



To The Copenhagen Stock Exchange and The London Stock Exchange

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# ISS A/S

## First Quarter Financial Report 2002

### Highlights

- Turnover increased by 14% to DKK 9,300 million
- Operating profit increased by 17% to DKK 396 million
- Operating margin was 4.3% - the highest first-quarter level in five years
- Full-year forecast adjusted upwards to an increase in turnover of approximately 10-12% and an increase in the operating profit of approximately 24-27%, corresponding to an operating margin of approximately 5.3%

### Further information

**Eric S. Rylberg**  
Chief Executive Officer

**Carsten N. Knudsen**  
Chief Financial Officer

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## Key figures and financial ratios <sup>1)</sup>

	Q1 2002	Q1 2001	Year 2001
<b>Key figures. Amounts in DKKm</b>			
Turnover	9,300	8,153	34,852
Operating profit <sup>2)</sup>	396	339	1,633
Financial income and expenses, net	(90)	(72)	(310)
Ordinary profit before goodwill amortisation	277	186	898
Net profit for the period	90	12	222
Cash flow from operating activities	(136)	(82)	1,510
Free cash flow	(237)	(167)	1,058
Total assets	23,431	20,227	22,419
Goodwill	11,970	10,063	12,022
Interest-bearing debt, net	7,044	4,651	6,317
Total equity	6,740	6,410	6,621
<b>Share information</b>			
Number of shares, thousands	42,217	41,871	42,217
Share price, DKK	432.5	460.0	411.0
Market value, DKKm	18,259	19,261	17,351
<b>Financial ratios</b>			
Earnings per share before goodwill amortisation, DKK <sup>3)</sup>	6.6	4.6	21.6
Free cash flow per share, DKK	(5.6)	(4.1)	25.4
Interest coverage (EBITDA/Net financial expenses)	6.0	6.4	7.0
Equity ratio, %	28.8	31.7	29.5

1) The financial statements for the first quarter are unaudited and have been prepared using the same accounting principles as for the 2001 financial statements except for changes in accounting policy relating to accounting for derivatives and other securities classified as financial assets. Comparative figures are restated accordingly. For a description of the changes in accounting policy, please see page 13. For definitions of key figures and financial ratios, please see the Annual Report 2001.

2) Before other income and expenses, net.

3) In the first quarter of 2002, earnings per share before goodwill amortisation were impacted by an adjustment to fair value of the Berendsen shares.

## First Quarter Financial Report 2002

Operational improvements, increased sales of integrated Facility Services solutions to customers and strengthening of the carved out Business Builds (CarePartner, Damage Control, Aviation and Food Services) are focal points for ISS in 2002. In the first quarter of 2002, the focus on operational performance triggered an increase in operating profit of 17%, while turnover increased by 14%. The operating margin increased from 4.2% in the first quarter of 2001 to 4.3%, the highest first-quarter level in five years.

The Facility Services business developed as planned with a consolidated margin improvement year-on-year. The operational difficulties experienced in several Continental European countries in 2001 were addressed as planned and the measures taken resulted in increased operating margins in the Netherlands, Germany, Belgium, Switzerland and Spain. The Business Builds developed as expected, but saw sustained pressure on margins in the Aviation and Elderly Care businesses.

The focus on developing Facility Services solutions materialised in an increasing number of integrated Facility Services contracts, particularly in Northern Europe. However, the spill-over effect of the contract trimming process in 2001 had, as expected, a significant impact on organic growth in the first quarter of 2002. As a consequence, organic growth was 1%.

The free cash flow was DKK (237) million against DKK (167) million in the first quarter of 2001. The negative free cash flow was expected and reflects the normal seasonality in the Group's cash flow. In addition, free cash flow in the first quarter of 2002 was impacted by a change in the payment terms relating to withheld taxes (P.A.Y.E.) in Denmark, which had an adverse effect of approximately DKK 80 million (as payments this year were due on 31 March as against 10 April under the former rules). The Group continued to maintain tight control of cash flow. As part of this effort, the Group's working capital optimisation process, WCO, gained momentum in the first quarter of 2002.

## Public ratings

In April 2002, the Group received a long-term credit rating of BBB+ with Stable Outlook from Standard & Poor's and a long-term credit rating of Baa1 with Stable Outlook from Moody's, enhancing its ability to effectively access the international debt capital markets.

## Sophus Berendsen

As part of the Group's five-year strategy, **create2005**, ISS made a strategic decision to enter and develop certain complementary services. From a strategic point of view ISS concluded that a merger with Sophus Berendsen ("Berendsen"), a leading European textile service company with a 2001 turnover of DKK 3.9 billion, would be an attractive way to pursue this strategy within the washroom services business.

In January 2002, ISS announced that it had acquired a 10.31% stake in Berendsen and invited Berendsen to merger negotiations. Following a public purchase offer from Davis Service Group Plc. on 22 March 2002, ISS decided to sell its Berendsen shares to Davis Service Group Plc. The shares were sold on 19 April 2002 resulting in a gain of approximately DKK 100 million, net of fees to advisors, transaction costs and settling with ATP (The Danish Labour Market Supplementary Pension Scheme). As the transaction was of a strategic nature and not a financial investment ISS has included the gain in "Other income and expenses, net". ISS believes that it would not provide a true and fair view to impact financial income and expenses including relevant ratios and key figures, such as interest coverage.

As previously announced in Stock Exchange Release number 10/02, ISS has decided to devote part of the profit from the sale of Berendsen shares to projects related to organically developing certain complementary services, including concept and management development. The costs associated with the service development in the washroom and pest control areas will not generate income until future years and will therefore be expensed under "Other income and expenses, net" as and when they are incurred. The costs will be clearly separated in the Annual Report.

## Acquisitions

During the period from 1 January to 21 May 2002, ISS announced the acquisition of 9 companies with total annual turnover of approximately DKK 1,487 million and some 7,700 employees.

ISS' focus on developing the service offering to customers was reflected in the acquisitions, which enhanced the Group's ability to provide more comprehensive Facility Services solutions. The most significant transaction was the acquisition of the Eurogestion group announced on 23 April 2002. Eurogestion, which generated turnover of DKK 902 million in 2001, is one of the market leaders within pest control with operations in nine countries in Europe, Asia and Australia. The group trades under names such as Prohygiene, Flick and Libco. In addition to pest control, Eurogestion's service offering includes hygiene and washroom services, pipe draining services and maintenance of ventilation systems.

The purchase price for Eurogestion was DKK 1,152 million (EUR 155 million). In addition, the sellers have an earn-out of DKK 15 million (EUR 2 million) depending upon the financial results for 2002. ISS agreed with the sellers of Eurogestion that part of the purchase price (approximately EUR 72 million, equivalent to DKK 535 million) should be financed by issuance of 1,314,500 new ISS shares. Due to a large number of sellers and, in particular, the practical problems encountered by the fact that some of the sellers resided in jurisdictions (e.g. Australia) where statutory provisions make it cumbersome to subscribe for shares in non-resident corporations, the parties agreed that Deutsche Bank would subscribe for the new

ISS shares. Subsequently, Deutsche Bank placed the new ISS shares in the market. Eurogestion will be consolidated in ISS' accounts with effect from April 2002.

An updated list of acquisitions is available at the Group's website: [www.issworld.com](http://www.issworld.com) under Investor Relations: Acquisitions.

## Executive Management Board

On 22 April, ISS announced the resignation of Chief Operating Officer (COO) Stuart W. Graham from ISS A/S' Executive Management Board with effect from 31 May 2002. At the same time ISS announced that Thorbjørn Graarud and Flemming Schandorff joined the Executive Management Board effective immediately. Thorbjørn Graarud was appointed COO, Northern Europe and Business Builds and Flemming Schandorff COO, Rest of the World.

## Financial Report

For the first quarter of 2002, **turnover** was up 14% compared with the same period in 2001. The increase to DKK 9,300 million was due to organic growth of 1%, net of the spill-over effect of contract trimming in 2001, and net acquisitions of 13%. Currency adjustments were neutral at a consolidated level.

**Operating profit** increased by 17% to DKK 396 million. The operating margin of 4.3% was the highest first-quarter operating margin in five years, up from 4.2% in the first quarter of 2001.

**Other income and expenses, net** amounted to an income of DKK 100 million. This represents the adjustment to fair value of the Berendsen shares less various other minor income and expense items, net.

**Net financial expenses** were DKK 90 million compared with DKK 72 million in the same period last year. The increase was attributable to a higher amount of interest-bearing debt resulting from acquisitions and funding costs related to the investment in Berendsen shares. Generally, the interest rate level was lower than in the first quarter of 2001. The interest coverage (EBITDA/Net financial expenses) was 6.0.

**Tax on ordinary profit before goodwill amortisation** increased to DKK 129 million. The effective tax rate was 32%, slightly higher than for the same period in 2001 due to a different mix of country profits.

**Ordinary profit before goodwill amortisation** increased by 49% to DKK 277 million.

**Goodwill amortisation** amounted to DKK 186 million against DKK 176 million for the first quarter of 2001.

**Net profit** was DKK 90 million against DKK 12 million for the same period in 2001.

**Free cash flow** amounted to DKK (237) million against DKK (167) million for the first quarter of 2001.

**Investments in intangible and tangible assets** amounted to DKK 101 million while depreciation was DKK 148 million. Investments in intangible and tangible fixed assets relative to turnover amounted to 1.1%.

**Total assets** stood at DKK 23,431 million at 31 March 2002 compared with DKK 22,419 million at 31 December 2001.

**Goodwill** was DKK 11,970 million, a decrease of DKK 52 million relative to 31 December 2001.

**Shareholders' equity** stood at DKK 6,740 million at 31 March 2002. The equity ratio was 29%, on a level with 31 December 2001.

**Net interest-bearing debt** increased by DKK 727 million to DKK 7,044 million compared with 31 December 2001.

**Earnings per share (before goodwill amortisation)** increased to DKK 6.6, up by 42% compared with the same period in 2001. Earnings per share were impacted by an adjustment to fair value of the Berendsen shares.

## Review of Operations

### Operations by business area

	Turnover DKKm			Operating profit *) DKKm			Operating margin	
	Q1 2002	Q1 2001	Change	Q1 2002	Q1 2001	Change	Q1 2002	Q1 2001
Facility Services	8,035	7,188	12%	394	332	19%	4.9%	4.6%
Care-Partner	371	229	62%	19	0	-	5.2%	(0.1%)
Damage Control	364	249	46%	17	14	21%	4.7%	5.6%
Aviation	249	258	(3%)	0	26	-	0.0%	10.1%
Food Services	240	190	26%	14	9	56%	5.9%	4.7%
Innovation	41	39	4%	1	2	(74%)	1.2%	4.9%
Corporate	-	-	-	(49)	(44)	11%	(0.5%)	(0.5%)
<b>Total</b>	<b>9,300</b>	<b>8,153</b>	<b>14%</b>	<b>396</b>	<b>339</b>	<b>17%</b>	<b>4.3%</b>	<b>4.2%</b>

\*) Before other income and expenses, net

At the end of 2001, 25 Business Builds in eight countries had been carved out. Another two Business Builds within Food Services were carved out in early 2002.

The **Facility Services** country organisations developed as planned in the first quarter of 2002. Turnover was DKK 8,035 million, a 12% increase over the same period in 2001. The operating margin increased from 4.6% in the first quarter of 2001 to 4.9% as a result of improvements in Continental Europe. Organic growth was 1% as the contract trimming in 2001 had a significant effect, particularly within this business area. The development of new Facility Services solutions continued in a number of countries.

Turnover in **CarePartner** increased by 62% to DKK 371 million. Acquisitions carried out in 2001 accounted for 45%, organic growth amounted to 18% and currency adjustments were negative at 1%. The Health Care business progressed as planned. Due to a tight labour situation, the activities within care for the elderly, particularly in the Stockholm area, did not yield a satisfactory operating margin. The announced restructuring process within the Elderly Care business is progressing as planned.

**Damage Control** generated turnover of DKK 364 million, an increase of 46% compared with the first quarter of 2001. Organic growth was 1%, partly as a result of low activity in Norway due to unusual weather conditions. The operating margin was slightly down compared with the same period in 2001, partly due to the reduced level of activity in Norway and partly due to fine-tuning of the organisational structure in countries such as Germany and the Netherlands.

As a consequence of the events of 11 September 2001, turnover in ISS' **Aviation** business decreased by 3% to DKK 249 million compared with the first quarter of 2001. Due to the reduced activity level within the industry and the effect of a mild winter on the de-icing activities, the operating margin in the first quarter of 2002 was zero. ISS has continued to reorganise the Aviation business as announced in connection with the Annual Report 2001, and ISS has decided to discontinue or divest part of the airside activities. Part of the restructuring is a total reorganisation of the business in Schipol Airport (Amsterdam).

Turnover in **Food Services** increased by 26% to DKK 240 million. This was mainly due to the carve-out of the Food Services businesses in Belgium and the UK at the beginning of 2002. The operating profit margin developed positively, mainly due to an improvement in Food Services in the Netherlands after contract trimming and efficiency measures. Organic growth was negative by 3%, partly due to a reduction in the total market for Food Services in Denmark after a consolidation process in the Danish abattoir industry and partly due to the spill-over effect of contract trimming in the Netherlands in 2001. The breakthrough in the fish processing industry in Iceland in 2001 was followed by another contract being won in the first quarter of 2002, and Food Services in Iceland is currently working on a number of potential contracts within this area. In addition, Food Services is in the process of developing a Facility Services concept to existing customers, which will be gradually implemented over the next two years.

## Operations by geography

	Turnover DKKm			Operating profit *) DKKm			Operating margin	
	Q1 2002	Q1 2001	Change	Q1 2002	Q1 2001	Change	Q1 2002	Q1 2001
Northern Europe	4,493	3,812	18%	223	205	9%	5.0%	5.4%
Continental Europe	4,313	3,870	11%	197	151	30%	4.6%	3.9%
Overseas	494	471	5%	25	27	(7%)	5.1%	5.8%
Corporate	-	-	-	(49)	(44)	11%	(0.5%)	(0.5%)
<b>Total</b>	<b>9,300</b>	<b>8,153</b>	<b>14%</b>	<b>396</b>	<b>339</b>	<b>17%</b>	<b>4.3%</b>	<b>4.2%</b>

\*) Before other income and expenses, net

### Northern Europe

Turnover in Northern Europe, comprising the **UK, Sweden, Denmark, Norway, Finland, Ireland, Iceland** and **Greenland**, increased by 18% to DKK 4,493 million. Organic growth in the region was 4%. The operating margin was 5.0% compared with 5.4% in the first quarter of 2001. The decrease was primarily due to declining profitability in the Aviation business. The margin in the Facility Services business was unchanged from the first quarter of 2001, in spite of a low margin in the new acquisitions, Ecurol and Trafficare.

In the **UK**, turnover increased by 6% to DKK 1,188 million after 1% organic growth. The operating margin developed as planned but was lower than for the same period in 2001, partly due to start-up costs in connection with PFI hospital contracts commenced in 2001 and the beginning of 2002 and partly due to the Aviation business. In April 2002, ISS UK acquired CSFM, a Facility Services company with an annual turnover of approximately DKK 426 million. The acquisition strengthened the service offering under the Facility Services concept in the UK by expanding the range of services.

In the first quarter of 2002, ISS **Sweden** achieved 61% growth in turnover to DKK 1,130 million. This was primarily a result of the acquisitions carried out in 2001. Organic growth was 11% after a number of relative large contracts were won, some including a broad range of Facility Services. In the first quarter of 2002, the operating margin was, as expected, affected by the low margin in the new acquisitions, Ecurol and Trafficare.

As expected, turnover in ISS **Denmark** was lower than in the first quarter of 2001. The decrease of 1% to DKK 1,025 million was primarily a result of contract trimming carried out in 2001 and the revised approach towards customers in the public sector. The operating margin developed as planned. In 2002, ISS Denmark has initiated "the Q-process", a process designed to enhance the quality delivered throughout the organisation. In February, ISS Denmark commenced the collaboration with Hørsholm Sygehus in which ISS acts as a partner, participating in running and developing the hospital.

Turnover of DKK 759 million in ISS **Norway** was an increase of 22% compared to the first quarter of 2001. Acquisitions accounted for 8%, while organic growth was 9%. The operating margin was slightly

down on the first quarter of 2001, and an action plan addressing low-profitability areas was launched. The Facility Services concept received increased attention in the first quarter and combined with ISS' strong brand recognition in Norway, this resulted in increased turnover from integrated Facility Services contracts.

ISS **Finland** generated turnover of DKK 338 million, an increase of 15%. Organic growth accounted for 7%. The operating profit developed as planned, leaving the operating margin on a level with that of the same period in 2001. During the first quarter ISS Finland announced three acquisitions, the most significant being a 51% stake in Lounas-Suomi Oy, which added canteen services to the comprehensive Facility Services solution offered by ISS Finland.

ISS **Ireland's** turnover increased by 33% to DKK 53 million, solely due to organic growth. Despite high pay demands and labour shortages, ISS Ireland succeeded in increasing its operating margin.

### **Continental Europe**

Continental Europe includes **France, the Netherlands, Germany, Belgium, Switzerland, Austria, Spain, Portugal, Italy, Slovenia, Greece, the Czech Republic, Poland, Slovakia, Hungary, Luxembourg and Croatia**. Turnover in the region increased by 11% to DKK 4,313 million. The operating margin increased to 4.6% from 3.9% in first quarter of 2001. The margin in the Facility Services business increased year-on-year, whereas the margin in Aviation continued to suffer from 11 September. The main contributors to the improvement in Facility Services were the Netherlands, Germany, Belgium, Switzerland and Spain. Organic growth was negative by 2% after contract trimming in 2001.

ISS **France** generated turnover of DKK 1,642 million, up 31% on the first quarter of 2001. The increase was primarily due to acquisitions carried out in 2001. Organic growth was 1%, significantly affected by initiatives taken in 2001, including contract trimming. The operating margin was slightly lower than in the first quarter of 2001. This was partly due to a delay in customer compensation for the pay increase for part-time workers effective October 2001 and partly due to the impact on the landscaping business of bad weather in January.

In the **Netherlands**, turnover amounted to DKK 880 million in the first quarter of 2002, a decrease of 5%. This was partly attributable to contract trimming and partly to lower activity due to the economic climate. Improvement in the operating margin was noted, in spite of the negative margin impact from Aviation and Damage Control, due to progress within Facility Services. A total reorganisation of the business in Schipol Airport (Amsterdam) was initiated.

The effect of last year's restructuring efforts continued to materialise in the results for ISS **Germany**. As a result of the ongoing initiatives aiming at improving profitability, the operating margin improved compared with the first quarter of 2001 to stand at a solid level. The improvement was achieved in spite of increases in wages and social contributions. Turnover decreased by 3% to DKK 485 million due to a stagnant economic climate as well as contract trimming carried out in 2001.

Turnover in ISS **Belgium** was DKK 463 million, an increase of 18% on the first quarter 2001. The turnover growth was due to acquisitions, as contract trimming carried out at the end of 2001 led to negative organic growth. A continued focus on integration and profitability enhancing measures caused the operating margin to increase compared with the first quarter of 2001.

In **Austria including Central Europe**, turnover increased by 13%. ISS companies in Austria, the Czech Republic and Greece recorded solid organic growth, leading to 10% organic growth for the region as a whole. Overall, profitability in the region increased compared with the same period in 2001 despite a number of smaller Eastern European countries facing above-inflation increases in the general pay level, which put pressure on margins.

## Sales by business area and geography

	Turnover		Growth	
	Q1 2002 DKK m	% of total turnover	Total growth %	Organic growth %
<b>Business area</b>				
Facility Services	8,035	86	12	1
CarePartner	371	4	62	18
Damage Control	364	4	46	1
Aviation	249	3	(3)	(6)
Food Services	240	3	26	(3)
Innovation	41	-	4	(7)
<b>Total Group</b>	<b>9,300</b>	<b>100</b>	<b>14</b>	<b>1</b>
<b>Country</b>				
UK	1,188	13	6	1
Sweden	1,130	12	61	11
Denmark	1,025	11	(1)	(4)
Norway	759	8	22	9
Finland	338	4	15	7
Ireland	53	1	33	33
<b>Northern Europe</b>	<b>4,493</b>	<b>49</b>	<b>18</b>	<b>4</b>
France	1,642	18	31	1
The Netherlands	880	9	(5)	(5)
Germany	485	5	(3)	(9)
Belgium	463	5	18	(5)
Austria incl. Central Europe	353	4	13	10
Switzerland	259	3	(9)	(3)
Spain	179	2	19	7
Portugal	40	-	14	14
Italy	12	-	6	6
<b>Continental Europe</b>	<b>4,313</b>	<b>46</b>	<b>11</b>	<b>(2)</b>
<b>Overseas</b>	<b>494</b>	<b>5</b>	<b>5</b>	<b>1</b>
<b>Total Group</b>	<b>9,300</b>	<b>100</b>	<b>14</b>	<b>1</b>

ISS **Switzerland** generated a turnover of DKK 259 million. This was a decrease of 9% compared with the first quarter of 2001, to a large extent caused by the Aviation business. As a result of contract trimming and restructuring measures initiated in 2001, operating profit was up 57% compared with the first quarter of 2001. This led to an operating margin above Group average. The progress was most notable in Facility Services but also materialised in the Aviation business, which, based on a reduced level of activity, showed improvement after restructuring and operational measures.

**Spain** continued the progress noted towards the end of 2001 and reported an increased operating margin compared with the first quarter of 2001. Turnover increased by 19% to DKK 179 million, with acquisitions accounting for 12%. Organic growth amounted to 7%, despite a negative impact from the contract trimming process carried out in 2001 and the impact of VAT for hospitals that caused some hospitals to in-source their cleaning activities.

In **Portugal**, turnover was DKK 40 million, an increase of 14% on the first quarter of 2001. The increase was attributable to organic growth mainly due to an increase in one-off sales within the hospital and aviation segments. The operating margin was affected by start-up costs relating to new contracts, causing a slight decrease compared with the same period in 2001.

With organic growth of 6%, turnover as well as operating profit showed improvements in ISS **Italy** compared with the first quarter of 2001.

## Overseas

Overseas, consisting of **Asia**, **South America** and **Israel**, represents approximately 5% of the Group's turnover. In the first quarter of 2002, turnover in the region increased by 5% to DKK 494 million, while the operating margin decreased from 5.8% to 5.1%. Organic growth amounted to 1%.

The difficult economic environment in the South American region continued in the first quarter of 2002. This created hard market conditions, which affected ISS' operations in the area and led to a decrease in turnover and lower operating margins in **Brazil** and **Argentina**.

In **Asia**, turnover increased by 15% to DKK 291 million with a slight reduction in the operating margin, primarily due to a difficult market environment in Hong Kong. In **Israel**, ISS recorded organic growth of 20% and increased the operating margin.

## Outlook

In the Annual Report 2001, ISS forecast an increase in turnover of approximately 7-9% and an increase in operating profit of approximately 18-22%, corresponding to an operating margin of 5.2%.

Operational initiatives and acquisitions announced up to 21 May 2002 have created a basis for adjusting the Group's full-year forecast to turnover growth of approximately 10-12%. The operating profit is expected to increase by approximately 24-27%, corresponding to an operating margin of approximately 5.3%.

Goodwill amortisation, including acquisitions announced up to 21 May 2002, is expected to amount to approximately DKK 791 million.

## Appendices

ISS' consolidated profit and loss account, consolidated cash flow statement, consolidated balance sheet and consolidated statement of movements in equity are attached.

## Conference call

A telephone conference hosted by Eric S. Rylberg, CEO, and Carsten N. Knudsen, CFO, will be held on Tuesday 21 May at 15.00 CET. The telephone numbers for the telephone conference are +44 20 8240 8241 (UK dial-in) and +1 303 267 1001 (US dial-in).

## Forward-looking Statements

*This Financial Report contains forward-looking statements within the meaning of US Private Securities Litigation Reform Act of 1995 and similar laws in other countries regarding expectations to the future development, in particular future sales, operating efficiencies and business expansion. Such statements are subject to risks and uncertainties as various factors, many of which are beyond ISS' control, may cause the actual development and results to differ materially from the expectations contained in the Financial Report. Factors that might affect such expectations include, among others, overall economic and business conditions, fluctuations in currencies, the demand for ISS' services, competitive factors in the service industry and uncertainties concerning possible acquisitions and divestments. See also the description of risk factors set out on pages 37-41 of the Annual Report 2001.*

*The Financial Report has been translated from Danish into English. However, the original Danish text shall be the governing text for all purposes and in case of any discrepancy the Danish wording shall be applicable.*

*In accordance with the Listing Rules on the London Stock Exchange, please be informed that copies of the First Quarter Financial Report 2002 are available to the public in the United Kingdom from World Investor Link Ltd., Hook Rise South, Surbiton, Surrey KT6 7LD, Tel. +44 20 8974 0200.*

## Consolidated Profit and Loss Account

The first quarter financial statements are unaudited. Comparison figures are restated as a consequence of change in accounting policy. Amounts in DKKm

	Q1 2002	Q1 2001	Year 2001
<b>Turnover</b>	<b>9,300</b>	<b>8,153</b>	<b>34,852</b>
Operating expenses	(8,756)	(7,693)	(32,668)
Depreciation and amortisation	(148)	(121)	(551)
<b>Operating profit before other income and expenses</b>	<b>396</b>	<b>339</b>	<b>1,633</b>
Other income and expenses, net	100	-	(24)
<b>Operating profit after other income and expenses</b>	<b>496</b>	<b>339</b>	<b>1,609</b>
Income from associated undertakings	0	0	1
Financial income and expenses, net	(90)	(72)	(310)
<b>Ordinary profit before tax and goodwill amortisation</b>	<b>406</b>	<b>267</b>	<b>1,300</b>
Tax on ordinary profit before goodwill amortisation	(129)	(81)	(402)
<b>Ordinary profit before goodwill amortisation</b>	<b>277</b>	<b>186</b>	<b>898</b>
Goodwill amortisation	(186)	(176)	(695)
Tax effect of goodwill amortisation	2	7	39
Minority interests	(3)	(5)	(15)
<b>Net profit from ordinary activities</b>	<b>90</b>	<b>12</b>	<b>227</b>
Discontinued business, net of tax	-	-	(5)
<b>Net profit for the period</b>	<b>90</b>	<b>12</b>	<b>222</b>
Earnings per share before goodwill amortisation (DKK)	6.55	4.62	21.56

# Consolidated Statement of Cash Flows

The first quarter financial statements are unaudited. Amounts in DKKm

	Q1 2002	Q1 2001	Year 2001
Operating profit before other income and expenses	396	339	1,633
Depreciation and amortisation	148	121	551
Changes in working capital <sup>1)</sup>	(480)	(414)	52
Changes in provisions <sup>1)</sup>	(4)	3	4
Interest paid <sup>1)</sup>	(72)	(69)	(328)
Corporation tax paid <sup>1)</sup>	(100)	(62)	(377)
Payments related to other income and expenses	(24)	0	(25)
<b>Cash flow from operating activities</b>	<b>(136)</b>	<b>(82)</b>	<b>1,510</b>
Acquisition of businesses, net	(142)	(766)	(3,098)
Divestment of businesses, net	1	-	13
Investments in intangible and tangible assets, net <sup>1)</sup>	(101)	(85)	(452)
Investments in financial fixed assets, net <sup>1)</sup>	(289)	(13)	(180)
<b>Cash flow from investing activities</b>	<b>(531)</b>	<b>(864)</b>	<b>(3,717)</b>
Financial payments, net <sup>2)</sup>	619	2,043	2,131
Proceeds from issuance of share capital	-	733	789
Minority interests	3	(3)	(15)
<b>Cash flow from financing activities</b>	<b>622</b>	<b>2,773</b>	<b>2,905</b>
<b>Total cash flow</b>	<b>(45)</b>	<b>1,827</b>	<b>698</b>
Cash and cash equivalents at beginning of year	1,023	324	324
Total cash flow	(45)	1,827	698
Exchange rate adjustments	17	2	1
<b>Cash and cash equivalents at end of period</b>	<b>995</b>	<b>2,153</b>	<b>1,023</b>

<sup>1)</sup> Net of effect of acquisitions and divestments

<sup>2)</sup> Proceeds from bank debt less repayment of bank debt

## Consolidated Balance Sheet

The first quarter financial statements are unaudited. Comparison figures are restated as a consequence of change in accounting policy. Amounts in DKKm

Assets	31.3 2002	31.3 2001	31.12 2001
Goodwill	11,970	10,063	12,022
Other intangible fixed assets	172	110	98
Tangible fixed assets	1,576	1,344	1,673
Financial fixed assets	1,287	460	704
Accounts receivable and other current assets	7,431	6,097	6,899
Liquid funds and securities	995	2,153	1,023
<b>Total assets</b>	<b>23,431</b>	<b>20,227</b>	<b>22,419</b>
Equity and liabilities	31.3 2002	31.3 2001	31.12 2001
Total equity	6,740	6,410	6,621
Minorities	63	55	57
Provisions	1,040	752	966
Long-term bank debt	6,405	4,136	5,853
Short-term bank loans and other debt	1,634	2,668	1,487
Other current liabilities	7,549	6,206	7,435
<b>Total equity and liabilities</b>	<b>23,431</b>	<b>20,227</b>	<b>22,419</b>

## Consolidated Statement of Equity

The first quarter financial statements are unaudited. Comparison figures are restated as a consequence of change in accounting policy. Amounts in DKKm

	Share capital	Share premium	Reserves		Total equity
			Retained earnings	Own shares	
Equity at 1 January 2002 before restatement	844	48	5,812	(62)	6,642
Effect of change in accounting policy	-	-	(21)	-	(21)
Equity at 1 January 2002	844	48	5,791	(62)	6,621
Exchange rate adj. of foreign subsidiaries etc.	-	-	12	-	12
Gains/losses on hedging derivatives	-	-	17	-	17
Net profit for the period	-	-	90	-	90
<b>Equity at 31 March 2002</b>	<b>844</b>	<b>48</b>	<b>5,910</b>	<b>(62)</b>	<b>6,740</b>
Equity at 1 January 2001 before restatement	803	1,003	3,943	(66)	5,683
Effect of change in accounting policy	-	-	(5)	-	(5)
Equity at 1 January 2001	803	1,003	3,938	(66)	5,678
Exchange rate adj. of foreign subsidiaries etc.	-	-	(8)	-	(8)
Gains/losses on hedging derivatives	-	-	(6)	-	(6)
Share issue	34	700	-	-	734
Net profit for the period	-	-	12	-	12
<b>Equity at 31 March 2001</b>	<b>837</b>	<b>1,703</b>	<b>3,936</b>	<b>(66)</b>	<b>6,410</b>
Equity at 1 January 2001 before restatement	803	1,003	3,943	(66)	5,683
Effect of change in accounting policy	-	-	(5)	-	(5)
Equity at 1 January 2001	803	1,003	3,938	(66)	5,678
Exchange rate adj. of foreign subsidiaries etc.	-	-	(52)	-	(52)
Gains/losses on hedging derivatives	-	-	(16)	-	(16)
Transfer	-	(1,703)	1,699	4	-
Share issue	34	700	-	-	734
Employee shares	7	48	-	-	55
Net profit for the year	-	-	222	-	222
<b>Equity at 31 December 2001</b>	<b>844</b>	<b>48</b>	<b>5,791</b>	<b>(62)</b>	<b>6,621</b>

## Changes in accounting policy

The first quarter financial statements are prepared using the same accounting policies as for the 2001 financial statements, except for the accounting for derivatives and other securities classified as financial assets. The changes are made as a consequence of the new Danish Financial Statements Act effective from 1 January 2002.

Derivatives are measured at their fair values and recognised in current assets/current liabilities. Gains/losses related to derivatives hedging future transactions are recognised directly in equity until the hedged future transactions are realised. In periods prior to 1 January 2002, derivatives hedging future transactions were only recognised when the hedged future transactions were realised. The changed accounting policy results in a reduction of equity as per 31 March 2002 of DKK 4 million (31 March 2001: DKK 11 million and 31 December 2001: DKK 21 million). Deferred tax liability is reduced as per 31 March 2002 by DKK 1 million (31 March 2001: DKK 4 million and 31 December 2001: DKK 9 million). The change in accounting policy has no effect on the profit and loss account or total assets. Comparative figures have been adjusted accordingly.

As another consequence of the changes in the Danish Financial Statements Act, other securities classified as financial fixed assets are measured at their fair values. In periods prior to 1 January 2002, other securities were measured at the lower of cost and net realisable value to the extent that a permanent impairment was deemed to exist. Due to the investment in Berendsen, the changed accounting policy results in an increase of financial assets of DKK 109 million and equity of DKK 76 million as per 31 March 2002. Deferred tax liability (provisions) increased as per 31 March 2002 by DKK 33 million. The effect of the change in accounting policy on the profit and loss account for the period 1 January to 31 March 2002 is an increase of profit before tax by DKK 109 million and an increase of tax of the profit for the period of DKK 33 million. The change in accounting policy has no effect on the financial statements for 2001 or prior periods.