

To The Copenhagen Stock Exchange
Stock Exchange Release No. 7/04
18 May 2004



ISS A/S

Interim Report

January – March 2004

Highlights

- Turnover Up 4%
- Operating profit Up 1%
- Operating margin 4.5%
- Cash flow from operations DKK 23m
- Ordinary profit before goodwill amortisation Up 5%

Further information:

Eric S. Rylberg
Chief Executive Officer

Karsten Poulsen
Chief Financial Officer

Thyge Boserup
Head of Investor Relations

Telephone: +45 38 17 00 00

Key figures and financial ratios ¹⁾

Amounts in DKKm (unless otherwise stated)	Q1 2004	Q1 2003	Year 2003
Key figures			
Turnover	9,244	8,917	36,165
Operating profit ²⁾	412	406	2,032
Financial income and expenses, net	(64)	(72)	(265)
Ordinary profit before goodwill amortisation	238	227	1,179
Net profit	8	14	286
Cash flow from operating activities	23	127	2,345
Free cash flow	(80)	17	1,942
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Total assets	24,307	23,495	23,385
Goodwill	12,880	12,435	12,465
Interest-bearing debt, net	5,668	5,742	4,784
Total equity	7,482	7,297	7,633
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Share information			
Number of shares at end of period, thousands	44,310	43,928	44,310
Average number of shares, thousands	44,154	43,772	43,995
Share price at end of period, DKK	310.5	220.0	291.0
Market capitalisation at end of period, DKKm	13,758	9,664	12,894
Enterprise value at end of period, DKKm	19,426	15,407	17,678
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Financial ratios			
Operating margin, %	4.5	4.6	5.6
Interest coverage ³⁾	8.6	7.6	9.9
EPS before goodwill amortisation, DKK	5.4	5.2	26.8
Equity ratio, %	30.8	31.1	32.6
Debt to book equity ratio, %	75.8	78.7	62.7
Debt to total enterprise value ratio, %	29.2	37.3	27.1

¹⁾ The financial statements for the first quarter are unaudited and have been prepared in accordance with the same accounting policies as were applied in the 2003 financial statements. For definitions of key figures and financial ratios, please see page 125 of the Annual Report 2003.

²⁾ Before other income and expenses.

³⁾ EBITDA/Net financial expenses.

About ISS:

- ISS is a facility services company providing integrated services based on four core offerings: Cleaning-, Catering-, Office Support- and Property Services
- ISS employs more than 245,000 people in Europe, Asia, Australia and South America
- ISS is listed on the Copenhagen Stock Exchange

Further information:

- Website: www.issworld.com
- Bloomberg: ISS DC
- Reuters: ISS.CO

The main objectives in 2003 for ISS were to further increase the operating margin and maintain a solid cash conversion. Going into 2004 the objectives are to maintain an operating margin around the 2003 level, a solid cash conversion and accelerate organic growth. Accordingly, the effort to speed up organic growth, which started up in 2003, was sustained in Q1 2004 with investments in organic growth initiatives.

Turnover in Q1 2004 was DKK 9,244 million representing a growth of 4% compared to last year. Growth from acquisitions was 6%, net, currency adjustments were (2)%. Quarter-on-quarter organic growth has improved from (1)% to flat growth.

The Q1 2004 operating profit was DKK 412 million, up 1% relative to Q1 last year. The operating margin for Q1 was 4.5%, a 0.1 percentage point fall from Q1 2003 resulting from the foreseen change in seasonality due to e.g. growth in the landscaping business.

The efforts to sustain solid cash conversion resulted in a cash inflow from operating activities of DKK 23 million lower than last year's level of DKK 127 million, as expected. The free cash flow was DKK (80) million against DKK 17 million in Q1 2003. Net debt was DKK 5,668 million at 31 March 2004 compared to DKK 4,784 million at 31 December 2003 (DKK 5,742 million at 31 March 2003).

STRATEGIC PROGRESS

The integrated facility services concept is more widely applied. The concept, where implemented, has demonstrated the benefits of integrated services, as both the customers and ISS are achieving synergies on the basis of an integrated service delivery. At country level the Group advanced by strategic acquisitions in Belgium, Norway and the UK.

The Facility Services Development Centre launched in 2003 is progressing. During 2003 the development centre produced a workshop on how to develop a single service country operation into an integrated facility services provider. This workshop is currently being rolled out. In addition, the development centre is developing material for streamlining the bid process related to integrated facility services.

During 2003, the washroom concept development project proved to be a sound business initiative with Denmark, Norway, Sweden and some Asian countries leading the way in a pilot period. Washroom Services have demonstrated a logical fit with the facility services concept. Based on these results the concept is now being rolled out in Belgium, the Netherlands and Spain.

The acquisition speed has been stepped up in 2004. From 1 January to 18 May 2004, a total of 41 bolt-on acquisitions contributed annual turnover of approximately DKK 1,379 million. Comparable figures for 2003 were 13 acquisitions contributing DKK 237 million in annual turnover. ISS continues to focus on bolt-on acquisitions in order to strengthen the Group's competencies, enhance its service offering or establish critical mass. An updated list of acquisitions is available at the Group's website: www.issworld.com.

OPERATIONAL CHALLENGES

In the Annual Report 2003 five business areas were pointed out as operational challenges. These business areas remain on our list of challenges. In Denmark the new management team is progressing according to plan. The German management team has been manned up with experienced ISS resources and performance improving initiatives are targeting business issues. ISS Switzerland is addressing the business issues related to landscaping by strengthening operational and financial management. For the Norwegian activities of ISS Damage Control the restructuring is based on operational downsizing and the acquisition and integration of Anticimex Building Environment. ISS Health Care is in the process of downsizing the organisation to match current market demand.

FINANCIAL REVIEW

Turnover was DKK 9,244 million which was a 4% increase compared with Q1 2003. Organic growth was flat while currency adjustments were (2)% primarily due to Norwegian kroner and US dollar related currencies. The net effect of acquisitions was 6%.

Operating profit before other income and expenses was up 1% compared to Q1 2003 at DKK 412 million. The operating margin of 4.5% was slightly below the Q1 2003 margin of 4.6%. The decrease reflects more seasonality in business performance.

Other income and expenses, net was DKK (11) million in Q1. The expenses related to structural changes (disposal of office space and redundancy payments) were DKK 10 million. In the Annual Report 2003, DKK 15 million was foreseen to be incurred during 2004. The remaining costs of DKK 5 million are expected to be incurred in Q2 2004.

Net financial expenses decreased to DKK 64 million from DKK 72 million in Q1 2003. This was due to a combination of the effects of lower interest rate levels, the refinanced debt via the bond issue in 2003 and lower net debt than in the

same period of 2003. The interest coverage was 8.6 compared with 7.6 in Q1 2003.

Tax on ordinary profit before goodwill amortisation was DKK 100 million. The effective tax rate of 30% was below the comparable level in Q1 2003 due to a reversal of a tax provision no longer required.

Ordinary profit before goodwill amortisation was DKK 238 million, a 5% year-on-year increase. **Goodwill amortisation** was DKK 230 million against DKK 217 million in Q1 2003.

Net profit was DKK 8 million, down from DKK 14 million in Q1 2003. Adjusted for the above-mentioned expense related to structural changes, net of tax, the result was DKK 15 million – an 7% increase. **Earnings per share (before goodwill amortisation)** were DKK 5.4 a 4% increase from DKK 5.2 in Q1 2003. Excluding the structural changes expense, net of tax, earnings per share were 5.5, equivalent to an increase of 6%.

The **cash flow from operating activities** resulted in an inflow of DKK 23 million against an inflow of DKK 127 million in the same period of last year. The Q1 2004 figure should be seen relative to the FY 2003 cash conversion of 150% resulting from a solid cash flow in December 2003. **Investments in intangible and tangible fixed assets, net** (excluding goodwill) was DKK 103 million resulting in a free cash flow of DKK (80) million – down from DKK 17 million in Q1 2003. Investments in intangible and tangible assets equalled 1.1% of turnover, while depreciation amounted to 1.5% of turnover.

Total assets were DKK 24,307 million as at 31 March 2004 compared with DKK 23,385 million at the end of 2003.

Goodwill was DKK 12,880 million. As described in the Annual Report 2003, ISS will adopt the

International Financial Reporting Standards (IFRS) in 2005. IFRS does not permit the amortisation of goodwill acquired in a business combination. Instead such goodwill will be subject to impairment testing under the new accounting policies.

According to ISS' current accounting policies, impairment tests are performed on a quarterly basis. The impairment tests as at 31 March 2004 did not result in any impairment.

Shareholders' equity stood at DKK 7,482 million at 31 March 2004, equivalent to 31% of total assets, approximately the same as at 31 March 2003. Currency adjustments relating to investments in foreign subsidiaries net of hedges increased equity by DKK 18 million as at 31 March 2004. At the Annual General Meeting on 31 March 2004, the shareholders resolved to pay out dividends of DKK 177 million in respect of the financial year 2003. The dividend was disbursed after 31 March 2004.

Provisions stood at DKK 1,101 million, on a level with that of 31 December 2003. **Net interest-bearing debt** increased due to acquisitions to DKK 5,668 million against DKK 4,784 million at the end of 2003.

REVIEW OF OPERATIONS

The operating margin in **Facility Services** was 5.0%, which was unchanged from Q1 2003. The facility services business portfolio has compared to Q1 2003 more seasonality, as especially landscaping, with a below average margin in Q1, represented a larger share of the business portfolio. The development of facility services solutions continued in a number of countries, particularly in Denmark, Finland, the Netherlands, Norway, and the UK resulting in new integrated facility services contract wins.

Operating results by business area¹⁾

	Turnover DKKm			Operating profit ²⁾ DKKm			Operating margin	
	Q1 2004	Q1 2003	Change	Q1 2004	Q1 2003	Change	Q1 2004	Q1 2003
Facility Services	8,441	8,126	4 %	423	406	4 %	5.0 %	5.0 %
Damage Control	422	430	(2)%	10	7	46 %	2.4 %	1.7 %
Food Hygiene	226	216	5 %	12	13	(11)%	5.1 %	6.1 %
Health Care	155	141	10 %	14	26	(46)%	9.1 %	18.3 %
Corporate	-	4	-	(47)	(46)	(1)%	(0.5)%	(0.5)%
Group	9,244	8,917	4 %	412	406	1 %	4.5 %	4.6 %

¹⁾ A reclassification between segments has been made compared with Q1 2003. Comparative figures have been restated. Please refer to page 13 in this report for further details.

²⁾ Before other income and expenses.

Turnover in ISS **Damage Control** was DKK 422 million Q1 2004, 2% lower than in Q1 2003. The lower turnover was attributable to a lower damage activity level in the Nordic countries and divestment of industrial services activities in Norway. The negative effect was to some extent offset by the acquisition of Anticimex Building Environment. The margin improved from 1.7% to 2.4% stemming from the efforts to restructure the Norwegian business. Damage Control continued to expand its framework agreements with insurance companies in which the Group acts as the insurance companies' preferred supplier.

Based on an assessment of the business mix in ISS Greenland and ISS Iceland, the activities of these two operations have been transferred from the Food Hygiene organisation into the Facility Services organisation in Denmark. Q1 turnover in ISS **Food Hygiene** was DKK 226 million. Turnover increased 5% on a like-for-like basis. The operating margin was 5.1%, which was 1.0 percentage point below the level of Q1 2003. The shortfall derived from start up costs from new contacts and other non-recurring expenses.

ISS **Health Care** saw a greater level of activity relative to Q1 2003, with turnover improving from DKK 141 million to DKK 155 million. Primarily, the 10% increase was due to the effect of acquisitions. The business mix was unchanged and focus is on care activities (treatment of abuse and psychiatric care) and diagnostic competences and medical treatment (clinical physiology, MR scanning, X-ray, eye surgery and fitting of hearing aids). The operating margin decreased to 9.1%. The margin drop from Q1 2003 reflects tough business conditions with significant cut backs by major public customers. The full effect of the ongoing restructuring initiatives is not expected to materialise until the end of 2004.

OPERATIONS BY GEOGRAPHY

Northern Europe

Turnover in Northern Europe, comprising the **UK, Sweden, Denmark, Norway, Finland, Ireland, Iceland** and **Greenland**, was DKK 4,264 million. Turnover increased 2% relative to Q1 2003, based on flat organic growth, currency effects of (3)%, and a positive effect from acquisitions of 5%. The operating margin was unchanged at 5.7% year-on-year.

ISS **UK** continued to focus on developing Facility Services. This was underscored by two acquisitions – Eaton Fine Dining and Coflex – which added catering and facility management competencies to the organisation. Furthermore, the move towards facility services builds on the ongoing initiatives, i.e. organisational alignments and training initiatives for key staff. The dedicated effort and organisation address an increased demand for and awareness of integrated facility services in the UK market. Turnover increased 12% from DKK 1,128 million to DKK 1,264 million in Q1 2004. The organic growth of ISS UK was 4% reflecting a positive development in all activities, with the hospital business leading the way. The operating margin improved compared to Q1 2003.

Public budgets are under pressure in **Sweden** and the parts of ISS Sweden with exposure to the public sector recorded a drop in demand. This applies especially to the Health Care activities, where, for example, the largest customer, the City of Stockholm, has given up its maximum time guarantees for waiting lists. Turnover decreased from DKK 925 million to DKK 911 million in Q1 2004. Organic growth was (4)% reflecting the trading conditions within the public sector. The operating margin decreased year-on-year due to the challenges in the Health Care activities. Facility Services steadily developed the business with contract wins and a restructuring of Euro that is showing signs of improvement.

Operating results by geography

	Turnover DKKm			Operating profit ¹⁾ DKKm			Operating margin	
	Q1 2004	Q1 2003	Change	Q1 2004	Q1 2003	Change	Q1 2004	Q1 2003
Northern Europe	4,264	4,182	2 %	241	240	0 %	5.7 %	5.7 %
Continental Europe	4,497	4,297	5 %	191	185	3 %	4.2 %	4.3 %
Overseas	483	438	10 %	27	27	0 %	5.5 %	6.1 %
Corporate	-	-	-	(47)	(46)	(1)%	(0.5)%	(0.5)%
Group	9,244	8,917	4 %	412	406	1 %	4.5 %	4.6 %

¹⁾ Before other income and expenses.

The new management team in ISS **Denmark** has begun to address the prevailing business issues. Overall organic growth was negative and accordingly the sales effort is being restructured based on a new organisational structure, competence upgrade and additional resources. In terms of facility services implementation, ISS Denmark is currently running a number of integrated facility services contracts. Focus is on further advancing the competencies required for

integrated services delivery and conceptualisation of new service offerings. The operating margin decreased slightly due to the development in Damage Control and Food Hygiene.

ISS **Norway** improved the operating margin in Q1 due to fixed cost reductions and operational efficiency improvements. At DKK 718 million turnover was down 8% from Q1 2003, due to currency effects of (12)%. The tough trading

Q1 2004 sales by business area and country

	Turnover		Growth in percentage	
	DKKm	% of total	Total	Organic
Business area ¹⁾				
Facility Services	8,441	91 %	4 %	0 %
Damage Control ²⁾	422	5 %	(2)%	(2)%
Food Hygiene	226	2 %	5 %	2 %
Health Care	155	2 %	10 %	1 %
Total Group	9,244	100 %	4 %	0 %
Country				
UK	1,264	13 %	12 %	4 %
Sweden	911	10 %	(2)%	(4)%
Denmark	890	10 %	(3)%	(3)%
Norway ²⁾	718	8 %	(8)%	(3)%
Finland	414	4 %	13 %	7 %
Ireland	67	1 %	14 %	9 %
Northern Europe	4,264	46 %	2 %	0 %
France	1,800	20 %	8 %	4 %
The Netherlands	733	8 %	(6)%	(13)%
Belgium	469	5 %	4 %	(1)%
Germany	409	4 %	(7)%	(6)%
Spain	292	3 %	39 %	13 %
Austria	269	3 %	25 %	10 %
Switzerland	263	3 %	(7)%	(3)%
Central Europe	162	2 %	3 %	6 %
Portugal	53	1 %	21 %	16 %
Italy	39	0 %	5 %	(7)%
Hungary	8	0 %	(60)%	1 %
Continental Europe	4,497	49 %	5 %	(0)%
Overseas	483	5 %	10 %	5 %
Total Group	9,244	100 %	4 %	0 %

¹⁾ A reclassification between segments has been made compared with Q1 2003. Comparative figures have been restated. Please refer to page 13 in this report for further details.

²⁾ In the calculation of organic growth an initial contract loss of DKK 13 million has been assumed relating to the acquisition of Anticimex Building Environment

conditions in the Norwegian market with low activity levels put organic growth under pressure. Organic growth in Q1 was (3)%. The market position in the facility services market was strengthened by the acquisition of Adviso.

ISS **Finland** reported 13% growth in Q1, bringing the turnover to DKK 414 million. Organic growth was 7% driven by new facility services contracts. In addition, technical services have proven to have a strong fit with the facility services concept generating more one off jobs with existing customers.

ISS **Ireland's** turnover increased by 14% to DKK 67 million. Organic growth was 9%. The operating margin improved compared with Q1 2003. The positive trend in both parameters stems from dedicated work with key accounts.

Continental Europe

Continental Europe includes **France, the Netherlands, Belgium, Germany, Spain, Austria, Switzerland, Portugal, Italy, Luxembourg, Hungary and Central Europe (the Czech Republic, Greece, Slovenia, Poland, Slovakia, Romania and Croatia)**. Turnover of DKK 4,497 million generated in the region was an increase of 5% from Q1 2003. The operating margin was 4.2%, a 0.1 percentage point drop from Q1 2003, which was mainly due to increased seasonality in the underlying business portfolio – primarily landscaping. Organic growth was flat.

ISS **France** increased turnover to DKK 1,800 million, an 8% increase over Q1 2003. Organic growth was 4%, primarily driven by new contracts in landscaping and waste management. The operating margin improved relative to Q1 2003. ISS Hygiene Services, with its international head quarters in Paris and France as its largest market, continued to develop its business through acquisitions.

In the **Netherlands** the market remained competitive because of the economic downturn. This had an adverse impact on turnover, which decreased by 6% to DKK 733 million. Organic growth was (13)% due to contract losses in 2003. The retention rate in Q1 2004 was up compared to Q1 2003 as a direct result of increased focus. A larger share of landscaping in the facility services business portfolio impacted the operating margin negatively due to seasonality.

ISS **Belgium's** turnover increased by 4% to DKK 469 million. Underlying organic growth was impacted by contract losses and was slightly negative at (1)%. In terms of facility services the business demonstrated its commitment to the strategy in Q1, adding both catering- and

technical maintenance services to the service platform through acquisitions.

The macro economic environment in **Germany** remains bleak with difficult market conditions and low visibility. Turnover fell 7% from DKK 438 million in Q1 2003 to DKK 409 million. In addition to fierce competitive conditions with prices under pressure, contracts in the hospital service segment were lost due to in-sourcing by hospitals. In-sourcing is motivated by a wish to avoid paying VAT on services. With margins under pressure, Germany is making a focused effort devoted to operational efficiency improvement.

ISS **Spain** increased turnover by 39% relative to Q1 2003 based on 13% organic growth and 26% from acquisitions. Organic growth was driven by a restructured and dedicated sales effort. The operating margin was up compared to last year due to a tight follow-up on business development and dilution of overheads.

Effective from Q1 2004 ISS Austria and ISS Hungary will be independently managed entities outside the Central Europe organisation. ISS **Austria** increased its turnover by 25% from DKK 216 million to DKK 269 million in Q1 2004 – organic growth was 10%. The operating margin improved due to administrative cost savings and contract efficiency improvements.

In Q1, turnover decreased by 7% to DKK 263 million in ISS **Switzerland**. The operating margin was lower than last year due to competitive pressure and because the landscaping business is subject to more seasonal fluctuations than the rest of the activities in Switzerland. In the Annual Report for 2003 ISS Switzerland was designated as one of the operational challenges in the Group, however initiatives put in place to stabilise the landscaping business are proving effective.

In **Central Europe**, turnover increased 3% to DKK 162 million, with 6% organic growth. Growth was especially seen in Croatia, Slovakia and Greece.

In **Portugal**, turnover was DKK 53 million, an increase of 21% over Q1 2003, attributable to organic growth of 16% and acquisitive growth of 5%. The acquisition of technical maintenance activities was slightly margin dilutive, however the overall margin for ISS Portugal was unchanged for the period.

The business in ISS **Italy** increased by 5% to a turnover of DKK 39 million.

Turnover for ISS **Hungary** was DKK 8 million in Q1 2004.

Overseas

Overseas, consisting of **Asia**, **South America**, **Australia** and **Israel**, represents approximately 5% of the Group's turnover. Turnover increased 10% from Q1 2003 to DKK 483 million in Q1 2004. The underlying organic growth was 5%, acquisitions contributed 11% and currency adjustments impacted negatively by 6%.

In **Asia**, turnover decreased 10% to DKK 237 million after a negative currency impact of 11%. The operating margin was slightly up and the operations generally performed according to plan.

The restructuring effort in **Brazil** has paid off. Turnover increased from DKK 75 million to DKK 82 million, translations into 9% growth of which 4% was organic growth and 5% currency adjustments. In addition, the operating margin improved year-on-year.

The business in **Australia** continued to develop as planned in terms of turnover with positive organic growth. However the business saw its operating margin coming under pressure.

Unlike Q1 2003, ISS holds a controlling interest in the joint venture with the Hashmira Group in **Israel**. Therefore, the full consolidation of the joint venture brings the turnover to DKK 94 million in Q1 2004. The underlying organic growth was 11% for the quarter. The operating margin was under pressure due to a difficult business environment.

BOARD OF DIRECTORS

At the Annual General Meeting on 31 March 2004, Mr Tom Knutzen and Mr Sven Riskær were both re-elected as members of the Board of Directors.

In addition, Ms Karin Verland was elected new member of the Board of Directors. Ms. Verland (46) has been CEO of Pfizer Denmark since 2001 and is chairman of the Danish Medical Industry Association.

Lars Vestergård, member of the Board of Directors elected by the employees, has resigned from the Board and his alternating director, Tina Hilligsø, will take up the position.

OUTLOOK

The outlook should be read in conjunction with "Forward-looking statements" on page 9.

The outlook stated in the Annual Report 2003 remains unchanged. The fundamental economic- and business environment has not changed since the announcement.

At prevailing forward currency exchange rates, ISS in 2004 expects:

- Turnover to exceed DKK 38 billion
- Ordinary profit before goodwill amortisation (after tax) to exceed DKK 1.25 billion

APPENDICES

ISS' consolidated profit and loss account, consolidated cash flow statement, consolidated balance sheet, consolidated statement of movements in equity and specification of minorities is appended to this report.

CONFERENCE CALL AND WEBCAST

A combined webcast and telephone conference hosted by Eric S. Rylberg, CEO, and Karsten Poulsen, CFO, will be held on Tuesday 18 May 2004 at 14:00 CET (13:00 UK time). The webcast will be available from the Group's website, www.issworld.com.

Following the live webcast, a replay will be available from the Group's website. The conference will also be available in digital audio replay.

The telephone numbers for the conference are:

+45 70 26 50 40 (Denmark)
+353 1 439 0432 (International)
+44 207 769 6432 (UK)
+1 877 203 9364 (USA).

To access the recording, please dial:

+353 1 240 0041 (International)
+44 207 769 6425 (UK)
+1 630 652 3000 (USA)
Access code: 358834#.

FORWARD-LOOKING STATEMENTS

This Interim Report contains forward-looking statements within the meaning of the US Private Securities Litigation Act of 1995 and similar laws in other countries regarding expectations to the future development, in particular future sales, operating efficiencies and business expansion. Such statements are subject to risks and uncertainties as various factors, many of which are beyond ISS' control, may cause the actual development and results to differ materially from the expectations expressed in the Interim Report.

Factors that might affect such expectations include, but are not limited to, overall economic and business conditions, fluctuations in currencies, the demand for ISS' services, competitive factors in the service industry, operational problems in one or more of the Group's business units and uncertainties concerning possible acquisitions and divestments. Reference is also made to the description of risk factors on pages 41-47 of the Annual Report 2003.

GOVERNING TEXT

This Interim 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 be applicable.

Consolidated Profit and Loss Account

The first quarter profit and loss accounts are unaudited. Amounts in DKKm

	Q1 2004	Q1 2003	Year 2003
Turnover	9,244	8,917	36,165
Operating expenses	(8,692)	(8,369)	(33,546)
Depreciation and amortisation	(140)	(142)	(587)
Operating profit before other income and expenses	412	406	2,032
Other income and expenses, net	(11)	0	(75)
Operating profit	401	406	1,957
Income from associates	1	0	7
Financial income and expenses, net	(64)	(72)	(265)
Other financial income, net	-	-	33
Ordinary profit before tax and goodwill amortisation	338	334	1,732
Tax on ordinary profit before goodwill amortisation	(100)	(107)	(553)
Ordinary profit before goodwill amortisation	238	227	1,179
Goodwill amortisation	(230)	(217)	(894)
Tax effect of goodwill amortisation	4	6	31
Minority interests	(4)	(2)	(30)
Net profit for the period	8	14	286
Earnings per share before goodwill amortisation (DKK)	5.4	5.2	26.8

Consolidated Statement of Cash Flows

The first quarter statements of cash flows are unaudited. Amounts in DKKm

	Q1 2004	Q1 2003	Year 2003
Operating profit before other income and expenses	412	406	2,032
Depreciation and amortisation	140	142	587
Changes in working capital	(301)	(292)	319
Changes in other provisions	(20)	(9)	(36)
Interest paid	(83)	(35)	(215)
Corporation tax paid	(111)	(78)	(323)
Payments related to other income and expenses	(14)	(7)	(19)
Cash flow from operating activities	23	127	2,345
Acquisition of businesses	(605)	(189)	(1,065)
Divestment of businesses	25	(2)	20
Investments in intangible and tangible assets, net	(103)	(110)	(403)
Investments in financial assets, net	1	1	29
Cash flow from investing activities	(682)	(300)	(1,419)
Financial payments, net ¹⁾	661	1,295	556
Proceeds from issuance of share capital	-	-	25
Dividend paid to shareholders	-	-	(88)
Minority interests	(1)	(3)	(8)
Cash flow from financing activities	660	1,292	485
Total cash flow	1	1,119	1,411
Cash and cash equivalents at beginning of period	2,282	891	891
Total cash flow	1	1,119	1,411
Foreign exchange adjustments	3	(29)	(21)
Cash and cash equivalents at end of period	2,286	1,981	2,281

¹⁾ Proceeds from bank debt less repayment of bank debt.

Consolidated Balance Sheet

The first quarter balance sheets are unaudited. Amounts in DKKm

Assets	31.3.2004	31.3.2003	31.12.2003
Goodwill	12,880	12,435	12,465
Software and other intangible assets	159	209	164
Total tangible assets	1,456	1,440	1,469
Total financial assets	733	739	595
Accounts receivable and other current assets	6,793	6,691	6,411
Liquid funds and securities	2,286	1,981	2,281
Total assets	24,307	23,495	23,385

Equity and liabilities	31.3.2004	31.3.2003	31.12.2003
Total equity	7,482	7,297	7,633
Minority interests	109	85	108
Total provisions	1,101	1,097	1,093
Long-term debt	7,297	6,820	6,446
Short-term interest bearing loans and borrowings	657	903	619
Other current liabilities	7,661	7,293	7,486
Total equity and liabilities	24,307	23,495	23,385

Consolidated Statement of Equity

The first quarter statements of equity are unaudited. Amounts in DKKm

Equity	Share capital	Share premium	Retained earnings	Own shares	Foreign exch. adj.	Total equity
Equity at 1 January 2004	886	17	6,967	(28)	(209)	7,633
Declared dividends	-	-	(177)	-	-	(177)
Foreign exch. adj. of subsidiaries ¹⁾	-	-	-	-	18	18
Net profit for the period	-	-	8	-	-	8
Equity at 31 March 2004	886	17	6,798	(28)	(191)	7,482
Equity at 1 January 2003	878	583	6,008	(28)	(110)	7,331
Foreign exch. adj. of subsidiaries ¹⁾	-	-	-	-	(46)	(46)
Deferred losses on hedging derivatives	-	-	(2)	-	-	(2)
Net profit for the period	-	-	14	-	-	14
Equity at 31 March 2003	878	583	6,020	(28)	(156)	7,297
Equity at 1 January 2003	878	583	6,008	(28)	(110)	7,331
Dividends paid	-	-	(88)	-	-	(88)
Transfer	-	(583)	583	-	-	-
Foreign exch. adj. of subsidiaries ¹⁾	-	-	-	-	(99)	(99)
Deferred gains on hedging derivatives	-	-	6	-	-	6
Employee shares	8	17	-	-	-	25
Tax regarding employee shares	-	-	172	-	-	172
Net profit for the year	-	-	286	-	-	286
Equity at 31 December 2003	886	17	6,967	(28)	(209)	7,633

¹⁾ Net of hedges.

Specification of minorities	31.3 2004	31.3 2003	31.12 2003
Minorities beginning of period	108	88	88
Exchange rate adjustment of foreign subsidiaries etc.	(1)	(3)	(5)
Dividends paid	0	(2)	(8)
Additions from acquired companies, net	(2)	-	3
Net profit for the period	4	2	30
Minorities end of period	109	85	108

Reclassifications from Q1 2003

Compared with Q1 2003, certain reclassifications have been made:

- House of Coffee has been transferred from Innovation to Facility Services and the remaining activities in Innovation have been transferred to Corporate
- ISS Greenland has been transferred from ISS Food Hygiene to Facility Services
- ISS Iceland has been transferred from ISS Food Hygiene to Facility Services

Comparative figures have been restated accordingly.