection with the acquisition of the remaining 51% shareholding.

³⁾ The remaining 60% shareholding was acquired 1 January 2007.

⁴⁾ 51% of the 100% shareholding was sold 1 April 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

17. Deferred tax	2007		2006	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
Tax losses carried forward	206	-	201	-
Goodwill	65	170	111	161
Brands	-	3	-	-
Customer contracts ¹⁾	-	862	-	719
Property, plant and equipment	103	60	81	47
Provisions	102	-	449	-
Bond loans	68	-	96	-
Other	114	84	80	125
Set-off within legal tax units and jurisdictions	(264)	(264)	(412)	(412)
Deferred tax	394	915	606	640

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

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

Unrecognised tax assets

ISS Global had unrecognised deferred tax assets regarding tax losses carried forward in the following countries:

	2007			2006		
	Total	Recognised	Unrecognised	Total	Recognised	Unrecognised
Germany	239	47	192	295	135	160
Brazil	25	2	23	25	2	23
Belgium	12	8	4	15	2	13
USA	12	10	2	-	-	-
Israel	5	1	4	-	-	-
Denmark	5	5	-	9	-	9
Argentina	4	-	4	5	-	5
Australia	3	1	2	-	-	-
New Zealand	2	-	2	2	-	2
Total			233			212

The unrecognised tax loss can be carried forward indefinitely in the individual countries. Deferred tax assets relating to tax losses carried forward are only recognised to the extent that it is more likely than not that future taxable profit will be available against which the unused tax losses can be utilised in the foreseeable future taking into account any restrictions in utilisation in the local tax legislation.

¹⁾ Includes customer contract portfolios and related customer relationships.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

18. Other financial assets	2007	2006
Investment in Private Finance Initiatives (PFI) ¹⁾	-	25
Costs related to Public Private Partnerships (PPP)/PFI contracts	61	58
Regulatory long-term loans ²⁾	46	43
Other	118	108
Other financial assets	225	234

¹⁾ Investments in PFI's are classified as available-for-sale and measured at fair value at the balance sheet date with any resulting gains or losses being recognised directly in equity.

²⁾ Regulatory long-term loans are measured at amortised cost with any resulting adjustment being recognised in the income statement.

19. Inventories	2007	2006
Raw materials and supplies	95	102
Work in progress	14	60
Finished goods	140	162
Inventories	249	324
Inventories expensed	5,614	4,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

20. Trade receivables and contract work in progress	2007	2006
Trade receivables:		
Trade receivables (gross)	10,341	9,506
Provision for doubtful debts	(227)	(225)
Total trade receivables ¹⁾	10,114	9,281
Trade receivables can be specified as follows:		
Not due	7,586	7,204
Overdue by:		
Between 1 and 60 days	2,041	1,707
Between 61 and 180 days	417	307
Between 181 and 360 days	57	50
More than 360 days	13	13
Total trade receivables	10,114	9,281
Debtor days ²⁾	49	48
Contract work in progress:		
Contract expenses	372	221
Recognised profits	61	37
Contract work in progress, gross	433	258
Advances and prepayments	(272)	(51)
Contract work in progress, net	161	207

In general ISS Global does not receive collateral for sales on credit or contract work in progress. However, if collateral is received this is taken into account when assessing the necessary provisions for doubtful debts.

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

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

21. Other receivables	2007	2006
Receivables from affiliates ¹⁾	15	20
Interest rate swaps ²⁾	103	97
Prepayments	390	343
Other	442	351
Other receivables ³⁾	950	811

¹⁾ In 2007 receivables from affiliates are related to joint taxation scheme with Danish resident affiliates. Effective interest rate regarding receivables from affiliates was 5.8% (2006: 8.5%).

²⁾ The marked-to-market value of interest rate swaps. Changes in the fair value are recognised in equity.

³⁾ The carrying amount of other receivables approximates their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

22. Assets/Liabilities held for sale

ISS Global decided in June 2007 to dispose the energy activities in France. A sales process was initiated which resulted in a divestment of the first part of the activities in September 2007. The assets and liabilities attributable to the remaining activity, have been classified as held for sale and are presented separately in the balance sheet at the lower of the carrying amount at the date of the classification as "held for sale" and fair value less costs to sell. Assets are not depreciated or amortised from the date when they are reclassified as held for sale. Subsequent to 31 December 2007 the remaining activity has been sold.

	2007	2006
Goodwill	165	-
Other intangibles	2	-
Property, plant and equipment	23	-
Financial assets	3	-
Inventories	50	-
Trade and other receivables	307	-
Assets held for sale	550	-
Deferred tax liabilities	11	-
Other provisions	8	-
Bank loan	7	-
Trade and other payables	305	-
Liabilities held for sale	331	-

23. Securities, cash and cash equivalents

	2007	2006	2007	2006	2007	2006
	Carrying amount		Average effective rate (%)		Average duration (years)	
Bonds ¹⁾	83	58	4.0	4.0	2.7	3.6
Other	-	1	-	-	-	-
Securities	83	59				
Cash and cash equivalents ²⁾	2,574	2,006	4.1	3.5		

¹⁾ Consists of listed Danish mortgage bonds, measured at fair value through the income statement.

²⁾ Of the total cash position, DKK 50 million (2006: DKK 31 million) was restricted and DKK 198 million (2006: DKK 155 million) was reserved for amortisation of Term Facility A in accordance with the terms of the Senior Facilities Agreement.

24. Share capital

	2007	2006
Share capital (in DKK millions)		
Share capital at 1 January	160	160
Share capital at 31 December	160	160
Share capital (in thousands of shares)		
Number of shares at 1 January	160	160
Number of shares at 31 December - fully paid	160	160

At 31 December 2007 a total of 160,000 shares with a nominal value of DKK 1,000 per share were issued and fully paid (2006: 160,000 shares).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

25. Long-term debt	2007	2006
Euro Medium Term Notes ¹⁾		
Notes due 2010	6,333	6,242
Notes due 2014	822	3,812
Interest rate swaps	231	343
Senior facilities ²⁾		
Term facility A	1,207	1,480
Term facility B	12,217	4,973
Acquisition facilities	1,790	2,508
Mortgage loans	-	2
Other bank loans	52	27
Obligations under finance leases	108	194
Long-term debt - affiliates	364	368
Total long-term debt ³⁾	23,124	19,949
Fair value of long-term debt ⁴⁾	22,583	18,867
Long-term debt is payable as follows:		
1-5 years	9,435	9,088
6-10 years	13,689	10,861
Total	23,124	19,949
Effective interest rate ⁵⁾	5.9%	5.5%
ISS Global's total long-term debt is denominated in the following currencies:		
DKK	0.1%	2.7%
EUR	85.4%	78.6%
GBP	7.7%	9.7%
NOK	2.9%	4.2%
SEK	2.2%	3.2%
USD-related	0.1%	0.0%
Others	1.6%	1.6%
	100.0%	100.0%

ISS Global had no debt convertible into equity.

¹⁾ ISS Global A/S listed a Euro Medium Term Note programme in September 2003 and subsequently launched its inaugural issue. The EUR 850 million notes have a maturity of seven years and an annual coupon of 4.75%. In December 2004, ISS Global A/S issued EUR 500 million of notes with a maturity of ten years and an annual coupon of 4.50%. EUR 390 million of these notes were redeemed in July 2007. At 31 December 2007, the weighted average interest rate was 4.72% (2006: 4.66%). See also note 7, Net finance costs.

²⁾ The senior and acquisition facilities are subject to customary undertakings, covenants (including financial covenants) and other restrictions. At 31 December 2007, the term facility A and term facility B had weighted average interest rates of 6.03% and 6.39%, respectively (2006: 5.73% and 6.62%). The acquisition facilities had a weighted average interest rate of 6.72% (2006: 5.97%). In 2007, all covenants have been complied with.

³⁾ During 2007, financing fees amounting to DKK 114 million (2006: DKK 72 million) have been recognised in long-term debt while accumulated financing fees recognised in long-term debt on 31 December 2007 amounted to DKK 194 million (2006: DKK 110 million).

⁴⁾ The fair value of long-term debt is based on the quoted market price on the Luxembourg Stock Exchange of the Euro Medium Term Notes. For the remaining part of long-term debt fair value is equal to the nominal value.

⁵⁾ Weighted average interest rate taking the effect of interest rate hedges into account.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

25. Long-term debt (continued)

Finance lease obligations are payable as follows:

	2007			2006		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Within 1 year	84	(7)	77	101	(13)	88
1-5 years	113	(6)	107	148	(23)	125
After 5 years ¹⁾	1	-	1	89	(20)	69
	198	(13)	185	338	(56)	282

¹⁾ In 2006, financial lease obligations after five years related to buildings.

26. Pensions and similar obligations

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

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

ISS Global's liabilities under defined benefit plans may be significantly affected by changes in the discount rate, the expected return on plan assets, the social security rate, the rate of increase in salaries and pension contributions, changes in demographic variables or other events and circumstances.

There can be no assurance that ISS Global will not incur additional liabilities relating to its pension plans, and these additional liabilities could have a material adverse effect on ISS Global's business, results of operations and financial condition. Changes to local legislation and regulations relating to defined benefit plan funding requirements may result in significant deviations in the timing and size of the expected cash contributions under such plans.

In certain countries, ISS Global participates in multiemployer pension schemes. The funds are currently not able to provide the necessary information in order for ISS Global to account for the schemes as defined benefit plans. There is a risk that the plans are not sufficiently funded. Furthermore, there is a risk that changes to local legislation will entail that pension plans are reclassified from defined contribution plans to defined benefit plans, requiring ISS Global to recognise a provision.

In Sweden and Norway curtailment gains totalling DKK 45 million have been recognised in the income statement under staff costs, as a consequence of a reduction in the future benefits of the participants in the defined benefit plan.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

26. Pensions and similar obligations (continued)

Actuarial calculations and valuations are performed annually for all major defined benefit plans. The actuarial assumptions vary from country to country due to local conditions. The range of actuarial assumptions used is as follows:

	2007	2006
Discount rates at 31 December ^{1) 2)}	3.4-11.0%	2.9-6.5%
Expected return on plan assets at 31 December	3.9-6.9%	2.5-6.6%
Future salary increases	2.0-5.0%	1.6-4.1%
Future pension increases	0.3-3.1%	0.3-2.9%

The amounts recognised in the income statement are as follows:

Current service costs	156	134
Interest on obligation	123	99
Expected return on plan assets	(116)	(83)
Recognised past service costs, net	(0)	(0)
Gains on curtailments and settlements, net	(45)	(99)
Recognised in the income statement as staff costs	118	51
Actual return on plan assets	65	70

The amounts recognised in the balance sheet are as follows:

Present value of funded obligations	2,736	2,879
Fair value of plan assets	(2,617)	(2,606)
Funded obligations, net	119	273
Present value of unfunded obligations	508	567
Unrecognised past service costs	1	1
Accumulated effect of asset ceiling	44	3
Net liability	672	844

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

Net liability at 1 January before reclassifications	844	801
Reclassifications	(5)	26
Net liability at 1 January after reclassifications	839	827
Foreign exchange adjustments	(17)	2
Additions from acquired companies, net	37	163
Net expenses recognised in the income statement	118	51
Contributions	(194)	(156)
Actuarial (gains)/losses recognised through equity, net	(152)	(46)
Asset ceiling	41	3
Net liability for defined benefit plans at 31 December	672	844
Other long-term employee benefits	52	41
Pensions and similar obligations at 31 December	724	885

¹⁾ Based on high quality corporate bonds or government bonds.

²⁾ The discount rate in Switzerland was 3.40% representing 49% of the gross obligation (2006: discount rate of 2.85% and 48% of the gross obligation). The discount rate in the euro countries was between 5.15% and 5.25% representing 29% of the gross obligation (2006: discount rate of 4.25% and 29% of the gross obligation).

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

26. Pensions and similar obligations (continued) 2007 2006

Accumulated net actuarial (gains)/losses in the statement of total recognised income and expense:

Actuarial (gains)/losses recognised, net **66 218**

Changes in the obligations (funded and unfunded):

Opening present value of obligation	3,446	2,240
Additions from acquired companies	37	1,155
Reclassifications	(48)	27
Foreign exchange adjustments	(108)	(8)
Interest on obligation	123	99
Current service costs	156	134
Benefits paid	(91)	(89)
Employee contributions	65	54
Actuarial (gains)/losses	(200)	(59)
Recognised past service costs	(0)	(0)
Liabilities extinguished on settlements and curtailments	(136)	(107)

Closing present value of obligations **3,244 3,446**

Changes in fair value of plan assets are as follows:

Opening fair value of plan assets	2,606	1,441
Additions from acquired companies	-	992
Reclassifications	(43)	1
Foreign exchange adjustments	(91)	(10)
Expected return on plan assets	116	83
Actuarial (gains)/losses	(48)	(13)
Assets distributed on settlements	(91)	(8)
Contributions	221	169
Benefits paid	(53)	(49)

Fair value of plan assets **2,617 2,606**

The major categories of plan assets as a percentage of total plan assets are as follows:

Bonds	54%	53%
Equities	29%	26%
Property	1%	11%
Cash	8%	4%
Other	8%	6%

100% 100%

The pension net liability for current and previous years is shown below:

	2007	2006	2005	2004
Closing present value of obligations	3,244	3,446	2,240	2,330
Fair value of plan assets	(2,617)	(2,606)	(1,441)	(1,652)
Unrecognised past service costs	1	1	2	2
Asset ceiling	44	3	-	-

672 844 801 680

Actuarial (gains)/losses obligations	(200)	(59)	253	(6)
Actuarial gains/(losses) plan assets	(48)	(13)	29	(46)

ISS Global expects to contribute DKK 156 million to its defined benefit plans in 2008.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

27. Other provisions

	Labour- related items	Self- insurance	Acquisitions	Other	Total
2007					
Carrying amount at 1 January 2007	89	120	64	472	745
Foreign exchange adjustments	0	(5)	1	(4)	(8)
Transfers, net ¹⁾	4	2	0	(19)	(13)
Additions from acquired companies, net	4	26	0	52	82
Provisions included in goodwill during the year ²⁾	-	-	80	-	80
Provisions made during the year (included in the income statement)	48	83	67	129	327
Provisions not used (reversed against the income statement)	(21)	(13)	(5)	(135)	(174)
Provisions used during the year	(38)	(46)	(166)	(136)	(386)
Carrying amount at 31 December 2007	86	167	41	359	653
Expected maturity					
Within 1 year	68	49	28	182	327
1-5 years	14	108	13	143	278
After 5 years	4	10	0	34	48
Carrying amount at 31 December 2007	86	167	41	359	653
2006					
Carrying amount at 1 January 2006	96	75	56	488	715
Foreign exchange adjustments	(3)	1	(2)	0	(4)
Transfers, net ¹⁾	(1)	5	-	(68)	(64)
Additions from acquired companies, net	8	20	-	138	166
Provisions included in goodwill during the year ²⁾	-	-	110	-	110
Provisions made during the year (included in the income statement)	53	42	105	162	362
Provisions not used (reversed against the income statement)	(27)	-	-	(73)	(100)
Provisions used during the year	(37)	(23)	(205)	(175)	(440)
Carrying amount at 31 December 2006	89	120	64	472	745
Expected maturity					
Within 1 year	68	43	48	255	414
1-5 years	18	72	16	181	287
After 5 years	3	5	-	36	44
Carrying amount at 31 December 2006	89	120	64	472	745

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

Labour-related items: In 2007 and 2006, the provision mainly related to obligations in Belgium, Brazil, France, the Netherlands, Spain and Turkey.

Self-insurance: In Australia, Ireland, the USA and the United Kingdom, ISS Global carries an insurance provision on employers' liability. Ireland and the United Kingdom are self-insured up to a yearly limit of DKK 35 million (DKK 43 million in 2006) for employers' liability. The USA is self-insured up to a limit of DKK 1.3 million per claim. Australia is self-insured up to a limit of DKK 2 million per claim. ISS Global Corporate has taken out a group third party liability insurance programme. The ISS Global captive insurance company Global Insurance A/S carries part of the risk on the third party liability programme with a maximum annual limit of DKK 42 million (DKK 42 million in 2006).

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

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

¹⁾ In 2007, Transfers, net consisted of net provisions transferred to Other liabilities, Pensions and similar obligations and Trade receivables.

In 2006, Transfers, net consisted of net provisions transferred to Other liabilities and Pensions and similar obligations.

²⁾ Includes only transaction costs related to acquisitions, as integration costs are included in the income statement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

28. Short-term debt	2007	2006
Long-term debt, due within one year	198	199
Bank loans and overdrafts ¹⁾	733	632
Finance leases	77	88
Debt to affiliates ²⁾	1,803	1,460
Short-term debt ³⁾	2,811	2,379

¹⁾ Effective interest rate regarding bank loans and overdrafts was 6.9% (2006: 6.9%).

²⁾ Debt to affiliates includes DKK 31 million related to a joint taxation scheme with Danish resident affiliates. Effective interest rate regarding debt to affiliates was 8.0% (2006: 7.3%).

³⁾ The carrying amount of short-term debt approximates the fair value.

29. Other liabilities	2007	2006
Accrued wages and holiday allowances	4,211	3,953
Tax withholdings, VAT etc.	2,934	2,725
Prepayments from customers	446	460
Other payables and accrued expenses	2,724	2,765
Other liabilities ¹⁾	10,315	9,903

¹⁾ The carrying amount of other liabilities approximates their fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

30. Contingent liabilities

Senior Facility Agreement

ISS Holding A/S has executed a share pledge over its shares in ISS A/S as security for ISS Global's senior facilities and a secondary share pledge over such shares as security for the subordinated notes issued by ISS Holding A/S.

ISS Global A/S, a 100% owned subsidiary of ISS A/S, acceded to the senior facilities agreement and thereby obtained a right to make borrowings under the senior facilities.

ISS A/S, ISS Global A/S and certain material subsidiaries of ISS Global A/S in Australia, Belgium, Denmark, Finland, France, the Netherlands, Norway, Spain, Sweden, and the United Kingdom have provided guarantees for ISS Global A/S' borrowings under the senior facilities. The guarantees have been backed up by security over bank accounts, trade receivables, intra-group receivables, other receivables, properties, production equipment and intellectual property rights of ISS A/S and these subsidiaries. At 31 December 2007, the aggregate approximate values of assets provided as security for the borrowings under the senior facilities were:

	Approximate values (DKK billions)
Goodwill	3.0
Customer contracts	0.5
Intellectual property rights	0.0
Other intangible and tangible assets	0.3
Trade receivables	3.8
Other receivables	0.1
Bank accounts	1.8
Total	9.5

In addition, the shares in the material subsidiaries and shares in certain of their subsidiaries as well as shares in certain subsidiaries in Austria, Germany, Hong Kong, Ireland, Portugal, Singapore and Switzerland have been pledged. Neither ISS A/S nor any of its direct or indirect subsidiaries have guaranteed or granted any security for ISS Holding A/S's borrowing used for financing the acquisition of ISS A/S.

Operating leases

Operating leases consist of leases and rentals of properties, vehicles (primarily cars) and other equipment. The total expense under operating leases in the income statement amounted to DKK 1,816 million (DKK 1,679 million in 2006). Assuming the current car fleet etc. is maintained, the future minimum lease payments under operating leases are:

	Year 1	Year 2	Year 3	Year 4	Year 5	After 5 years	Total lease payment
At 31 December 2007	1,234	896	658	412	286	431	3,917
At 31 December 2006	1,161	820	574	393	262	424	3,634

Additional future lease payments of DKK 5 million (DKK 10 million in 2006) existed regarding associates at 31 December 2007.

Commitment vehicle leases

On 1 January 2005 ISS Global entered into a global car fleet lease framework agreement for three years, including an option for extension. The agreement was re-negotiated and extended for another three year term from 1 January 2008 to 31 December 2010. The framework agreement contains an option for ISS Global to terminate the fleet of an entire country or the entire fleet under the framework agreement with four weeks notice subject to payment of a termination amount. The majority of the underlying agreements have a duration of 3-5 years. The disclosed contingent liability includes ISS Global's total leasing commitment assuming no early termination of any agreement.

Guarantee commitments

Indemnity and guarantee commitments at 31 December 2007 amounted to DKK 405 million (31 December 2006, DKK 361 million).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

30. Contingent liabilities (continued)

Performance guarantees

ISS Global has issued performance guarantee bonds for service contracts with an annual revenue of DKK 1,229 million (31 December 2006, DKK 983 million) of which DKK 979 million (31 December 2006, DKK 758 million) were bank-guaranteed performance bonds. Such performance bonds are issued in the ordinary course of business in the service industry.

Outsourcing of IT

ISS Global has an IT outsourcing agreement with Computer Sciences Corporation (CSC) running until 2015. ISS Global's contractual obligations related to the agreement at 31 December 2007 amounted to approximately DKK 75 million (31 December 2006, DKK 288 million). The decrease in the obligation from 2006 to 2007 is due to contract negotiations which at year end 2006 was estimated to reduce the obligation by at least DKK 160 million. The final decrease in the obligation as a result of the negotiations was DKK 213 million.

Divestments

ISS Global makes provisions for claims from purchasers or other parties in connection with divestments and representations and warranties given in relation to such divestments. Management believes that provisions made at 31 December 2007 are adequate. However, there can be no assurance that one or more major claims arising out of ISS Global's divestment of companies will not adversely affect ISS Global's activities, results of operations and financial position.

Legal proceedings

ISS Global 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 ISS Global's financial position beyond the assets and liabilities already recognised in the balance sheet at 31 December 2007.

31. Financial risk management and derivatives

ISS Global's financial risk management is based on policies approved by the Board of Directors. ISS Global may use derivatives to hedge financial risks. Hedging of financial risks is managed at corporate level and is only focused on managing risks arising from ISS Global's operation and financing. It is not group policy to take positions in the financial markets.

Currency risk

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. However, fluctuations in exchange rates may affect ISS Global to the extent that its interest payments with respect to borrowings are not denominated in the same currencies as ISS Global's revenue. In addition, currency movements may materially affect the economic environment in which ISS Global's subsidiaries operate, which could have an adverse effect on ISS Global's business, results of operations and financial condition. Further, currency fluctuations may have a significant effect on the value of royalties, dividends and service fees paid in local currency by ISS Global's subsidiaries.

ISS Global's transaction risk primarily relates to the payment of royalties and service fees to ISS A/S, which are made in the local currencies of the paying companies. Thus, a currency risk exists in relation to the translation of these payments into Danish kroner. In 2007, royalty payments amounted to DKK 1,002 million, whereof 47% was in Euros. The exposure relating to royalty payments is not hedged.

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 and intercompany loans in foreign subsidiaries into Danish kroner based on year-end exchange rates.

It is not ISS Global's policy to hedge the currency exposure on foreign investments. However, ISS Global may choose to hedge the currency exposure on foreign investments by funding such investments in local currencies or entering into hedging transactions. The internal bank, ISS Global A/S hedges the exposure on the intercompany loans to foreign subsidiaries by entering into currency swaps. Foreign exchange gains and losses arising from both the intercompany loans and currency swaps are recognised in the income statement.

In 2007, the currencies in which ISS Global's revenue was denominated decreased with an average of 0.3% (2006: increased with 0.1%) relative to Danish kroner, decreasing ISS Global's revenue by DKK 160 million (2006: increasing ISS Global's revenue by DKK 58 million). Currency movements affected the operating profit before other items by a decrease of DKK 10 million (2006: an increase of DKK 3 million). The effect of the translation of net assets in foreign subsidiaries decreased equity by DKK 116 million (2006: decreased equity by DKK 93 million, net of hedges).

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

31. Financial risk management and derivatives (continued)

Based on the actual 2007 figures, the effect of a 5% change in foreign exchange rates of ISS Global's main currencies is shown in the table below:

Currency	Operating profit before other items			Net assets in foreign subsidiaries
	Revenue		Royalty	
EUR	1,468	93	469	265
CHF	111	9	36	34
GBP	390	26	125	36
NOK	266	19	78	(37)
SEK	193	13	62	7
USD	138	8	42	44
Other	431	28	136	92
Total	2,997	196	948	441

Interest rate risk

Rising in interest rates increase ISS Global's interest expenses relating to variable rate indebtedness, and increase the costs of refinancing existing indebtedness and of issuing new debt. In addition, increases in interest rates increase the funding cost of acquisitions, thereby limiting ISS Global's ability to grow through acquisitions on a cost-effective basis, as well as limiting ISS Global's ability to implement its growth strategy. Accordingly, higher interest rates could adversely affect cash flow and ISS Global's ability to service its debt.

The interest rate risk is measured by the duration of the net debt. The duration reflects the effect of a simultaneous increase or decrease in the general level of interest rates for the currencies included in the debt portfolio. As at 31 December 2007, the duration of net debt was approximately 2.1 years (31 December 2006: 4.1 years). A decrease in interest rates will increase the fair value of the debt but only part of this increase will be reflected in the income statement and equity as long-term borrowings are stated at amortised cost and therefore not adjusted to fair value. The interest rate swaps hedging the floating interest rate are adjusted to fair value and recognised directly in equity. Based on the net debt and taking into account the effect of hedging instruments as at 31 December 2007, a general decrease/(increase) of one percentage point in relevant interest rates would reduce/(increase) the annual net interest expense by approximately DKK 43 million (2006: DKK 13 million), all other things being equal.

ISS Global's loan portfolio primarily consists of senior facilities (bank loans) and bonds issued under the EMTN programme. A part of the interest payments on the bank loans has been swapped from floating into fixed rates (see note 25, Long-term debt). To manage the duration of the net debt, ISS Global applies derivatives, such as interest rate swaps. The deferred gain or loss on the interest rate instruments will be 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. When a hedging instrument expires or is sold, terminated or exercised but the hedged future transactions are still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

Facility	Principal amount (DKK million)	Coupon	Type	Maturity	Amount hedged (DKK million)
Euro Medium Term Notes					
4.75% notes due in 2010	6,338	Fixed	Bullet	2010	-
4.50% notes due in 2014	823	Fixed	Bullet	2014	-
Senior facilities					
Term A	1,486	Floating	Amortising	2012	1,224
Term B	13,367	Floating	Bullet	2013	8,190
Acquisition facilities (maximum amount)	4,925	Floating	Amortising from 2009	2013	600

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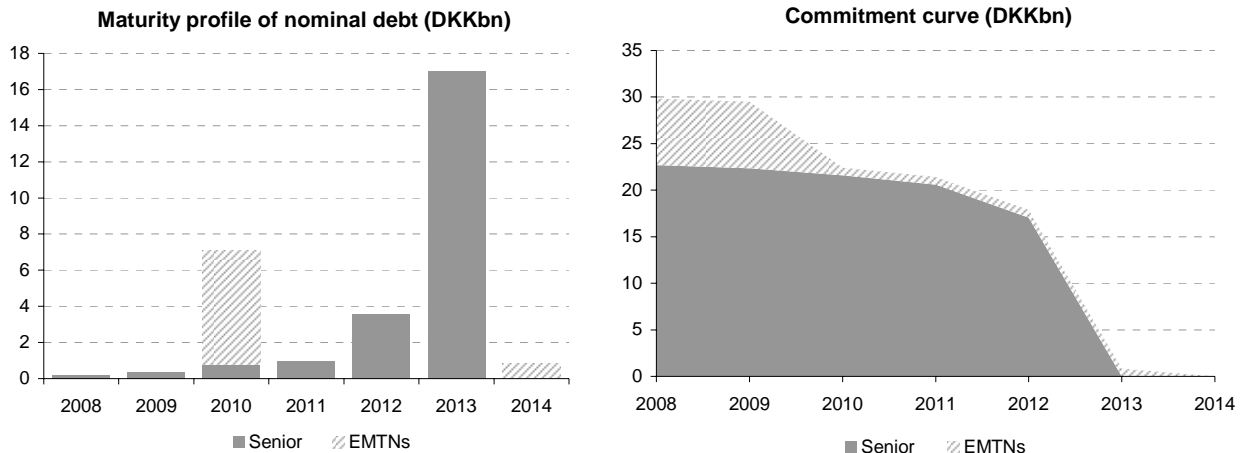
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

31. Financial risk management and derivatives (continued)

Liquidity risk

Liquidity risk is the risk of ISS Global failing to honour its contractual obligations due to insufficient liquidity. The maturity of ISS Global's financing facilities follow the charts below. Interest rate fixing on the facilities with floating rate coupon is done on the IMM dates in March, June, September and December.



ISS Global's liquid reserves mainly consist of liquid funds of DKK 2,524 million, DKK 738 million of unused revolving credit facilities and DKK 3,135 million of unused acquisition facilities. It is a part of ISS Global's policy to maintain an appropriate level of liquid reserve.

Credit risk

Credit risk represents the risk of the accounting loss that would be recognised if counterparties failed to perform as contracted. ISS Global is not exposed to significant risks relating to individual customers or counterparties and losses on bad debt relating to individual customers or counterparties have historically been relatively low. ISS Global performs ongoing credit evaluations of the financial condition of ISS Global's counterparties in order to reduce the credit risk exposure.

It is ISS Global's policy that financial transactions may be entered into only with financial institutions with a high credit rating.

Capital management

ISS Global monitors the need for adjustment of the capital structure on an ongoing basis. The dividend policy and the payment of dividends is made subject to the necessary consolidation of equity and ISS Global's continuing expansion.

ISS Global A/S and its subsidiaries have and will continue to have a substantial amount of outstanding indebtedness and obligations with respect to the servicing of such indebtedness.

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

The Senior facilities contain covenants that restrict ISS Global A/S and its subsidiaries from making distributions or other payments to creditors unless certain financial tests and other criteria are satisfied. The terms of other agreements to which ISS Global A/S and its subsidiaries may be or become subject to may also restrict the ability of its subsidiaries to provide ISS Global A/S with funds. In addition, ISS Global A/S and its subsidiaries may incur other debt in the future that may contain financial or other covenants more restrictive than those contained in the Senior facilities. In particular, certain of ISS Global A/S's subsidiaries may establish working capital or similar debt facilities permitted under the terms of the Senior facilities that contain such restrictions. The covenants could materially and adversely affect ISS Global's ability to finance the future operations or capital needs of ISS Global A/S or its subsidiaries or to engage in other business activities that may be in the best interest of ISS Global A/S or its subsidiaries.

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

31. Financial risk management and derivatives (continued)

If ISS Global A/S or any of its subsidiaries, as the case may be, does not comply with the covenants (including financial tests) and restrictions of the Senior facilities, the Euro Medium Term Notes and any future new credit facilities, ISS Global could be in default under those agreements, and the debt incurred under those agreements, together with accrued interest, could then be declared immediately due and payable. If a default occurs under the Senior facilities and the Euro Medium Term Notes, the lenders under such indebtedness could, subject to restrictions on enforcement rights, cause all the outstanding debt obligations thereunder to become due and payable, thereby requiring ISS Global to apply cash to repay the debt thereunder and/or prevent it from making debt service payments on its other debt. In addition, any default under the Senior facilities and Euro Medium Term Notes could lead to an acceleration of debt under other debt instruments that contain cross acceleration or cross default provisions. If the debt under the Senior facilities, Euro Medium Term Notes or other debt instruments is accelerated, ISS Global may not have sufficient assets to repay amounts due thereunder. ISS Global's ability to comply with the provisions of the Senior facilities, Euro Medium Term Notes and agreements governing its other debt may be affected by changes in economic or business conditions or other events beyond its control.

In 2010, EUR 850 million of the Euro Medium Term Notes of ISS Global A/S will mature and approximately EUR 110 million of the Euro Medium Term Notes of ISS Global A/S will mature in 2014. In addition, the Senior facilities will mature in 2012 and 2013. ISS Global intends to repay the principal amount of such indebtedness and the principal amount of the notes at maturity using funds obtained from other financing sources, rather than with cash from operations. Although ISS Global expects to be able to raise funds to repay such indebtedness as it matures, and to repay the principal amount of the notes and the facilities at their maturity, through the use of other sources of indebtedness, it may not be able to do so on terms as favourable as its existing indebtedness, if at all. The failure to pay the principal amount of this indebtedness at maturity would constitute an event of default under such indebtedness and would result in a cross-default under ISS Global's other financing arrangements.

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

31. Financial risk management and derivatives (continued)

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:

2007	Contractual value	Unrealised gain/(loss) on revaluation to fair value	Included in the income statement for 2007	Taken directly to equity on 31 December 2007	Maturity
Financial instruments					
Forward foreign currency, purchases					
CHF	220	0	0	-	2008
EUR	5,421	(4)	(4)	-	2008
GBP	679	(10)	(10)	-	2008
HKD	46	(1)	(1)	-	2008
NOK	243	0	0	-	2008
Others	17	0	0	-	2008
	6,626	(15)	(15)	-	
Forward foreign currency, sales					
AUD	1,098	9	9	-	2008
CZK	145	1	1	-	2008
ILS	154	1	1	-	2008
MXN	179	5	5	-	2008
SEK	208	0	0	-	2008
SGD	60	1	1	-	2008
USD	855	18	18	-	2008
Others	226	2	2	-	2008
	2,925	37	37	-	
Interest rate instruments					
Interest rate swap - 2009 (CHF), payer ¹⁾	173	1	0	1	2009
Interest rate swap - 2009 (SEK), payer ¹⁾	481	8	0	8	2009
Interest rate swap - 2009 (NOK), payer ¹⁾	570	13	1	12	2009
Interest rate swap - 2010 (GBP), payer ¹⁾	384	0	0	0	2010
Interest rate swap - 2010 (EUR), payer ¹⁾	600	10	0	10	2010
Interest rate swap - 2010 (GBP), payer ¹⁾	1,319	3	0	3	2010
Interest rate swap - 2010 (EUR), payer ¹⁾	3,132	59	0	59	2010
Interest rate swap - 2010 (EUR), payer ¹⁾	3,355	11	0	11	2010
	10,014	105	1	104	
Total financial instruments		127	23	104	

Hedging of net investments in foreign subsidiaries at 31 December 2007:

As at 31 December 2007, no such hedging was entered into.

¹⁾ The swaps convert a major part of the floating rates within the bank loans to fixed interest rate.

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

31. Financial risk management and derivatives (continued)

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:

2006	Contractual value	Unrealised gain/(loss) on revaluation to fair value	Included in the income statement for 2006	Taken directly to equity on 31 December 2006	Maturity
Financial instruments					
Forward foreign currency, purchases					
AUD	22	(0)	(0)	-	2007
CHF	209	(0)	(0)	-	2007
EUR	5,740	1	1	-	2007
GBP	692	(1)	(1)	-	2007
NOK	352	(0)	(0)	-	2007
Others	27	0	0	-	2007
	7,042	(0)	(0)	-	
Forward foreign currency, sales					
AUD	1,474	(5)	(5)	-	2007
HKD	203	0	0	-	2007
SEK	66	0	0	-	2007
USD	183	0	0	-	2007
USD-related	32	(1)	(1)	-	2007
Others	344	(0)	(0)	-	2007
	2,302	(6)	(6)	-	
Interest rate instruments					
Interest rate swap - 2009 (CHF), payer ¹⁾	179	0	0	0	2009
Interest rate swap - 2009 (NOK), payer ¹⁾	552	7	0	7	2009
Interest rate swap - 2009 (SEK), payer ¹⁾	503	6	0	6	2009
Interest rate swap - 2010 (EUR), payer ¹⁾	600	6	0	6	2010
Interest rate swap - 2010 (EUR), payer ¹⁾	3,132	58	(0)	58	2010
Interest rate swap - 2010 (GBP), payer ¹⁾	420	2	0	2	2010
Interest rate swap - 2010 (GBP), payer ¹⁾	1,443	18	0	18	2010
	6,829	97	0	97	
Total financial instruments		91	(6)	97	

Hedging of net investments in foreign subsidiaries at 31 December 2006:

As at 31 December 2006, no such hedging was entered into.

¹⁾ The swaps convert a major part of the floating rates within the bank loans to fixed interest rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

32. Related party transactions

The sole shareholder of ISS Global A/S, ISS A/S, has controlling influence in ISS Global. The ultimate controlling company of ISS Global is FS Invest S.à r.l ("FS Invest"), which is 54% owned by funds advised by EQT Partners and 44% owned by Goldman Sachs Capital Partners.

Members of the Board of Directors and Managing Directors

Apart from remuneration and incentive programmes described below there were no significant transactions with members of the Board of Directors or the Managing Directors during the year.

Incentive Programmes

The Principal Shareholders have offered a management participation programme, under which the Managing Directors, the Board of Directors and a number of senior officers of ISS Global were offered to make an investment. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants of FS Invest, ISS Global A/S's ultimate parent. As of 31 December 2007, the investments amounted to DKK 191 million in total for 139 executives and officers. Furthermore, as described in note 4, Share-based payments, certain senior officers were granted warrants in FS Invest of which 532,012 were outstanding as of 31 December 2007.

Joint ventures and associates

Transactions with joint ventures and associates are limited to transactions related to shared service agreements. There were no significant transactions with joint ventures and associates during the year. All transactions are made on market terms.

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

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

Board of Directors	Board Member	Executive Position
Jørgen Lindegaard	Efsen Engineering A/S	None
Jeff Gravenhorst	None	None
Bjørn Raasteen	None	None

Managing Directors	Board Member	Executive Position
Bjørn Raasteen	None	None
Christian Kofoed Jakobsen	None	None

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

32. Related party transactions (continued)

Affiliates

In 2007, ISS Global had the following transactions with affiliates:

- ISS Global paid royalty and management fees to ISS A/S.
- ISS Global received/paid interest from/to affiliates, see note 7, Net finance costs.
- ISS Global received/paid joint taxation contribution equal to 25% of taxable income from/to ISS Equity A/S (the ultimate parent company in Denmark), see note 8, Taxes.
- ISS Global paid dividends to ISS A/S.
- ISS Global and Goldman Sachs have agreed general terms and conditions for the supply of Facility Services to be applied by local ISS operations and local Goldman Sachs affiliates when contracting with each other. ISS in Switzerland, Russia and the United Kingdom have entered into Facility Services agreements with local Goldman Sachs affiliates. The annual revenue from these agreements is estimated at DKK 70 million.
- ISS Global and Goldman Sachs have entered into various agreements on provision of financing and banking related services.

All transactions were made on market terms.

33. Interests in joint ventures

As of 31 December 2007, ISS Global had interests in 6 joint ventures (6 in 2006). The significant joint ventures are specified in note 34, Subsidiaries, joint ventures and associates. The net profit for the year and the balance sheet items of ISS Global's interests in the 6 joint ventures are included in ISS Global's consolidated income statement and balance sheet with the following amounts:

	2007	2006
Revenue	35	98
Operating profit before other items	2	10
Profit before impairment/amortisation of intangibles	2	10
Net profit for the year	1	7
Intangible assets ¹⁾	0	2
Property, plant and equipment	1	4
Financial assets	2	2
Current assets	20	60
Total assets	23	68
Equity ²⁾	11	23
Long-term liabilities	1	3
Current liabilities	11	42
Total equity and liabilities	23	68
ISS Global's part of contingent liabilities (operating leases) in joint ventures	6	7

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

²⁾ The aggregate investment in joint ventures is as follows: Sri Lanka DKK 1.6 million (2006: DKK 1.5 million), Norway DKK 11 million (2006: DKK 21 million), Spain DKK 0.3 million (2006: DKK 0.2 million) and Hong Kong DKK (0.4) million (2006: DKK (0.2) million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

34. Subsidiaries, joint ventures and associates

ISS Global A/S

Argentina

Facility Services S.R.L.	100%
ISS Argentina S.A.	100%
SIM S.A.	100%
Solkin S.A.	100%
Top Service S.R.L.	100%
Top Service S.A.	100%

Australia

ISS Catering Services Pty Ltd.	100%
ISS Facility Services Australia Ltd.	100%
ISS Facility Services Pty Ltd.	100%
ISS Franchise Services Pty Ltd.	100%
ISS Health Services Pty Ltd.	100%
ISS Holdings Pty Ltd.	100%
ISS Hygiene Services Pty Ltd.	100%
ISS Integrated Services Pty Ltd.	100%
ISS Property Services Pty Ltd.	100%
ISS Security Pty Ltd.	100%
Pacific Invest December 2004 Pty Ltd.	100%
Pacific Service Solutions Pty Ltd.	100%
Prestige Protection Services Pty Ltd.	100%

Austria

ISS Airest Bodenabfertigungsdienste GmbH	51%
ISS Austria Holding GmbH	100%
ISS Beta Beteiligungsverwaltung GmbH	100%
ISS Facility Services GmbH	100%
ISS Facility Services Grünraum GmbH	100%
FM Complete Facility Management GmbH	100%
K&S Hygiene GmbH	100%
Rantasa Interimpersonal GmbH	100%
Unistaff Personalservice GmbH	100%

Belgium

BD Food SA	100%
ISS Building Services N.V.	100%
ISS Catering N.V.	100%
ISS Industrial Cleaning N.V.	100%
ISS Industrial Services N.V.	100%
ISS N.V.	100%
ISS Office Support N.V.	100%
Party & Dinner N.V.	100%
Pest Management Solutions N.V.	100%
Synerg' ISS SA	100%

Bosnia and Herzegovina

ISS Facility Services d.o.o. Sarajevo	100%
ISS Facility Services d.o.o. Banja Luka	100%

Brazil

BJP Manutenção e Operação de Utilidades Ltda.	100%
ISS Biosystem Saneamento Ambiental Ltda.	100%
ISS Servisystem do Brasil Ltda.	100%
SMV Manutenção Volante Ltda	100%

Brunei

ISS Facility Services Sdn. Bhd.	100%
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Bulgaria

Ryvola Bulgaria EOOD	100%
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Chile

ISS Chile S.A.	100%
ISS Facility Services S.A.	100%
ISS Servicios Generales Ltda.	100%
ISS Office Suport Ltda.	100%
Ledan Ltda.	100%

China and Hong Kong

Beijing Hanyang Facility Management Co. Ltd.	100%
Cornerstone Associates Ltd.	100%
ISS Building Consultancy Ltd.	100%
ISS China Holdings I Ltd.	100%
ISS China Holdings Ltd.	100%
ISS EastPoint Facility Services Ltd.	100%
ISS EastPoint Properties Ltd.	100%
ISS EastPoint Property Management Ltd.	100%
ISS Environmental Services (HK) Ltd.	100%
ISS Facility Services China Ltd.	100%
ISS Facility Services Ltd.	100%
ISS Greater China Ltd.	100%
ISS Hangyang (Beijing) Cleaning Services Co. Ltd.	100%
ISS Hong Kong Services Ltd.	100%
ISS Hongrun Facility Services (Shanghai) Ltd.	60%
ISS Hygiene Services (HK) Ltd.	100%
ISS Macau Services Ltd.	100%
ISS Mediclean (HK) Ltd.	100%
ISS RoboClean (HK) Co. Ltd.	100%
ISS Servisystem (China) Ltd.	100%
ISS Shun Tak Company Ltd.	100%
ISS Thomas Cowan Co. Ltd.	70%
JSL Ltd.	100%
LAWN Environmental Protection Ltd.	100%
Pan Asia Security Services Ltd.	100%
Shanghai ISS Houban Catering Management Co, Ltd.	60%

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

34. Subsidiaries, joint ventures and associates (continued)

Croatia		ISS Accueil & Services SAS	100%
ISS Kadroske usluge d.o.o.	100%	ISS Bati Services SAS	100%
ISS Usluzne djelatnosti d.o.o.	100%	ISS Energie SAS	100%
Czech Republic		ISS Environnement SAS	100%
ISS Facility Services s.r.o.	100%	ISS Espaces Verts SAS	100%
ISS Optimal s.r.o.	100%	ISS Holding Paris SAS	100%
ISS Sprava Budov s.r.o.	100%	ISS Hygiène SAS	100%
Ryvola s.r.o.	100%	ISS Hygiene Services SAS	100%
Denmark		ISS Logistique et Production SAS	100%
Albertslund Kloakservice ApS	100%	ISS Multiservices SAS	100%
Global Insurance A/S	100%	ISS Sécurité SAS	100%
House of Coffee A/S	100%	Jardem SAS	100%
ISS Facility Services A/S	100%	L'Impeccable SAS	100%
ISS Finans A/S	100%	Nature Environnement SAS	100%
ISS Funding A/S	100%	Paysages de France SAS	100%
ISS Holding France A/S	100%	Poirel Parcs & Jardins SAS	100%
ISS Venture A/S	100%	Puissance Air SAS	100%
JWN Data A/S	100%	Qualitec SAS	100%
Media Service A/S	100%	Sede Coppex SAS	100%
Slotsholmen Teknik A/S	50%	Verts Paysages & Aménagement SAS	100%
Estonia		ViaPark SAS	100%
Ha&Ho Kinnisvarateenused OÜ	51%	Germany	
ISS Eesti AS	51%	DEBEOS GmbH	100%
ISS Haldus OÜ	51%	ISS Damage Control Deutschland GmbH	100%
ISS Holding OÜ	100%	ISS Facility Services GmbH	100%
Minu Vara OÜ	51%	ISS HWS GmbH & Co. KG	100%
Faroe Islands		ISS Personalservice GmbH	100%
P/f ISS Føroyar	55%	ISS Security GmbH	100%
Finland		Klaus Harren GmbH	100%
ISS Palvelut Oy	100%	Vatro Trocknungs- und Sanierungstechnik GmbH & Co. KG	86%
ISS Proko Oy	100%	Vatro Verwaltungs GmbH	86%
ISS Security Oy	100%	Greece	
ISS Teollisuuspalvelut Oy	100%	ISS Facility Services S.A.	100%
Suomen Laatumaku Palvelut Oy	100%	ISS Human Resources S.A.	100%
France		Piotita Zois S.A.	100%
Assainic SAS	100%	Greenland	
BSE SAS	100%	ISS Grønland A/S	100%
CPMS SA	100%	Hungary	
Europe Filtration SAS	100%	ISS Servisystem Kft.	100%
Europrop SAS	100%	Iceland	
Extincteurs HaaS SAS	100%	ISS Island ehf.	100%
Force Protection SAS	100%	India	
FSI SAS	100%	ISS Facility Services India Pvt Ltd.	100%
Gabriel Recyclage Sarl	100%	ISS Integrated Facility Services Pvt Ltd.	100%
Channel SAS	100%	ISS Management Services Pvt Ltd.	100%
GIE ISS Services	100%	ISS Pest Control Services Pvt Ltd.	100%
Groupe F2E SAS	100%	ISS Records Management Solutions Pvt Ltd.	100%
Hoguin Espaces Verts SAS	100%	Shivas Hoteliers and Caterers Pvt Ltd.	100%
Ifopro Sarl	100%		
ISS Abilis France SAS	100%		

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

34. Subsidiaries, joint ventures and associates (continued)

Indonesia		
	ISS Contact Centers B.V.	100%
P.T. ISS Indonesia	100% ISS Food Hygiene B.V.	100%
P.T. Integrated Facility Services	100% ISS Holding Nederland B.V.	100%
P.T. ISS Catering Services	100% ISS Hospital Services B.V.	100%
	ISS Hygiene Services B.V.	100%
Ireland		
	ISS Integrated Facility Services B.V.	100%
ISS Ireland Holding Ltd.	100% ISS Landscaping Services B.V.	100%
ISS Ireland Ltd.	100% ISS Nederland B.V.	100%
U.S. Security Limited	100% ISS Reception Services B.V.	100%
	ISS Security & Services B.V.	100%
Israel		
	Omring Thuiservice B.V.	50% *
Catering Ltd.	100% Sure@Calls B.V.	100%
ISS Ashmoret Ltd.	100% TalentGroep Montaigne Facility Management B.V.	100%
ISS Israel Ltd.	100%	
Jet Gourmet Ltd.	100%	
M.A.S.H. Machatz Agencies Ltd.	100%	
Norfolk International Ltd.	100%	
Norcat Ltd.	100%	
Torky Investment Ltd.	100%	
Italy		
	ISS Facility Services S.r.l.	100%
G.S. Service S.p.A.	100%	
Latvia		
ISS Namu Serviss SIA	51%	
Lithuania		
ISS Pastatu Valda UAB	51%	
Luxembourg		
ISS Facility Services S.A.	100%	
Luxinterim S.A.	100%	
Mistral SARL	100%	
Malaysia		
ISS Facility Services Sdn. Bhd.	30%	
ISS Hygiene Services Sdn. Bhd.	100%	
Kontrekleen Services Sdn. Bhd.	30%	
Reliance Suci Environmental Services Sdn. Bhd.	30%	
Mexico		
Decoracion y Mantenimiento San Rafael, S.A de C.V.	100%	
ISS Centro America, S. de R.L de C.V.	100%	
ISS Servicios Gerenciales, S. de R.L de C.V.	100%	
ISS Servicios Integrales, S. de R.L de C.V.	100%	
Mantenimiento Tecnico Tapnew, S.A de C.V.	100%	
Martex S.A. de C.V.	100%	
Netherlands		
De Logé Schoonmaakdiensten B.V.	100%	
Drielanden Bos & Landscapsbouw B.V.	100%	
Groene Team B.V.	100%	
ISS Arbo Plus B.V.	100%	
ISS Building Maintenance Services B.V.	100%	
ISS Catering Services B.V.	100%	
Norway		
	Actum Norge AS	100%
	Actum Rogaland AS	100%
	Aktiv Skadedyrkontroll AS	100%
	Eiendomsinvestor AS	49% *
	ForvaltningsCompagniet AS	100%
	Hero Holding AS	50% *
	Human Ressource Center AS	100%
	IPEC Kristiansand AS	100%
	ISS Facility Services AS	100%
	ISS Industri AS	100%
	ISS Personalhuset AS	100%
	ISS Personalhuset Bemanning AS	100%
	ISS Serveringspartner AS	100%
	NSB Trafikkservice AS	45% **
	Raufoss Beredskap AS	51%
	Tutti Frutti AS	100%
Philippines		
	ISS Facility Services Phils., Inc.	100%
Poland		
	ISS Facility Services Sp. z.o.o.	100%
Portugal		
	ISS Facility Services, Gestão e Manutenção de Edifícios, Lda.	100%
	ISS Human Resources, Empresa de Trabalho Temporário, Lda.	100%
	ISS Pest Control, Soc. de Desinfecção e Desinfestação, Lda.	100%
	ISS Plantiagro, Construção e Manutenção de Espacos Verdes Lda.	100%
	ISS Portugal II, Serviços de Gestão Unipessoal, Lda.	100%
Romania		
	ISS Facility Services S.R.L.	100%
	ISS Romania Group S.R.L.	100%
	3D Romania S.A.	100%
	Sega Consulting S.R.L.	100%

continues

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

34. Subsidiaries, joint ventures and associates (continued)

Russia		ISS Lemonia AB	100%
Facility Services RUS LLC	100%	ISS Mayday AB	100%
Singapore		ISS Teleoffice AB	100%
CDCS-eks Catering Services Pte Ltd.	100%	ISS Terrakultur AB	100%
Gourmet Wok Pte Ltd.	100%	ISS TraffiCare AB	100%
Hydroculture Biocare Pte Ltd.	100%	Switzerland	
Hydroculture-Scape Pte Ltd.	100%	Erwin Jakober AG	100%
ISS Bakery Pte Ltd.	100%	ISS Aviation AG	100%
ISS Facility Services Pte Ltd.	100%	ISS Bernasconi SA	100%
ISS Hygiene Services Pte. Ltd.	100%	ISS Facility Services AG	100%
ISS Sanitation Services Pte Ltd.	100%	ISS Facility Services AG (Liechtenstein)	100%
ISS-CDCS Catering Pte Ltd.	100%	ISS FM Services AG	100%
ISS-Woko Catering Pte Ltd.	100%	ISS Holding AG	100%
Serve 1st Services Pte Ltd.	100%	ISS Pest Control AG	100%
Slovakia		Jakober AG	100%
JJJ - DDD spol s.r.o.	100%	Jakober Transporte und Kanalreinigungs AG	100%
ISS Aviation Slovakia spol s.r.o.	100%	Notter Kanalservice AG	100%
ISS Facility Services spol s.r.o.	100%	Thailand	
ISS Optimal spol s.r.o.	100%	ISS Facility Services Co., Ltd.	100%
ISS Security spol s.r.o.	100%	MPA Securitas Ltd.	100%
J.P.S. servis spol s.r.o.	100%	Sara Services Co., Ltd.	100%
Ryvola Slovakia spol s.r.o.	100%	Taiwan	
Slovenia		ISS Facility Services Ltd.	100%
ISS Servisystem d.o.o.	100%	ISS Fealty Properties Management Co. Ltd.	100%
Tojer d.o.o.	100%	ISS Security Ltd.	100%
Magnetik d.o.o.	100%	Turkey	
Spain		CMC İletim Bilgisayar Reklam vs Dani manlık Hizmetleri San. Ve Tic. A.S.	70%
Extintores Balear, S.L.	100%	Dört U Ha ere Kontrol Hizmetleri A.S.	70%
Fabri Facility Management, S.L.	100%	Etkin Özel Güvenlik Hizmetleri A.S.	70%
Gelim S.A.	100%	ISS Tesis Yönetim Hizmetleri A.S.	70%
Integrated Service Solutions, S.L.	100%	Proser Koruma ve Güvenlik Hizmetleri A.S.	70%
ISS Facility Services S.A.	100%	United Kingdom	
ISS Higiene Ambiental 3D S.A.	100%	First Response Environmental Sevices Ltd.	100%
ISS Logistica Producción y Outsourcing, S.L.	100%	Adviance Technical Solutions Ltd.	100%
ISS Salud y Servicios Sociosanitarios S.A.	100%	ISS Caterhouse Ltd.	100%
ISS Serv. Auxiliares y Complem. de Oficinas S.A.	100%	ISS Damage Control (Scotland) Ltd.	100%
ISS Soluciones de Catering S.A.	100%	ISS Damage Control Ltd.	100%
ISS Soluciones de Jardinería S.A.	100%	ISS Facility Services Ltd.	100%
ISS Soluciones de Mantenimiento Gestión Integral S.A.	100%	ISS Finance and Investment (Bishop Auckland) Ltd.	100%
Optima Seguridad Balear, S.L.	100%	ISS Mediclean Ltd.	100%
Sri Lanka		ISS Servicelink Ltd.	100%
ISS Abans Environmental Services (PT) Ltd.	50% *	ISS UK Holding Ltd.	100%
Sweden		ISS UK Ltd.	100%
GK Rengörarna AB	100%	J.V. Strong and Company Ltd.	100%
ISS Demogruppen AB	100%	Pegasus Security Group Ltd.	100%
ISS Ekonomiförvaltning AB	100%	Pegasus Security Holdings Ltd.	100%
ISS Facility Services AB	100%	RCO Support Services Ltd.	100%
ISS Facility Services Holding AB	100%	Spectrum Franchising Ltd.	100%
ISS Industriservice AB	49% **	Spectrum Holdings Ltd.	100%
ISS Landscaping AB	100%		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

34. Subsidiaries, joint ventures and associates (continued)

Target Clean (West Midlands) Ltd.	100%
Target Excel plc	100%

Uruguay

ISS Uruguay S.A.	100%
Samilar S.A.	100%
Falcri LTDA	100%

USA

C&S Building Maintenance Corporation	100%
FS Holding (USA) Inc.	100%
ISS Facility Services Holding, Inc.	100%
ISS Facility Services of California, Inc.	100%
ISS Facility Services of Texas L.P.	100%
ISS Facility Services, Inc.	100%
ISS Grounds Control of Texas L.P.	100%
ISS Grounds Control, Inc.	100%
ISS Specialty Services, LLC	100%
ISS TMC Services, Inc.	100%
Sanitors Management and Finance Co., Inc.	100%
TMC Ridge, LLC	100%
Tri-Enterprise Construction, LLC	100%

Undertakings of immaterial interest are left out

* Joint venture

** Associate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 January - 31 December. Amounts in DKK millions

35. Subsequent events

In addition to the acquisitions listed in note 11, Acquisition and divestment of businesses, ISS Global has in February 2008 announced the acquisition of Aspis Security in Greece (subject to government approval) and in March 2008 the acquisition of BGM Industries in the USA.

Subsequent to 31 December 2007 the remaining energy activity in France has been sold.

Apart from the above and the events described in this Annual Report, ISS Global is not aware of events subsequent to 31 December 2007, which are expected to have a material impact on ISS Global's financial position.

Parent Company Financial Statements

INCOME STATEMENT OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

Note	2007	2006
4 Other operating income and expenses, net	28	29
Operating profit before other items	28	29
5 Other income and expenses, net	(9)	(100)
Operating profit/(loss)	19	(71)
8 Income from subsidiaries and joint ventures	3,574	65
6 Net finance income/(costs)	132	(104)
Profit/(loss) before tax	3,725	(110)
7 Income taxes	(53)	(19)
Net profit/(loss) for the year	3,672	(129)
Attributable to:		
Proposed dividends	525	1,000
Retained earnings	3,147	(1,129)
Net profit/(loss) for the year	3,672	(129)

CASH FLOW STATEMENT OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

Note	2007	2006
Operating profit before other items	28	29
Changes in working capital	10	(14)
7 Income taxes (paid)/received, net	(61)	137
Payments related to other income and expenses, net	(51)	-
Cash flow from operating activities	(74)	152
8 Increase of share capital in subsidiaries and joint ventures	(1,533)	(1,210)
8 Acquisition of subsidiaries and joint ventures	(1,964)	(1,813)
8 Proceeds from sale of subsidiaries and joint ventures	3,368	1,739
8 Dividends received from subsidiaries and joint ventures	2,538	334
Cash flow from investing activities	2,409	(950)
Net proceeds from financing ¹⁾	3,340	3,551
Interest paid, net	(106)	(262)
Payments to affiliates, net	(3,932)	(995)
Dividends paid to shareholder	(1,000)	(1,260)
Cash flow from financing activities	(1,698)	1,034
Total cash flow	637	236
Cash and cash equivalents at 1 January	955	719
Total cash flow	637	236
9 Cash and cash equivalents at 31 December	1,592	955

¹⁾ Net proceeds from financing consists of proceeds from borrowings of DKK 10,063 million (2006: DKK 5,885 million) and repayment of borrowings of DKK 6,723 million (2006: DKK 2,334 million)

BALANCE SHEET OF THE PARENT COMPANY

At 31 December. Amounts in DKK millions

Note	2007	2006	
Assets			
8	Investments in subsidiaries	16,102	14,937
8	Investments in joint ventures	2	2
8, 9	Receivables from affiliates	10,491	8,419
7	Deferred tax assets	84	112
Total non-current assets		26,679	23,470
9	Receivables from affiliates	4,193	3,719
7	Tax receivables	26	15
	Other receivables	128	112
9	Cash and cash equivalents	1,592	955
Total current assets		5,939	4,801
Total assets		32,618	28,271
Equity and liabilities			
10	Total equity	7,195	4,518
11	Long-term debt	22,429	19,279
Total long-term liabilities		22,429	19,279
9	Short-term debt	207	213
9	Debt to affiliates	2,600	4,008
	Trade payables	73	0
	Other liabilities	114	253
Total current liabilities		2,994	4,474
Total liabilities		25,423	23,753
Total equity and liabilities		32,618	28,271

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

At 31 December. Amounts in DKK millions

	Share capital	Retained earnings	Realised gain/(loss) on hedges	Unrealised gain/(loss) on hedges	Total equity
2007					
Total recognised income and expense					
Net profit/(loss) for the year	-	3,672	-	-	3,672
Fair value adjustment of hedges, net	-	-	-	77	77
Fair value adjustment of hedges, net, transferred to Net finance income/(costs)	-	-	-	(70)	(70)
Tax of entries recognised directly in equity	-	-	-	(2)	(2)
Net income and expense recognised directly in equity	-	-	-	5	5
Total recognised income and expense for the year	-	3,672	-	5	3,677
Equity at 1 January 2007	160	4,328	(51)¹⁾	81¹⁾	4,518
Changes in equity					
Total recognised income and expense for the year	-	3,672	-	5	3,677
Dividends paid	-	(1,000)	-	-	(1,000)
Total changes in equity	-	2,672	-	5	2,677
Equity at 31 December 2007²⁾	160	7,000	(51)¹⁾	86¹⁾	7,195
2006					
Total recognised income and expense					
Net profit/(loss) for the year	-	(129)	-	-	(129)
Fair value adjustment of hedges, net	-	-	14	95	109
Fair value adjustment of hedges, net, transferred to Net finance income/(costs)	-	-	-	8	8
Tax of entries recognised directly in equity	-	-	(3)	(16)	(19)
Net income and expense recognised directly in equity	-	-	11	87	98
Total recognised income and expense for the year	-	(129)	11	87	(31)
Equity at 1 January 2006	160	5,717	(62)¹⁾	(6)¹⁾	5,809
Changes in equity					
Total recognised income and expense for the year	-	(129)	11	87	(31)
Dividends paid	-	(1,260)	-	-	(1,260)
Total changes in equity	-	(1,389)	11	87	(1,291)
Equity at 31 December 2006²⁾	160	4,328	(51)¹⁾	81¹⁾	4,518

¹⁾ Net of taxes.

²⁾ At 31 December 2007, Retained earnings included DKK 525 million (2006: DKK 1,000 million) in proposed dividends.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

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NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

1. Significant accounting policies

STATEMENT OF COMPLIANCE

The financial statements of ISS Global A/S have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU being effective for accounting periods beginning on 1 January 2007 and the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

BASIS OF PREPARATION

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

CHANGES IN ACCOUNTING POLICIES

ISS Global A/S has with effect from 1 January 2007 implemented IFRS 7, "Financial Instruments: Disclosures", IAS 1 (revised 2005), "Presentation of Financial Statements" and IAS 32 (revised 2005), "Financial Instruments: Presentation". These standards have impacted the disclosures given in the notes but it has not impacted the recognition and measurement and consequently the accounting policies are unchanged compared to last year. The comparative figures in the notes have been adjusted accordingly.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

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

GENERAL

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

Realised and unrealised exchange gains and losses are included in the income statement under Net finance income/(costs).

INCOME STATEMENT

Operating expenses **Staff costs** comprises salaries, social security expenses and other employee related expenses to Executive Management. **Other operating income and expenses, net** includes income and expenses related to the operation of service equipment and other non-current assets, administrative expenses, including audit and legal assistance etc.

Share-based compensation The fair value of equity settled share-based compensation plans, is recognised as an expense with a corresponding increase in equity. The fair value is fixed at grant date and allocated over the vesting period. The fair value of the options and warrants granted is measured using the Black-Scholes valuation method taking the terms and conditions upon which they were granted into account. Non-market vesting conditions are included in the assumptions about the number of options and warrants that are expected to become exercisable. At each balance sheet date, ISS Global A/S revises this estimate. ISS Global A/S recognises the impact of the revision of the original estimates, if any, in the income statement, and a corresponding adjustment to equity over the remaining vesting period. Adjustments relating to prior years are included in the income statement in the year of adjustment.

Other income and expenses, net consists of expenses, both recurring and non-recurring, that ISS Global A/S does not consider to be normal part of ordinary operations.

continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December

1. Significant accounting policies (continued)

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

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

Income taxes consist 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, as applicable.

Deferred tax is computed based on the tax rate expected to apply when the temporary differences are balanced out. No deferred tax provisions are made for undistributed profits of subsidiaries and goodwill not deductible for tax purposes. Deferred tax assets, including the tax value of losses carried forward, are 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 and Equity, as applicable.

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

CASH FLOW STATEMENT

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

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

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

Cash flow from financing activities comprises proceeds from and repayment of loans, interest, dividends, proceeds from share issues and cash flow related to derivatives hedging net investments.

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

BALANCE SHEET

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

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.

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

continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December

1. Significant accounting policies (continued)

Financial liabilities are initially measured at the value of the proceeds received less related transaction costs. Subsequently, financial liabilities are measured at 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.

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

2. Staff costs	2007	2006
Salaries	-	-
Staff costs	-	-
Average number of employees	-	-

Remuneration to the Board of Directors and Executive Management of ISS Global A/S

DKK thousands	2007		2006	
	Board of Directors ¹⁾	Executive Management ²⁾	Board of Directors ¹⁾	Executive Management ²⁾
Salaries (including benefits) and fees	-	17,267	1,356	5,469
Bonus	-	6,510	-	4,943
Severance payments	-	12,833	-	125
Total	-	36,610	1,356	10,537

In relation to severance payment, the members of Executive Management are, in the event of termination, entitled to a severance payment of between 12-18 months salary plus benefits.

¹⁾ In 2007, no remuneration was paid to the Board of Directors. In 2006, remuneration to the former Board of Directors was paid by ISS Management A/S, a wholly owned subsidiary of ISS Global A/S, whereas no remuneration was paid to the current Board of Directors.

²⁾ In 2007, Executive Management of ISS Global A/S comprised the Executive Group Management of ISS A/S. In 2006, Executive Management of ISS Global A/S comprised the former Managing Director for the period 1 January - 31 August and the current Executive Group Management of ISS A/S for the remainder of 2006. In 2007, the Executive Management of ISS Global A/S was paid by ISS A/S, the parent of ISS Global A/S, and in 2006 by ISS Management A/S, a wholly owned subsidiary of ISS Global A/S.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

3. Share-based payments

Warrant programmes

At 1 January 2007, certain members of Executive Management of ISS Global A/S, all employed by the parent ISS A/S, held warrants issued under two warrant programmes.

ISS A/S warrant programme

At 1 January 2007, 332,000 warrants issued by ISS A/S were outstanding under the 2000 warrant programme. All of these warrants expired out-of-the money on 10 May 2007.

FS Invest warrant programme

In July 2006, funds advised by EQT Partners and Goldman Sachs Capital Partners (the "Principal Shareholders") established a management participation programme. As part of the programme, Executive Management senior officers of the ISS were granted warrants in FS Invest S.á r.l ("FS Invest"), ISS Global A/S's ultimate parent. The warrants were issued in two series, A and B, both expiring on 1 June 2014. The estimated FS Invest share price at the time of the grant was DKK 1,019 per share. The warrants entitle the holder to subscribe for FS Invest shares at an exercise price of DKK 2,039 and DKK 2,549 per share for warrants in series A and series B, respectively, in a proportion which is determined by the exercise restrictions set out below. The warrants are exercisable for a period of 30 business days prior to and ending on 1 June 2014.

The warrants under the above-mentioned programme are non-transferable.

As all senior officers of ISS Global are employed by ISS A/S the table below only contains warrants granted to Executive Management of ISS Global A/S.

FS Invest warrants granted to Executive Management of ISS Global A/S

	Executive Management	
	Series A	Series B
Outstanding at 1 January 2007	3,030	125,424
Warrants granted in 2007	-	-
Warrants forfeited in 2007	-	-
Outstanding at 31 December 2007	3,030	125,424

At 1 January 2007, 128,454 warrants were outstanding under the FS Invest warrant programme and no further warrants were granted in 2007 and at 31 December 2007, the number of outstanding warrants was unchanged at 128,454.

Accounting

In accordance with the provisions of IFRS 2 Share-based Payment, ISS Global A/S applies IFRS 2 to account for warrants that were granted after 7 November 2002, and had not yet vested at 1 January 2005.

Share-based payments not within the scope of IFRS 2

The outstanding warrants under the ISS A/S 2000 warrant programme were not within the scope of IFRS 2, and the fair value of these instruments has not been expensed in the income statement.

Share-based payments within the scope of IFRS 2

The FS Invest warrants granted to Executive Management and senior managers of the ISS Global Group are within the scope of IFRS 2. The share-based payment transactions including FS Invest warrant grants to Executive Management of ISS Global A/S are accounted for as equity-settled transactions in ISS A/S, the parent of ISS Global A/S. In 2007, expenses of DKK 0.6 million were recognised in the financial statements of ISS A/S under Other income and expenses, net.

continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

3. Share-based payments (continued)

Valuation

The estimated value of warrants issued by FS Invest is measured by the Black-Scholes option pricing model based on the following assumptions and exercise restrictions.

Assumptions at time of grant, July 2006

	Series A	Series B
Share price (DKK)	1,019	1,019
Exercise price	2,039	2,549
Volatility	20%	20%
Risk free interest rate (8 year swap rate)	3.60%	3.60%
Dividend per share (DKK)	0	0
Time to maturity (years)	8	8
Number of FS Invest shares outstanding	7,686,537	7,686,537
Number of FS Invest warrants outstanding	2,202,812	2,202,812

Exercise restrictions

The warrants are subject to exercise restrictions depending on the share price at the time of exercise (the "Exercise Share Price"):

- If the Exercise Share Price is equal to or above DKK 6,114, 100% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 4,076 and below DKK 6,114, 90% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 3,312 and below DKK 4,076, 85% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 3,057 and below DKK 3,312, 80% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 2,803 and below DKK 3,057, 75% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 2,547 and below DKK 2,803, 65% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 2,293 and below DKK 2,547, 45% of the granted warrants can be exercised;
- If the Exercise Share Price is equal to or above DKK 2,038 and below DKK 2,293, 10% of the granted warrants can be exercised.

FS Invest and ISS A/S are privately held companies and therefore it is not possible to apply market data to measure the volatility of the underlying share. A volatility of 20% has been applied in the Black-Scholes valuation. This is on level with the volatility, which can be measured for the period January 2004 to the de-listing of the ISS A/S share in June 2005 using weekly observations of market data.

The risk free interest rate applied in the Black-Scholes model is the Euro swap rate with a duration matching the time to maturity of the warrants. At the time of the grant, an eight year swap rate of 3.6% was used to estimate the Black-Scholes value.

Applying these assumptions, ISS Global A/S estimates that the value of the warrants granted under the FS Invest warrant programme was DKK 5 million at the time of the grant in July 2006. In accordance with IFRS 2, these warrants will be expensed in the income statement of ISS A/S, the parent of ISS Global A/S, over the vesting period from July 2006 to June 2014. In 2007, expenses of DKK 0.6 million were recognised in the financial statements of ISS A/S under Other income and expenses, net.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

4. Fees to auditors	2007	2006
KPMG		
Audit fees ¹⁾	1	1
Other services	0	0
Total KPMG	1	1

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

5. Other income and expenses, net	2007	2006
Re-scoping of IT outsourcing agreement ¹⁾	(10)	(100)
Other	1	-
Other income and expenses, net	(9)	(100)

¹⁾ ISS Global A/S has as part of its outsourcing of the operation and maintenance of certain of its information technology systems incurred re-scoping costs, primarily as a result of change in the IT outsourcing agreement from a centralised to a decentralised solution amounting to DKK 10 million (2006: DKK 100 million).

6. Net finance income/(costs)	2007	2006
Interest income etc.	16	11
Interest income from affiliates	1,256	1,058
Amortised gain from settlement of interest rate swaps ¹⁾	84	86
Gain related to partial redemption of EMTN's ²⁾	227	-
Financial income	1,583	1,155
Interest expenses etc. ³⁾	(1,182)	(975)
Interest expenses to affiliates	(220)	(236)
Amortisation of financing fees	(27)	(15)
Foreign exchange loss	(22)	(33)
Financial expenses	(1,451)	(1,259)
Net finance income/(costs)	132	(104)

¹⁾ The interest rate swaps hedging ISS Global's Medium Term Notes (EMTNs) were partially settled in June 2005 and the remaining part was settled in June 2006 resulting in a net gain to be recognised in the income statement over the remaining term of the EMTNs. A part of the gain is referred to the partially redeemed EMTNs and has been recognised in the income statement in connection with the redemption in July 2007. The remaining unrecognised net gain of DKK 231 million at 31 December 2007 (2006: DKK 343 million) will be recognised in the income statement in the financial years 2008 - 2014 corresponding to the remaining term of the EMTNs (see note 11, Long-term debt).

²⁾ In July 2007, 77.9% of the Medium Term Notes due in 2014 were redeemed. The notes were acquired at a discount to nominal value resulting in a net gain of DKK 227 million including DKK 25 million of non-cash items from amortisation of related interest rate swaps and financing fees.

³⁾ In all material aspects related to long-term debt.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

7. Taxes	2007			2006		
	Income taxes	Tax payables/ (receivables)	Deferred tax liabilities/ (assets)	Income taxes	Tax payables/ (receivables)	Deferred tax liabilities/ (assets)
Balance at 1 January	-	(15)	(112)	-	(19)	(155)
Adjustments relating to prior years, net	3	(3)	-	(3)	3	-
Tax on equity movements	-	2	-	-	19	-
Tax on profit/(loss) before tax	(56)	28	28	(16)	(27)	43
Subtotal	(53)	12	(84)	(19)	(24)	(112)
Reclassification of joint taxation contribution	-	23	-	-	(128)	-
Tax (paid)/received, net	-	(61)	-	-	137	-
Taxes at 31 December	(53)	(26)	(84)	(19)	(15)	(112)
Deferred tax assets			2007			2006
Tax loss carried forward			5			-
Bond loans			68			96
Provisions			11			16
Deferred tax assets			84			112
Unrecognised tax assets			2007			2006
	Total	Recognised	Unrecognised	Total	Recognised	Unrecognised
ISS Global A/S	5	5	-	9	-	9

ISS Global A/S has no unrecognised deferred tax assets (tax loss carried forward).

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

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

8. Non-current assets

	Invest- ments in subsidiaries	Investments in joint ventures	Receivables from affiliates
2007			
Cost at 1 January	16,144	2	8,419
Additions	3,497	-	2,072
Disposals	(185)	-	-
Cost at 31 December	19,456	2	10,491
Revaluation at 1 January	(1,207)	-	-
Impairment	(133)	-	-
Dividends received in excess of accumulated profits	(2,014)	-	-
Revaluation at 31 December	(3,354)	-	-
Carrying amount at 31 December	16,102	2	10,491
2006			
Cost at 1 January	14,918	2	2,196
Additions	2,961	-	6,223
Disposals	(1,735)	-	-
Cost at 31 December	16,144	2	8,419
Revaluation at 1 January	(934)	-	-
Impairment	(49)	-	-
Disposals	(224)	-	-
Revaluation at 31 December	(1,207)	-	-
Carrying amount at 31 December	14,937	2	8,419
		2007	2006
Income from subsidiaries and joint ventures			
Impairment ¹⁾		(133)	(49)
Dividends received from subsidiaries and joint ventures		2,538	334
Hereof in excess of accumulated profits		(2,014)	(224)
Proceeds from sale of subsidiaries and joint ventures		3,368	1,739
Carrying amounts of sold subsidiaries and joint ventures		(185)	(1,735)
Income from subsidiaries and joint ventures		3,574	65

¹⁾ The recoverable amount of investments in subsidiaries and joint ventures is determined on the basis of the value-in-use adjusted for net debt. The impairment loss of DKK 133 million (2006: DKK 49 million) related to ISS Health Care AB, Sweden (DKK 91 million) and Ireland (DKK 42 million). The impairment tests have been based on business plans prepared by the local management.

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

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

9. Financial assets and liabilities	2007	2006	2007	2006
	Carrying amount		Effective interest rate	
Receivables from affiliates, non-current	10,491	8,419	9.5%	8.5%
Receivables from affiliates, current	4,193	3,719	9.5%	8.6%
Cash and cash equivalents ¹⁾	1,592	955	4.1%	3.4%
Short-term debt	207	213	6.0%	5.4%
Debt to affiliates, current	2,600	4,008	7.9%	7.5%

¹⁾ Of the total cash position, DKK 198 million (2006: DKK 155 million) is reserved for amortisation of term facility A in accordance with the terms of the Senior Facility Agreement.

10. Share capital	2007	2006
Share capital (in DKK millions)		
Share capital at 1 January	160	160
Share capital at 31 December	160	160
Share capital (in thousands of shares)		
Number of shares at 1 January	160	160
Number of shares at 31 December - fully paid	160	160

At 31 December 2007 a total of 160,000 shares with a nominal value of DKK 1,000 per share were issued and fully paid (2006: 160,000 shares).

11. Long-term debt	2007	2006
Euro Medium Term Notes due 2010 ¹⁾	6,333	6,242
Euro Medium Term Notes due 2014 ¹⁾	822	3,812
Euro Medium Term Notes, interest rates swaps	231	343
Senior facility, term facility A ²⁾	1,207	1,480
Senior facility, term facility B ²⁾	12,217	4,973
Senior facility, acquisition facilities ²⁾	1,619	2,429
Total long-term debt ³⁾	22,429	19,279
Fair value of long-term debt ⁴⁾	21,578	18,565
Long-term debt is payable as follows:		
1-5 years	9,151	8,871
6-10 years	13,278	10,408
Total	22,429	19,279
Effective interest rate ⁵⁾	5.9%	5.4%

¹⁾ ISS Global A/S listed a Euro Medium Term Note programme in September 2003 and subsequently launched its inaugural issue. The EUR 850 million notes have a maturity of seven years and an annual coupon of 4.75%. In December 2004, ISS Global A/S issued EUR 500 million of notes with a maturity of ten years and an annual coupon of 4.50%. EUR 390 million of these notes were redeemed in July 2007. At 31 December 2007, the weighted average interest rate was 4.72% (2006: 4.66%). See also note 6, Net finance income/(costs).

²⁾ The senior and acquisition facilities are subject to customary undertakings, covenants (including financial covenants) and other restrictions. At 31 December 2007, the term facility A and term facility B had weighted average interest rates of 6.03% and 6.39%, respectively (2006: 5.73% and 6.62%). The acquisition facilities had a weighted average interest rate of 6.72% (2006: 5.97%). In 2007, all covenants have been complied with.

³⁾ During 2007, financing fees amounting to DKK 114 million (2006: DKK 72 million) have been recognised in long-term debt while accumulated financing fees recognised in long-term debt on 31 December 2007 amounted to DKK 194 million (2006: DKK 110 million).

⁴⁾ The fair value of long-term debt is based on the quoted market price on the Luxembourg Stock Exchange of the Euro Medium Term Notes. For the remaining part of long-term debt fair value is equal to the nominal value.

⁵⁾ Weighted average interest rate taking the effect of interest rate hedges into account.

continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

11. Long-term debt (continued)

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

	2007	2006
DKK	-	2.5%
EUR	87.1%	80.3%
GBP	7.5%	9.6%
NOK	2.5%	3.4%
SEK	2.1%	3.1%
CHF	0.8%	1.1%
	100.0%	100.0%

ISS Global A/S had no debt convertible into equity.

12. Contingent liabilities

Senior Facility Agreement

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

In addition, the shares in the material subsidiaries and shares in certain of their subsidiaries as well as shares in certain subsidiaries in Austria, Germany, Hong Kong, Ireland, Portugal, Singapore and Switzerland have been pledged. Neither ISS A/S nor any of its direct or indirect subsidiaries have guaranteed or granted any security for ISS Holding A/S's borrowing used for financing the acquisition of ISS A/S.

Commitment vehicle leases

On 1 January 2005, ISS Global entered into a global car fleet lease framework agreement for three years, including an option for extension. The agreement was re-negotiated and extended for another three year term from 1 January 2008 to 31 December 2010. The framework agreement contains an option for ISS Global to terminate the fleet of an entire country or the entire fleet under the framework agreement with four weeks notice subject to payment of a termination amount. The majority of the underlying agreements have a duration of 3-5 years. ISS Global A/S guarantees for all payments from directly and indirectly owned subsidiaries. The total contingent liability amounted to DKK 1,053 million as per 31 December 2007 (2006: DKK 1,053 million).

Outsourcing of IT

ISS Global A/S has an IT outsourcing agreement with Computer Sciences Corporation (CSC) running until 2015. ISS Global's contractual obligations related to the agreement at 31 December 2007 amounted to approximately DKK 75 million (2006: DKK 288 million). The decrease in the obligation from 2006 to 2007 is due to contract negotiations which at year end 2006 was estimated to reduce the obligation by at least DKK 160 million. The final decrease in the obligation as a result of the negotiations was DKK 213 million.

Parent company guarantees

ISS Global A/S has issued guarantees for subsidiaries' local bank overdrafts totalling DKK 3,524 million (2006: DKK 3,483 million). As per 31 December 2007, DKK 1,418 million was utilised (2006: DKK 1,135 million). Furthermore, ISS Global A/S has issued other guarantees for subsidiaries totalling DKK 217 million (2006: DKK 240 million).

VAT

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

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

13. Financial risk management and derivatives

ISS Global A/S's financial risk management is based on policies approved by the Board of Directors. ISS Global A/S may use derivatives to hedge financial risks.

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

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

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

ISS Global A/S may choose to hedge the currency exposure on foreign investments by funding such investments in local currencies or entering into hedging transactions. As at 31 December 2007, no such hedging was entered into.

Interest rate risk is measured by the duration of the net debt. The duration reflects the effect of a simultaneous increase or decrease in the general level of interest rates for the currencies included in the debt portfolio. As at 31 December 2007, the duration of net debt was approximately 2.1 years (2006: 4.0 year). Thus, all other things being equal, an increase (decrease) of one percentage point in the relevant interest rates would reduce/ (increase) the market value of net debt by approximately DKK 452 million (2006: DKK 739 million). Based on the net debt and taking into account the effect of hedging instruments as at 31 December 2007, a general decrease/ (increase) of one percentage point in relevant interest rates would reduce (increase) the annual net interest expense by approximately DKK 43 million (2006: DKK 14 million), all other things being equal.

ISS Global A/S's loan portfolio primarily consists of bonds issued under the EMTN-program and bank loans. A part of the interest payments on the bank loans have been swapped from floating into fixed rates (see note 11, Long-term debt). To manage the duration of the net debt, ISS Global A/S applies derivatives, such as interest rate swaps. The deferred gain or loss on the interest rate instruments will be 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. When a hedging instrument expires or is sold, terminated or exercised but the hedged future transactions are still expected to occur, the cumulative gain or loss at that point remains in equity and is recognised in accordance with the above policy when the transaction occurs.

Continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

13. Derivatives (continued)

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:

2007	Contractual value	gain/(loss) on revaluation to fair value	Included in the income statement for 2007	directly to equity on 31 December	Maturity
Financial instruments					
Forward foreign currency, purchases					
CHF	220	0	0	-	2008
EUR	5,421	(4)	(4)	-	2008
GBP	679	(10)	(10)	-	2008
HKD	46	(1)	(1)	-	2008
NOK	243	0	0	-	2008
Others	17	0	0	-	2008
	6,626	(15)	(15)	-	
Forward foreign currency, sales					
AUD	1,098	9	9	-	2008
CZK	145	1	1	-	2008
ILS	154	1	1	-	2008
MXN	179	5	5	-	2008
SEK	208	0	0	-	2008
SGD	60	1	1	-	2008
USD	855	18	18	-	2008
Others	226	2	2	-	2008
	2,925	37	37	-	
Interest rate instruments					
Interest rate swap - 2009 (CHF), payer ¹⁾	173	1	0	1	2009
Interest rate swap - 2009 (SEK), payer ¹⁾	481	8	0	8	2009
Interest rate swap - 2009 (NOK), payer ¹⁾	570	13	1	12	2009
Interest rate swap - 2010 (GBP), payer ¹⁾	384	0	0	0	2010
Interest rate swap - 2010 (EUR), payer ¹⁾	600	10	0	10	2010
Interest rate swap - 2010 (GBP), payer ¹⁾	1,319	3	0	3	2010
Interest rate swap - 2010 (EUR), payer ¹⁾	3,132	59	0	59	2010
Interest rate swap - 2010 (EUR), payer ¹⁾	3,355	11	0	11	2010
	10,014	105	1	104	
Total financial instruments		127	23	104	

Hedging of net investments in foreign subsidiaries at 31 December 2007:

As at 31 December 2007, no such hedging was entered into.

Financial Risk Management

Please refer to note 31, Financial risk management and derivatives to the consolidated financial statements.

¹⁾ The swaps convert a major part of the floating rates within the bank loans to fixed interest rate.

continues

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

13. Derivatives (continued)

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:

2006	Contractual value	gain/(loss) on revaluation to fair value	Included in the income statement for 2006	directly to equity on 31 December	Maturity
Financial instruments					
Forward foreign currency, purchases					
AUD	22	(0)	(0)	-	2007
CHF	209	(0)	(0)	-	2007
EUR	5,740	1	1	-	2007
GBP	692	(1)	(1)	-	2007
NOK	352	(0)	(0)	-	2007
Others	27	0	0	-	2007
	7,042	(0)	(0)	-	
Forward foreign currency, sales					
AUD	1,474	(5)	(5)	-	2007
HKD	203	0	0	-	2007
SEK	66	0	0	-	2007
USD	183	0	0	-	2007
USD-related	32	(1)	(1)	-	2007
Others	344	(0)	(0)	-	2007
	2,302	(6)	(6)	-	
Interest rate instruments					
Interest rate swap - 2009 (CHF), payer ¹⁾	179	0	0	0	2009
Interest rate swap - 2009 (NOK), payer ¹⁾	552	7	0	7	2009
Interest rate swap - 2009 (SEK), payer ¹⁾	503	6	0	6	2009
Interest rate swap - 2010 (EUR), payer ¹⁾	600	6	0	6	2010
Interest rate swap - 2010 (EUR), payer ¹⁾	3,132	58	(0)	58	2010
Interest rate swap - 2010 (GBP), payer ¹⁾	420	2	0	2	2010
Interest rate swap - 2010 (GBP), payer ¹⁾	1,443	18	0	18	2010
	6,829	97	(0)	97	
Total financial instruments		91	(6)	97	

Hedging of net investments in foreign subsidiaries at 31 December 2006:

As at 31 December 2006, no such hedging was entered into.

¹⁾ The swaps convert a major part of the floating rates within the bank loans to fixed interest rate.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

1 January - 31 December. Amounts in DKK millions

14. Related party transactions

The sole shareholder of ISS Global A/S, ISS A/S has controlling influence in ISS Global A/S. The ultimate controlling company of ISS Global A/S is FS Invest S.à r.l. ("FS Invest"), which is 54% owned by funds advised by EQT Partners and 44% owned by Goldman Sachs Capital Partners.

Members of the Board of Directors and Managing Directors

Apart from remuneration and incentive programmes described below there were no significant transactions with members of the Board of Directors or Managing Directors during the year.

Incentive Programmes

The Principal Shareholders have offered a management participation programme, under which the Managing Directors, the Board of Directors and a number of senior officers of ISS were offered to make an investment. The programme is structured as a combination of direct and indirect investments in a mix of shares and warrants of FS Invest, ISS Global A/S's ultimate parent. As of 31 December 2007, the investments amounted to DKK 191 million in total for 139 executives and officers. Furthermore, as described in note 3, Share-based payments, certain senior officers, were granted warrants in FS Invest of which 532,012 were outstanding as of 31 December 2007.

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

Board of Directors	Board Member	Executive Position
Jørgen Lindegaard	Efsen Engineering A/S	None
Jeff Gravenhorst	None	None
Bjørn Raasteen	None	None
Managing Directors		
Bjørn Raasteen	None	None
Christian Kofoed Jakobsen	None	None

Affiliates

In 2007, ISS Global A/S had the following transactions with affiliates:

- > ISS Global A/S received/paid interest from/to affiliates, see note 6, Net finance income/(costs).
- > ISS Global A/S received/paid joint taxation contribution equal to 25% of taxable income from/to ISS Equity A/S (the ultimate parent company in Denmark), see note 7, Taxes.
- > ISS Global A/S has receivables from affiliates and debt to affiliates, see note 9, Financial assets and liabilities.
- > ISS Global A/S received dividends from affiliates, see note 8, Non-current assets.
- > ISS Global A/S paid dividends to ISS A/S.

All transactions are made on market terms.

NOTES TO THE FINANCIAL STATEMENTS OF THE PARENT COMPANY

At 31 December 2007

15. Subsidiaries and joint ventures

Directly owned subsidiaries and joint ventures:

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

Undertakings of immaterial interest are left out.

* Joint venture

Definitions

Adjusted EBITDA	=	Operating profit before other items + Depreciation and amortisation
Carrying amount of net debt	=	Long-term debt + Short-term debt - Receivables from affiliates - Securities - Cash and cash equivalents
Cash conversion, %	=	$\frac{(\text{Operating profit before other items} + \text{Changes in working capital}) \times 100}{\text{Operating profit before other items}}$
EBITDA	=	Operating profit + Depreciation and amortisation
Equity ratio, %	=	$\frac{\text{Total equity} \times 100}{\text{Total assets}}$
Interest-bearing debt, net	=	Carrying amount of net debt - Non-interest-bearing debt, net
Interest coverage	=	$\frac{\text{Operating profit before other items} + \text{Depreciation and amortisation}}{\text{Net finance costs}}$
Non-interest-bearing debt, net	=	Sum of non-interest-bearing items included in carrying amount of net debt, e.g. marked-to-market value of interest rate swaps, unamortised gains from settlement of interest rate swaps and unamortised loan costs.
Operating margin, %	=	$\frac{\text{Operating profit before other items} \times 100}{\text{Total revenue}}$