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Third Quarter Financial Report 2001

Highlights

- Turnover increased by 22% to DKK 25,516 million
- Operating profit increased by 21% to DKK 1,266 million
- Operating margin maintained at 5.0%
- Earnings per share before goodwill amortisation increased by 15%
- Outlook unchanged apart from inclusion of previously announced costs relating to the Aviation business

Further information

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This Financial Report contains 13 pages

Performance in the first three quarters of 2001

The financial statements for the first three quarters are unaudited and have been prepared using the same accounting principles as for the 2000 financial statements except for the change in accounting policy relating to the translation of goodwill.¹⁾ Comparison figures are restated as a consequence of the change in accounting policy. Additionally, the estimate of economic life for goodwill has been made uniform throughout the Group. This affected a smaller part of goodwill, primarily in Northern Europe.¹⁾

DKKm	1.1.-30.9. 2001	1.1.-30.9. 2000	1.1.-31.12. 2000
Turnover	25,516	20,840	28,719
Operating profit ²⁾	1,266	1,044	1,454
Ordinary profit before goodwill amortisation	718	591	830
Net profit	217	153	210
Cash flow from operations	358	538	1,265
Free cash flow ¹⁾	93	262	874
	30.9.2001	30.9.2000	31.12.2000
Total assets	22,220	18,685	17,164
Goodwill	11,782	9,410	9,522
Interest bearing debt, net ¹⁾	6,440	4,559	4,357
Total equity	6,685	5,695	5,730
Market capitalisation	17,942	20,887	21,730
Key figures ¹⁾			
Earnings per share before goodwill amortisation, DKK	17.3	15.1	21.0
Interest coverage	5.4	6.4	6.0
Equity ratio, %	30.1	30.5	33.4
Debt ratio, %	26.4	17.9	16.7
Number of employees	265,000	253,000	253,200

¹⁾ See definitions of key figures and change in accounting policy and estimate on page 12 and 13

²⁾ Before other income and expenses, net

Third Quarter Financial Report 2001

In the first three quarters of 2001, turnover increased by 22% and operating profit by 21% compared with the same period in 2000. Operating margin was unchanged at 5.0%.

The contract trimming process continued and the effect of this has as expected accelerated since the end of June 2001. Consequently, organic growth for the first nine months was 5%. The contract trimming had an effect of approximately 2%.

Free cash flow in the third quarter was DKK 327 million compared with DKK 300 million for the same period in 2000, while free cash flow for the first three quarters of 2001 amounted to DKK 93 million compared with DKK 262 million for the same period in 2000.

In the third quarter of 2001 a restructuring was initiated to reduce the number of branch offices and legal entities. This involves the merger or liquidation of more than 100 legal units, and a number of branch offices, primarily in France, Germany, the UK and Netherlands.

The tragic events in the US 11 September 2001 resulted in a global slowdown in the aviation industry. In particular, ISS experienced a slowdown in the UK, due to its transatlantic dependence and in Switzerland and the Benelux. To reflect the lower demand, ISS in October initiated a restructuring to reduce capacity and costs within ISS Aviation. The cost associated with the adjustment of capacity is expected to be approximately DKK 15 million. Furthermore, as a consequence of the lower level of activity in the aviation industry and the delay of cost savings from the adjustment of capacity, the Group foresees an effect on operating profit of approximately DKK 25 million in the last quarter of 2001. After the adjustment of capacity, and assuming that the current activity level will continue, ISS expects to improve operating margin for the Aviation business in 2002 to a level slightly below Group average.

Acquisitions

During the period from 1 January to 19 November 2001, ISS acquired 60 companies in 15 countries with total annual turnover of approximately DKK 4,250 million and some 11,800 employees. The acquisitions expanded the service offering within Facility Services as acquisitions related to landscaping, HVAC, property management and the transport segment accounted for approximately 60% of the acquired turnover. The Business Builds were strengthened by acquisition of 13 companies within Damage Control, three companies within CarePartner, three companies within Aviation and one company within Food Services, which combined accounted for approximately 20% of the acquired Group turnover.

Since the half-year report 2001, ISS has acquired 20 companies, the largest single acquisition being Groupe Miège with annual turnover of approximately DKK 462 million. The acquisition expanded ISS' service offering in France as the company primarily provides services related to heating, ventilation and air conditioning (HVAC). ISS' leading position on the Swedish Facility Services market was supported by the acquisitions of TraffiCare and Ecuro with an annual turnover of approximately DKK 419 million and DKK 444 million, respectively.

Excluding the five platform-enhancing acquisitions of Nesco, M&M Medical, Compagnie Générale Espaces Verts, Groupe Miège and Ecuro the remaining 55 acquisitions were made at an average Price/EBITA multiple of 6.1 before anticipated acquisition synergies. Including platform-enhancing acquisitions the 60 acquisitions announced up until 19 November 2001 were carried out at an average Price/EBITA multiple of 8.1 before anticipated acquisition synergies.

An updated list of acquisitions is available at the Group's website: www.issworld.com under Investor Relations: Acquisitions.

Financial Report

Turnover for the first three quarters of 2001 increased by 22% to DKK 25,516 million. The increase was due to organic growth (5%) and acquisitions (18%), while currency fluctuations had a negative effect of 1%, primarily attributable to the depreciation in the value of Swedish kronor, the Brazilian real and pound sterling. The continued trimming of the contract portfolio reduced organic growth by approximately 2%. This initiative resulted in the termination of contracts with low profitability particularly in Germany, France, Denmark and the Netherlands.

Operating profit increased by 21% to DKK 1,266 million. The operating margin of 5.0% was on level with the same period in 2000.

Other income and expenses, net was DKK 0 million. Other income of DKK 34 million gross, mainly related to a gain from sale of a contract in Germany and gain from sale of a building in the UK, was offset by acquisition related costs in various countries and other non-ordinary costs.

Net financial expenses were DKK 233 million compared with DKK 162 million in the same period last year. The increase was primarily attributable to a higher amount of interest-bearing debt resulting from acquisitions and secondarily to an increase in the EURIBOR rate of approximately half a percentage point over the same period last year. The interest coverage was 5.4.

Tax on ordinary profit before goodwill amortisation increased by 10% to DKK 317 million. The effective tax rate was 31%.

Ordinary profit before goodwill amortisation increased by 21% to DKK 718 million.

Goodwill amortisation amounted to DKK 498 million. Some acquisitions, primarily in Northern Europe, have historically been amortised over less than 20 years. To bring the estimate of expected economic life in the affected countries in line with the rest of the Group and more appropriately reflect the period during which future economic benefits are expected to flow to ISS, it has been decided, with effect from 1 January 2001, to make the goodwill amortisation period uniform across the Group, i.e. up to 20 years. The effect of the change in amortisation period was a decrease in goodwill amortisation for the period 1 January to 30 September 2001 of DKK 62 million.

Net profit was DKK 217 million against DKK 153 million for the same period in 2000.

Free cash flow in the third quarter of 2001 was DKK 327 million compared with DKK 300 million for the same period in 2000. One-off items mentioned in the half-year report 2001, such as the change in payment terms for social expenses and VAT in a number of countries, meant that free cash flow for the first three quarters of 2001 amounted to DKK 93 million compared with DKK 262 million for the same period in 2000.

Investments in tangible and intangible fixed assets amounted to DKK 265 million, compared to depreciation of DKK 392 million. As a percentage of turnover, investments in tangible and intangible fixed assets were 1.0% against 1.3% in the first three quarters of 2000 reflecting the Group's continuing efforts to increase asset turnover.

Total assets amounted to DKK 22,220 million at 30 September 2001 compared with DKK 17,164 million at 31 December 2000.

Goodwill was DKK 11,782 million, an increase of DKK 2,260 million over 31 December 2000.

Shareholders' equity stood at DKK 6,685 million at 30 September 2001, which was DKK 955 million higher than at 31 December 2000. The increase was attributable to the issue of new shares made during the spring of 2001 and the net profit for the first nine months. At 30 September 2001, the equity ratio was 30%.

Net debt increased by DKK 2,083 million to DKK 6,440 million compared with 31 December 2000. This was primarily a result of the acquisitions carried out up until 30 September 2001.

Earnings per share (before goodwill amortisation) increased by 15% to DKK 17.3.

Group Operations by Region, incl. Business Builds

	Turnover DKKm			Operating profit*) DKKm			Operating margin	
	9 months 2001	9 months 2000	Change	9 months 2001	9 months 2000	Change	9 months 2001	9 months 2000
Northern Europe	11,842	9,536	24%	753	586	28%	6.4%	6.1%
Continental Europe	12,172	9,958	22%	558	503	11%	4.6%	5.0%
Overseas	1,502	1,346	12%	81	70	16%	5.4%	5.2%
Corporate				(126)	(115)	10%	(0.5%)	(0.6%)
Total	25,516	20,840	22%	1,266	1,044	21%	5.0%	5.0%

*) Before other income and expenses, net

Business Builds

Carve out of Business Builds is well under way with 22 Business Builds carved out at the end of September 2001, primarily in Northern Europe. CarePartner had for the first three quarters of the year organic growth of 40% and with the acquisitions of FysiologLab and M&M Medical, ISS has moved up the value chain. Within Damage Control, the Nordic platform was expanded by 11 acquisitions and ISS established its presence in Netherlands, Germany and Israel through three acquisitions during the first three quarters of 2001. Additionally, a managing director in the UK was recruited to prepare for ISS' entry. In the Aviation business, ISS acquired two companies in the Netherlands and one in Germany. Apart from this, focus was on organic growth and integration of the companies acquired in 2000. Following the 11 September, adjustment of the capacity to the lower demand has been the centre of attention. Within Food Services the main focus was to document the concept as well as improve performance outside Denmark.

Northern Europe

Turnover in Northern Europe, comprising **UK, Denmark, Sweden, Norway, Finland, Ireland, Iceland and Greenland**, increased by 24% to DKK 11,842 million. Operating profit increased to DKK 753 million, improving operating margin by 0.3% to 6.4%. Organic growth in the region was 7%.

In the **UK**, turnover increased by 27%, with 8% being organic, in the first three quarters of 2001. The operating margin was lower than for the same period in 2000, impacted by start-up costs for the four PFI hospital contracts at Hairmyres, Calderdale, Greenwich and Redbridge as well as additional costs associated with contracts in companies taken over in 2000. As previously announced, minimum wage costs are expected to increase by 11% in the fourth quarter. This affects only a minority of staff. A restructuring plan for the legal set up was initiated with planned merger or liquidation of up to 20 legal entities.

In **Denmark**, operating profit for the first nine months developed as planned, leaving operating margin on a level with the same period in 2000. The termination of several contracts with municipalities impacted organic growth, which arrived at 5% for the first nine months of the year.

In **Sweden**, turnover increased by 29% compared with the same period in 2000. This was a result of a double-digit number of acquisitions and organic growth of 15%, primarily within the Care business. Operating profit margin was higher in the first three quarters of 2001 compared with the same period last

year. Since the half-year report 2001, ISS Sweden has made two larger acquisitions. In September, the service offering within Facility Services was expanded with the acquisition of TrafficCare, a company with a turnover of approximately DKK 419 million supplying train preparation and related services at rail terminals. In late October, ISS acquired Ecuvo, a leading provider on the Swedish Facility Services market with an annual turnover of approximately DKK 444 million. The basis of the company's service offering is operation and maintenance of properties.

The other countries in the region progressed as planned.

Continental Europe

Continental Europe includes **France, Netherlands, Germany, Belgium, Switzerland, Austria, Spain, Portugal, Italy, Slovenia, Greece, the Czech Republic, Poland, Slovakia, Hungary, Luxembourg and Croatia**. Turnover in the region increased in the three quarters of 2001 by 22% to DKK 12,172 million and operating profit increased by 11% to DKK 558 million. The operating margin for the period was 4.6% against 5.0% for the same period last year. Organic growth was 3% after contract trimming, which reduced the growth by approximately 3%.

ISS **France** increased turnover by 21%. This was primarily a result of the acquired turnover in late 2000 and the first nine months of 2001. Organic growth was 1%, significantly affected by contract trimming and implementation of strict thresholds before acceptance of new contracts. The effect of the contract trimming was for the first nine months of 2001 more than 4% and this is expected to accelerate in the last quarter of the year. Operating costs have increased in the third quarter of 2001 due to increases in the minimum wage effective July 2001 and further increases were effective in October 2001. The effect of these costs is expected to be off-set by a combination of price increases and efficiency measures. Despite the effect of the increased wage costs, ISS France has achieved a higher operating margin than in the same period in 2000. A plan for restructuring of the legal set up in France, involving closure and merger of approximately 20 legal entities, has also been initiated. In September, ISS acquired Groupe Miège with annual turnover of approximately DKK 462 million. The company primarily provides services related to heating, ventilation and air conditioning (HVAC). Following the acquisition in July of the leading landscaping provider in France, Compagnie Générale Espace Verts, the acquisition of Groupe Miège further expanded ISS' service offering and position as the leading Facility Services provider in France.

The focus of ISS **Netherlands** in the first three quarters of 2001 was integration of Lavold and profitability enhancing measures. As part of this process a new managing director and finance director were promoted and hired, respectively. The difficult circumstances with a tight labour market and integration related tasks resulted in a lower operating margin, which is expected to remain for the rest of the year.

Turnover growth in **Germany** was 1%, affected by the announced contract trimming which amounted to 5% for the first nine months of 2001. The focus on contract profitability and restructuring continued in the third quarter of 2001 and an increase in operating margin from the first three quarters of 2000 was a reflection of this. The restructuring is expected to continue into the next quarter and ISS expects to close down or merge approximately half of the 33 legal entities existing at half year 2001. As mentioned in the half-year report 2001, it will take some time before ISS Germany's margin is on level with the Group average. The organisation has in the third quarter been strengthened with a new finance director.

In line with half-year 2001, ISS **Belgium** had an organic growth of zero for the first three quarters of 2001. This was a result of a deliberate focus on integration and profitability enhancing measures, which continued in the third quarter of the year. A difficult market situation with increased bad debt provisions, tight labour market and increased expenses continued to put pressure on operating margin. Following internal promotions ISS Belgium changed managing director in the third quarter of the year.

In **Austria incl. Central Europe**, turnover increased by 22%. ISS companies in Poland, Slovakia, the Czech Republic and Greece recorded double-digit organic growth, leading to 11% organic growth for the region as a whole. Acquisitions accounted for 11% following the acquisition in 2000 of the Piepenbrock activities outside Germany. Operating margin for the region improved, compared with the same period in 2000.

The situation in **Switzerland** remained affected by a tight labour market and negative organic growth. Excluding the Aviation business, the operating margin was at the same level as for the same period in 2000. The focus on integration activities and organisation adjustments continued in the third quarter.

Spain and **Portugal** progressed as planned with particularly good development in the margin in Spain compared with the same period in 2000.

Overseas

Overseas, consisting of **Asia**, **South America** and **Israel**, represents approximately 6% of the Group's turnover. In the first nine months of 2001 turnover in the region increased by 12% to DKK 1,502 million while operating margin increased from 5.2% to 5.4%. Organic growth amounted to 3%.

The downturn in the economic environment in the South American region accelerated during the first three quarters of 2001. In **Argentina**, this developed into an economic depression, which required a comprehensive restructuring of the ISS business. In **Brazil**, ISS experienced a difficult third quarter due to the economic crisis fuelled by an acute energy shortage and continued depreciation of the currency. Also in **Asia**, the economic environment became increasingly difficult due to a slowdown in ISS' customers' exports to primarily US and organic growth suffered with negative growth as a result. However, operating margin continued on a sound level. In **Israel**, ISS increased its operating margin in spite of a difficult environment.

Sales by Country and Region, incl. Business Builds

	Turnover DKKm		Organic growth %	
	9 months 2001	9 months 2000	9 months 2001	9 months 2000
UK	3,416	2,693	8	14
Denmark	3,112	2,314	5	7
Sweden	2,344	1,813	15	6
Norway	1,916	1,779	3	4
Finland	927	822	7	4
Ireland	127	115	10	13
Northern Europe	11,842	9,536	7	8
France	4,091	3,387	1	16
Netherlands	2,744	1,873	8	12
Germany	1,471	1,450	(5)	(1)
Belgium	1,374	1,121	0	2
Austria incl. Central Europe	972	797	11	13
Switzerland	892	805	(1)	10
Spain	481	388	16	-
Portugal	113	100	13	10
Italy	34	37	(8)	17
Continental Europe	12,172	9,958	3	9
Overseas	1,502	1,346	3	7
Total	25,516	20,840	5	8

Outlook

Apart from the previously announced cost of the restructuring of the Aviation business following the tragic events of 11 September, the Outlook for the year is unchanged from the half-year report 2001.

Turnover is thus expected to increase by approximately 20%. Operating profit is expected to increase by approximately 20% before charging non-recurring costs for restructuring and bad debt provision of up to DKK 75 million and before charging the announced DKK 40 million relating to the Aviation business.

Interest expenses are expected to increase, reflecting the effect of acquisitions. Goodwill amortisation is expected to amount to approximately DKK 692 million.

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 14-17 of the Annual Report 2000.

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.

Consolidated Profit and Loss Accounts

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

	1.1.-30.9. 2001	1.1.-30.9. 2000	1.1.-31.12. 2000
Turnover	25,516	20,840	28,719
Operating costs	(23,858)	(19,476)	(26,797)
Depreciation	(392)	(320)	(468)
Operating profit before other income and expenses	1,266	1,044	1,454
Other income and expenses, net	0	(4)	(3)
Operating profit	1,266	1,040	1,451
Income from associated undertakings	2	0	0
Financial expenses, net	(233)	(162)	(244)
Ordinary profit before tax and goodwill amortisation	1,035	878	1,207
Tax on ordinary profit before goodwill amortisation	(317)	(287)	(377)
Ordinary profit before goodwill amortisation	718	591	830
Goodwill amortisation	(498)	(442)	(614)
Tax effect of goodwill amortisation	11	22	18
Minorities' part of ordinary profit	(14)	(18)	(24)
Net profit	217	153	210
Earnings per share before goodwill amortisation (DKK)	17.3	15.1	21.0

Consolidated Statements of Cash Flow

The third quarter financial statements are unaudited. Amounts in DKKm

	1.1.-30.9. 2001	1.1.-30.9. 2000	1.1.-31.12. 2000
Operating profit before other income and expenses	1,266	1,044	1,454
Depreciation	392	320	468
Changes in working capital ¹⁾	(780)	(588)	(125)
Changes in other provisions ¹⁾	(18)	37	(10)
Interest payments	(246)	(120)	(225)
Tax paid	(227)	(153)	(294)
Payments related to other income and expenses	(29)	(2)	(3)
Cash flow from operations	358	538	1,265
Acquisition of businesses, net			
Purchase price paid	(2,855)	(2,885)	(3,276)
Net liquidity in acquired businesses	192	247	273
	(2,663)	(2,638)	(3,003)
Divestment of businesses			
Sales proceeds	25	2	2
Net liquidity in divested businesses	(6)	(3)	(3)
	19	(1)	(1)
Investments in tangible and intangible fixed assets ¹⁾	(265)	(276)	(391)
Investments in financial fixed assets ¹⁾	(17)	(27)	(21)
Cash flow from investments	(2,926)	(2,942)	(3,416)
Financial payments, net ²⁾	2,834	2,813	916
Proceeds from share issue ³⁾	789	1,041	1,042
Purchase/disposal of own shares, net	-	(26)	12
Minority interests	(5)	(11)	(16)
Cash flow from financial items	3,618	3,817	1,954
Total cash flow	1,050	1,413	(197)
Liquid funds at beginning of period	324	515	515
Total cash flow	1,050	1,413	(197)
Exchange rate adjustments	0	16	6
Liquid funds at end of period	1,374	1,944	324
Cash flow from operations	358	538	1,265
Investments in tangible and intangible fixed assets ¹⁾	(265)	(276)	(391)
Free cash flow	93	262	874

1) Net of effects of acquisitions and divestments

2) Proceeds from bank debt less repayment of bank debt

3) Including shares issued as payment for the acquisitions of Klinos SA and Jydsk Rengøring a/s in 2000

Consolidated Balance Sheets

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

Assets	30.9. 2001	30.9. 2000	31.12. 2000
Goodwill	11,782	9,410	9,522
Other intangible fixed assets	89	56	56
Tangible fixed assets	1,491	1,333	1,363
Financial fixed assets	452	403	383
Accounts receivable and stocks	7,032	5,539	5,516
Liquid funds	1,374	1,944	324
Total assets	22,220	18,685	17,164

Liabilities and equity	30.9. 2001	30.9. 2000	31.12. 2000
Total equity	6,685	5,695	5,730
Provisions	741	929	739
Long-term bank debt	6,467	4,081	3,809
Short-term bank loans and other debt	1,347	2,422	872
Other current liabilities	6,980	5,558	6,014
Total liabilities and equity	22,220	18,685	17,164

Equity

Amounts in DKKm

Equity	30.9. 2001	30.9. 2000	31.12. 2000
Equity at 1 January before restatement	5,643	4,391	4,391
Effect of change in accounting policy for goodwill	40	23	23
Equity at 1 January	5,683	4,414	4,414
Share issue, net of expenses	789	1,041	1,042
Own shares	-	(26)	12
Net profit	217	153	210
Exchange rate adjustments	(64)	67	5
Total equity	6,625	5,649	5,683
Minority interests in subsidiaries' equity	60	46	47
Total equity	6,685	5,695	5,730

Definition of Key Figures

The definitions of certain key figures deviate from the definitions set out by The Danish Association of Financial Analysts, as the definitions used are considered to be more appropriate for the ISS business.

Free cash flow	=	Cash flow from operations – Investments in tangible and intangible fixed assets
Interest bearing debt, net	=	Long-term bank debt + Short-term bank loans and other debt – Liquid funds
Earnings per share before goodwill amortisation, DKK	=	$\frac{\text{Ordinary profit before goodwill amortisation}}{\text{Average number of shares}}$
Interest coverage	=	$\frac{\text{Operating profit before other income and expenses}}{\text{Financial expenses, net}}$
Equity ratio, %	=	$\frac{\text{Total equity} \times 100}{\text{Total assets}}$
Debt ratio, %	=	$\frac{\text{Interest bearing debt, net} \times 100}{\text{Interest bearing debt, net} + \text{Market capitalisation}}$

Financial Diary

Annual Report 2001	Thursday 7 March 2002
Annual General Meeting	Tuesday 23 April 2002
ISS Investor Day	Wednesday 24 April 2002
First Quarter Report 2002	Wednesday 22 May 2002
Half-year Report 2002	Tuesday 20 August 2002
Third Quarter Report 2002	Tuesday 19 November 2002

Change in Accounting Policy

The third quarter financial statements have been prepared using the same accounting policies as for the 2000 financial statements, except for the accounting for goodwill. In order to more appropriately reflect the foreign exchange exposure of the investments in foreign subsidiaries and joint ventures, it has been decided, with effect from 1 January 2001, to change the accounting policy relating to the translation of goodwill related to foreign subsidiaries and joint ventures. As from 1 January 2001 goodwill is treated as an asset of the foreign subsidiary/joint venture to which it relates and therefore translated into Danish kroner at the period-end exchange rates. The goodwill amortisation is translated using the average exchange rates. In previous years, goodwill arising on the acquisition of a foreign subsidiary/joint venture was treated as an asset of the acquiring company and therefore not translated. Comparative figures are restated in compliance hereby. The changed accounting policy resulted in an increase of goodwill and equity as per 30 September 2001 of DKK 26 million (30 September 2000: DKK 61 million), and as per 31 December 2000 of DKK 40 million. The effect of the change in accounting policy on the profit and loss account in the period 1 January to 30 September 2001 was an increase of goodwill amortisation of DKK 1 million (1 January to 30 September 2000: DKK 0 million) and for 2000 of DKK 4 million. The change in accounting policy had no effect on deferred tax or tax on profit for the period.

Goodwill amortisation uniformity

It is ISS' policy to capitalise and amortise goodwill over its expected economic life with a maximum of 20 years. The expected economic life of goodwill is estimated at the time of acquisition based on the best estimate of the period during which future economic benefits arising from the acquired company are expected to flow to ISS. It is ISS' strategy to integrate acquired companies as quickly as possible in order to create, obtain and sustain synergies. Consequently, the acquired companies are merged with the acquiring companies, and it is therefore not possible to track and evaluate goodwill per acquisition on a reasonable and valid basis after a short period of time. Some acquisitions, primarily in Northern Europe, have historically been amortised over less than 20 years. To bring the estimate of expected economic life in the affected countries in line with the rest of the Group and to more appropriately reflect the period during which future economic benefits are expected to flow to ISS, it has been decided, with effect from 1 January 2001, to make the goodwill amortisation period uniform across the Group, i.e. up to 20 years. In line with current practice, recoverability of the carrying amount of goodwill is assessed on a regular basis. The goodwill impairment test by country is based on the same valuation model, which is used internally to evaluate acquisitions. The recoverable amount is calculated as the present value of projected future net cash flow expected from use of the asset or by the net selling value. Should impairment be deemed to exist, the goodwill is written down to its recoverable amount. The effect of the change in amortisation period for goodwill in the affected countries was a decrease in goodwill amortisation for the period 1 January to 30 September 2001 of DKK 62 million and an increase in equity as per 30 September 2001 of DKK 56 million. The change in accounting estimate has increased the tax on profit for the period 1 January to 30 September 2001 of DKK 6 million as a consequence of movement in deferred tax.

In accordance with the Listing Rules on the London Stock Exchange, please be informed that copies of the Third Quarter Financial Report 2001 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.