



To The Copenhagen Stock Exchange and The London Stock Exchange

STOCK EXCHANGE RELEASE NO. 26/02
19 November 2002

ISS A/S

Third Quarter Financial Report 2002

Highlights:

- Turnover DKK 28.5 billion +12%
 - Third quarter DKK 9.5 billion +8%
- Operating profit DKK 1.5 billion +21%
 - Third quarter DKK 584 million +20%
- Operating margin 5.4% +0.4%
 - Third quarter 6.1% +0.6%
- Free cash flow DKK 702 million +655%
 - Third quarter DKK 598 million +82%
- Outlook for 2002 (approximately):
 - Turnover +9%
 - Operating profit (before other inc./exp.) +23%
 - Operating margin 5.3% +0.6%

Further information

Eric S. Rylberg
Chief Executive Officer

Karsten Poulsen
Chief Financial Officer

Telephone: +45 38 17 00 00

Key figures and financial ratios ¹⁾

	Q3 2002	Q3 2001	9 months 2002	9 months 2001	Full year 2001
Key figures. Amounts in DKKm					
Turnover	9,521	8,804	28,504	25,516	34,852
Operating profit ²⁾	584	488	1,528	1,266	1,633
Financial income and expenses, net	(82)	(85)	(279)	(233)	(310)
Ordinary profit before goodwill amortisation	316	290	883	718	898
Net profit for the period	116	153	266	217	222
Cash flow from operating activities	714	398	1,044	358	1,510
Free cash flow	598	328	702	93	1,058
Total assets	24,354	22,220	24,354	22,220	22,419
Goodwill	12,909	11,782	12,909	11,782	12,022
Interest-bearing debt, net	6,556	6,440	6,556	6,440	6,317
Total equity	7,373	6,685	7,373	6,685	6,621
Share information					
Number of shares end of period, thousands	43,928	42,217	43,928	42,217	42,217
Average number of shares, thousands	43,778	42,067	42,973	41,307	41,497
Share price end of period, DKK	226.5	520	226.5	520	411
Market value end of period, DKKm	9,950	17,942	9,950	17,942	17,351
Financial ratios					
Operating margin, % ²⁾	6.1	5.5	5.4	5.0	4.7
Earnings per share before goodwill amortisation, DKK	7.2	6.9	20.5	17.4	21.6
Free cash flow per share, DKK	13.6	7.8	16.3	2.2	25.4
Interest coverage (EBITDA ²⁾ /Net financial expenses)	9.0	7.3	7.1	7.1	7.0
Equity ratio, %	30.3	30.1	30.3	30.1	29.5

1) The financial statements for the third quarter and the first nine months are unaudited and have been prepared in accordance with the same accounting policies as were applied in the 2001 financial statements except for a change the accounting for derivatives. Comparative figures have been restated accordingly. For a description of the change in accounting policy, please see page 15. For definitions of key figures and financial ratios, please see the Annual Report 2001.

2) Before other income and expenses, net.

Third Quarter Report 2002

Cash generation and operational improvement remained the Group's focus areas in Q3. This approach led to a 20% increase in operating profit. Turnover was up 8% to DKK 9,521 million. The operating margin was 6.1% against 5.5% in Q3 last year. This was the highest third quarter operating margin in more than five years.

In the first nine months, the operating profit grew 21% to DKK 1,528 million and turnover grew 12% to DKK 28,504 million, lifting the operating margin to a five-year high of 5.4% compared with 5.0% in the first nine months of 2001. The increase was primarily driven by the performance of the Facility Services business, particularly in Continental Europe, where the progress noted in H1 was sustained.

The cash generation continued to grow in Q3 with free cash flow amounting to DKK 598 million compared with DKK 328 million in the same period of 2001. This led to a cash conversion (Free cash flow / Ordinary profit before goodwill amortisation) of 189%. In the first nine months, the free cash flow was DKK 702 million compared with DKK 93 million in the same period of 2001, resulting in a cash conversion of 87%

(based on ordinary profit before goodwill amortisation, excluding the gain on the sale of Sophus Berendsen shares, net of tax) compared with 13% in the first nine months of 2001.

It is of high priority for ISS to maintain the positive development in the operating margin. Given the current economic climate this requires a continued focus on costs. A project to downscale the head office was finalised in October. The project aims to lowering head office costs from recent years' 0.5% of Group turnover to less than 0.4%, i.e. a reduction of approximately 20%. The downscaling, which includes a reduction in head office staff, is expected to result in annual savings of more than DKK 30 million. The costs of DKK 15 million associated with the downscaling (severance payments) are included in "Other income and expenses, net".

The strengthening of the contract portfolio continued in Q3. With contract trimming efforts extended to cover Brazil, the process has now been effectuated throughout the Group. Thus, with the exception of ISS Brazil, the end of 2002 will mark the completion of the extraordinary contract trimming process. The combination of contract trimming carried out in 2001 and the effect from trimming in 2002 reduced organic growth by a total of approximately 4% to 1% for the first nine months of 2002. Disregarding the five highly acquisitive countries where contract trimming has been a tool in profitability enhancement, organic growth for the rest of the Group was more than 6%.

Restructuring of Aviation and Elderly Care activities

In order to focus on continued profit growth from core areas of the business and to enable the management to devote its full attention to this objective, the Group accelerated the efforts in Q3 to restructure the Aviation and the Elderly Care segments.

Believing that the outlook for the aviation industry remains bleak, management has resolved to finalise the restructuring of ISS' Aviation business as soon as possible. In the Netherlands, an agreement was reached with the customer to terminate the airside activities (annual turnover of approximately DKK 170 million) before the end of the year. As the landside activities (airport terminal cleaning) in the Netherlands were transferred to the Facility Services organisation in Q2, this finalises the closing down of ISS Aviation in the Netherlands. Another element in the restructuring of the Aviation business was the divestment of the Nordic operations of Nordic Aero (Denmark, Finland, Norway and Sweden), which took place in July 2002 (annual turnover of approximately DKK 130 million). With the exception of ISS Aviation in the UK, the restructuring and closing down of the Aviation segment is now completed.

Steps have been taken to transfer the landside activities (airport terminal cleaning) and the airside activities in the UK back to the Facility Services organisation. ISS is actively investigating opportunities to divest the business involving airside activities in the UK (annual turnover of approximately DKK 210 million). These measures finalise the restructuring of ISS' Aviation business.

The wind down of the Elderly Care segment was finalised when an agreement to sell 51% of the Elderly Care activities in ISS CarePartner to management was signed on 14 November 2002. The sale, which becomes effective from 1 November 2002, comprises all activities within Elderly Care in Denmark, Finland, Norway and Sweden. The annual turnover of the disposed activities is approximately DKK 860 million. ISS maintains the remaining 49% ownership.

The costs associated with the aforementioned closure and discontinuation of businesses are included in "Other income and expenses, net" under "Divestments and closures". In addition, the disposal of the Elderly Care segment is expected to lead to further other expenses of approximately DKK 20 million and goodwill write down of approximately DKK 21 million. The charges will be incurred in Q4 2002.

Acquisitions

The acquisition speed was reduced compared with previous years, both in terms of turnover and the number of companies bought. This reflects that geographical platforms have been established in almost all European countries and that the operations have been given time to digest previous years' acquisitions. Since the release of the Half-year Report on 20 August 2002, the Group has made 6 minor acquisitions with a combined annual turnover of approximately DKK 113 million. From 1 January to 19

November 2002, a total of 30 acquisitions have contributed annual turnover of approximately DKK 1,934 million, equivalent to approximately 6% of the Group's 2001-turnover. An updated list of acquisitions is available at the Group's website: www.issworld.com under Investor Relations: Acquisitions.

Changes in Board of Directors

Steen Christensen, employee representative of ISS A/S' Board of Directors, has retired. He has been replaced by employee elected alternating member of the Board, Kirsten Belter.

Financial Review

Profit and loss account

Turnover in Q3 was DKK 9,521 million, an increase of 8% compared with Q3 2001. The increase comprised of organic growth of 1%, growth from acquisitions, net, of 8% and negative currency adjustments of approximately 1%. In the first nine months, turnover increased 12% to DKK 28,504 million. Organic growth in the first nine months was negatively affected by approximately 4% due to contract trimming carried out in 2001 and 2002 in the Benelux, Denmark, France and Germany. Currency adjustments were slightly negative, whilst acquisitions, net, contributed 12% to top-line growth.

Operating profit increased 20% in Q3 to DKK 584 million, equivalent to an operating margin of 6.1% compared with 5.5% in the same period of last year. The operating margin in the first nine months was 5.4% as against 5.0% in the first nine months of 2001, supported by a 21% increase in operating profit to DKK 1,528 million.

Other income and expenses, net amounted to a net expense of DKK 66 million in Q3, primarily due to costs related to the discontinuation of Aviation businesses, a loss on the sale of the Hotel & Tourism business in France and the downscaling of head office. In the first nine months, other income and expenses were a net income of DKK 11 million as specified below:

Other income and expenses, net DKKm	9 months 2002
Divestments and closures	
Gain on sale of Sophus Berendsen shares, net	106
Loss on sale of Hotel & Tourism business, France and Marintec, Belgium	(17)
Provision and loss on discontinuation of Aviation businesses	(74)
Provision and loss on sale of Elderly Care	(22)
Other, net	3
	(4)
Miscellaneous	
Costs related to downscaling of head office	(15)
Gain on restructuring of PFI-project	15
Gain on sale of property	16
Other, net	(1)
	15
Other income and expenses, net	11

Net financial expenses were DKK 82 million in Q3 compared with DKK 85 million in the same period of last year. Financial expenses in the first nine months amounted to DKK 279 million, an increase of DKK 46 million over the first nine months of 2001. This was attributable to a higher amount of interest-bearing debt resulting from acquisitions. The interest coverage (EBITDA / Net financial expenses) was 9.0 in Q3 and 7.1 in the first nine months.

Tax on ordinary profit before goodwill amortisation was DKK 120 million in Q3 and DKK 377 million in the first nine months, equivalent to an effective tax rate of 30%. **Ordinary profit before goodwill amortisation** increased 9% to DKK 316 million in Q3 and 23% to DKK 883 million in the first nine months.

Goodwill amortisation in Q3 amounted to DKK 203 million and DKK 619 million in the first nine months compared with DKK 137 million and DKK 498 million in the corresponding periods of last year. Goodwill amortisation was impacted by the write down of goodwill related to discontinued businesses of DKK 10 million in Q3 and DKK 24 million in total in the first nine months. **Net profit** in Q3 and the first nine months was DKK 116 million and DKK 266 million, respectively, against DKK 153 million and DKK 217 million in the corresponding periods of 2001. The comparative figures for goodwill amortisation and net profit were impacted by the decision taken in September 2001 to make the goodwill amortisation period uniform across the Group. This reduced amortisation (increasing net profit) by DKK 62 million in Q3 2001.

Earnings per share (before goodwill amortisation) increased to DKK 7.2 in Q3, up 4% from the same period of 2001, despite a negative impact from other expenses, net, of DKK 66 million. In the first nine months, earnings per share (before goodwill amortisation) increased to DKK 20.5, an increase of 18% over the same period of last year. In the first nine months of 2002, earnings per share were impacted by other income, net, of DKK 11 million. Own shares are deducted in the calculation of earnings per share.

Cash flow statement

The **free cash flow** increased to DKK 598 million in Q3 from DKK 328 million in Q3 2001. In the first nine months, the cash flow from operating activities exceeded DKK 1 billion and the free cash flow amounted to DKK 702 million as against DKK 93 million in the same period of 2001. This reflected the Group's continuous focus on working capital, which led to a decrease in debtor days compared with the same period of last year. **Investments in intangible and tangible assets** (excluding goodwill) relative to turnover amounted to 1.2%, both in Q3 and in the first nine months, while depreciation amounted to 1.5% and 1.6%, respectively.

Balance sheet

Total assets amounted to DKK 24,354 million as at 30 September 2002 compared with DKK 23,992 million as at 30 June 2002. **Goodwill** was DKK 12,909 million, a decrease of DKK 93 million relative to 30 June 2002. ISS' accounting policies require impairment tests of capitalised goodwill to be carried out each quarter. The value is written down if the carrying value of goodwill exceeds the higher of estimated net selling price and estimated value in use. The impairment tests as at the end of September 2002 did not result in write downs apart from what was related to activities that are being discontinued as described above.

As mentioned in the Half-year Report 2002, **Accounts receivable and other current assets** include a claim on the Group's former auditors, Arthur Andersen, with a discounted value of DKK 12 million based on the settlement agreement described in the 1997 Annual Report. During Q3, there has been no change to this claim, which falls due for payment on 30 April 2003.

Shareholders' equity amounted to DKK 7,373 million as at 30 September 2002. The equity ratio was 30.3%, similar to that of 30 June 2002. **Provisions** stood at DKK 1,094 million, on a level with that of 30 June 2002. Of this amount, DKK 222 million related to pensions and similar obligations. The majority of ISS' pension plans are defined contribution plans for which ISS pay annual premiums to independent insurance companies. In a few countries, ISS has defined benefit plans where the actuarially determined pension obligations are included in the balance sheet. The plan assets covering these obligations comprise cash, bonds and shares, the latter accounting for approximately 20% of the assets. **Net interest-bearing debt** of DKK 6,556 million was DKK 427 million less than that of 30 June 2002 due to the free cash flow in Q3.

Review of Operations

Operations by business area

	Turnover DKKm			Operating profit *) DKKm			Operating margin *)	
	9 months 2002	9 months 2001	Change	9 months 2002	9 months 2001	Change	9 months 2002	9 months 2001
Facility Services	24,624	22,286	10%	1,447	1,219	19%	5.9%	5.5%
Damage Control	1,261	939	34%	82	75	9%	6.5%	8.0%
Care- Partner	1,062	802	32%	71	32	119%	6.7%	4.0%
Food Services	719	598	20%	44	34	29%	6.1%	5.8%
Aviation	707	765	(8%)	2	17	(88%)	0.3%	2.3%
Innovation	131	126	4%	10	15	(27%)	7.6%	9.3%
Corporate	-	-	-	(128)	(126)	2%	(0.5%)	(0.5%)
Total	28,504	25,516	12%	1,528	1,266	21%	5.4%	5.0%

*) Before other income and expenses, net

Facility Services progressed in the first nine months. Turnover was DKK 24,624 million, an increase of 10% over the same period of 2001 and the operating margin was lifted from 5.5% to 5.9%. This was the result of higher operating margins in almost all European countries with significant turnover. Organic growth in Facility Services was 1% as contract trimming had a significant impact in countries where prior years' acquisitions required a thorough review of the contract portfolio (i.e. the Benelux, Denmark, France and Germany). Eurogestion, the pest control company acquired in April 2002, developed as expected and the integration progressed as planned. The development of Facility Services solutions continued in a number of countries, particularly in the Nordic region and resulted in several new integrated Facility Services contracts.

Organic growth of 21% in Q3 increased ISS **Damage Control's** turnover in the first nine months to DKK 1,261 million. The growth was the result of increased activity in most of the countries in which Damage Control is represented, most significantly in Sweden and Germany. The operating margin was 6.5% compared with 8.0% in the same period of 2001, affected by an expansion of the presence in Germany and the UK with new offices being established and lower activity due to unusual weather conditions in Norway earlier in the year. In Q3, a carve-out of Damage Control in Belgium commenced.

CarePartner's turnover in the first nine months increased 32% to DKK 1,062 million, with acquisitions carried out in 2001 accounting for 25% and organic growth for 7%. The operating margin increased from 4.0% in the first nine months of 2001 to 6.7%. The increase derived from the Health Care business acquired in H2 2001, and from treatment of abuse and psychiatric care. In Q3, ISS signed an agreement with the Association of County Councils in Denmark and the Copenhagen Hospital Corporation to make the six ISS-run hospitals in Sweden available to the Danish authorities in their efforts to honour the Government's waiting-list guarantee. As mentioned above, the Elderly Care segment was divested in November 2002.

Turnover in **Food Services** increased 20% to DKK 719 million after the carve-out of the Food Services businesses in Belgium and the UK in the beginning of 2002. The operating margin increased from 5.8% in the first nine months of 2001 to 6.1%, primarily due to a turnaround in the business in the Netherlands involving contract trimming and efficiency-improving measures. In Q3, ISS saw a breakthrough in the dairy sector when a contract with Arla Foods in Sweden commenced. Organic growth was impacted by consolidation in the Danish abattoir industry as well as the spill-over effect of contract trimming in the Netherlands in 2001.

In ISS **Aviation**, turnover amounted to DKK 707 million, a decrease of 8% compared with the first nine months of 2001. This was due in part to the divestment of activities and in part to the generally lower level of activity. The operating margin in the first nine months decreased from 2.3% to 0.3% due to reduced profitability in the industry. The reorganisation proceeded with a divestment of the Nordic airside activities in July 2002 and the aforementioned decision regarding the airside activities in the Netherlands. Steps have been taken to transfer the Aviation activities in the UK back to the Facility Services organisation. The process of closing down the UK airside activities continued.

Operations by geography

	Turnover DKKm			Operating profit *) DKKm			Operating margin *)	
	9 months 2002	9 months 2001	Change	9 months 2002	9 months 2001	Change	9 months 2002	9 months 2001
Northern Europe	13,717	11,842	16%	813	753	8%	5.9%	6.4%
Continental Europe	13,309	12,172	9%	772	558	38%	5.8%	4.6%
Overseas	1,478	1,502	(2%)	71	81	(12%)	4.8%	5.4%
Corporate	-	-	-	(128)	(126)	2%	(0.5%)	(0.5%)
Total	28,504	25,516	12%	1,528	1,266	21%	5.4%	5.0%

*) Before other income and expenses, net

Northern Europe

Turnover in Northern Europe, comprising the **UK, Sweden, Denmark, Norway, Finland, Ireland, Iceland and Greenland**, increased 16% to DKK 13,717 million. Organic growth in the region was 5% but excluding Denmark, which was impacted by contract trimming in the public sector, organic growth was 8%. The operating margin was 5.9% compared with 6.4% in the first nine months of 2001, primarily due to the expected lower margin in Facility Services in Sweden resulting from acquisitions of companies at the end of 2001 with significantly lower margins than ISS.

In the **UK**, turnover increased 12% to DKK 3,808 million. The contract portfolio continued the positive performance in Q3 after a national sales organisation targeting the private sector was established earlier in the year. This led to organic growth of 6% in the first nine months. In the hospital segment ISS was appointed as preferred supplier for a contract with St. George's Hospital and for the PFI-contract with Walsgrave Hospital. The operating margin in Facility Services was on level with that of last year despite a negative impact from newly started PFI-contracts and the initially diluting effect from the acquisition of CSFM. Due to the negative effect from the Aviation segment, ISS UK's consolidated operating margin was marginally down year-on-year.

ISS **Sweden** generated turnover of DKK 3,291 million, an increase of 40% on the first nine months of 2001. The organic growth was 6%. As expected, the operating margin was below that of the same period last year due to the initially lower margin in the two significant acquisitions from 2001, Eeuro and Trafficare.

The revised strategic approach towards customers in the public sector and a strong focus on operational improvements meant that the operating margin in Facility Services in **Denmark** increased year-on-year. On a consolidated basis, ISS Denmark's operating margin was marginally down after declining margins in Damage Control and Food Services in Denmark. Turnover was DKK 2,987 million, marking an expected fall from the same period of last year due to contract trimming and the revised approach towards customers in the public sector.

Turnover developed favourably for ISS **Norway**, which reported Q3 increases in cleaning, catering and, most significantly, in landscaping. Together with increased turnover from integrated Facility Services

contracts, this boosted organic growth to 13% in the first nine months, and turnover grew 28% year-on-year to DKK 2,446 million. The operating margin increased compared with the first nine months of 2001 since improvements in Facility Services more than off-set the negative impact of lower activity in Damage Control due to weather conditions at the beginning of the year.

In ISS **Finland**, turnover grew 10% relative to the first nine months of 2001 to DKK 1,024 million. Organic growth accounted for 6% as an increased focus on Facility Services resulted in a number of new important contracts and increased sales to existing customers. The Facility Services business enhanced its operating margin relative to the same period of 2001, but lower margins in Damage Control and CarePartner caused a minor slip in the consolidated operating margin for ISS Finland.

ISS **Ireland's** turnover increased 27% to DKK 161 million, driven by organic growth of 26%. The operating margin developed favourably compared with the first nine months of 2001.

Continental Europe

Continental Europe includes **France, the Netherlands, Germany, Belgium, Switzerland, Austria, Spain, the Czech Republic, Portugal, Greece, Slovenia, Italy, Poland, Hungary, Slovakia, Romania, Luxembourg and Croatia**. Turnover in the region increased 9% to DKK 13,309 million and the operating profit was up 38% to DKK 772 million, lifting the operating margin by 1.2 percentage points to 5.8%. All countries with significant turnover reported increasing operating margins. Organic growth was negative as the continued focus on profitability impacted growth in the Benelux, France and Germany.

ISS **France** continued the positive margin performance in Q3. This was partly a result of continued focus on profitability throughout the organisation and partly due to the consolidation of Eurogestion with effect from the beginning of April 2002. Turnover was DKK 5,108 million, up 25% on the first nine months of 2001, primarily due to acquisitions.

The operational improvement recorded by ISS **Netherlands** in H1 continued and the operating margin in the first nine months increased compared with the same period of 2001, particularly in Facility Services. Turnover amounted to DKK 2,618 million in the first nine months, a decrease of 5%. This was attributable to contract trimming following the increased focus on profitability.

In ISS **Germany**, the operating margin was maintained above the level of the same period of 2001. The German market is difficult with fierce competition and high labour costs following new wage agreements and added social contributions. This requires sustained focus on profitability and efficiency measures. Turnover was DKK 1,443 million, down on the first nine months of 2001.

In ISS **Belgium**, the progress noted in H1 was sustained. The operating margin increased compared with the first nine months in 2001 as a result of continued focus on contracts with low profitability. Turnover was DKK 1,351 million, down on the same period last year, as contract trimming and the profit enhancing measures led to negative organic growth.

In **Central Europe**, turnover increased 19% to DKK 1,156 million. Organic growth for the region amounted to 12% after solid growth, particularly in Austria, the Czech Republic, Greece and Slovenia. The operating margin for the region as a whole developed favourably despite the negative impact on the business, particularly in the Czech Republic caused by flooding in Central Europe in Q3.

In ISS **Switzerland**, the improvements continued in Q3. An increased operating margin compared with the same period of 2001 was attributable to the contract trimming carried out in 2001 as well as operational initiatives involving a restructuring of the business at Zurich Airport. Turnover amounted to DKK 842 million, a decrease compared with the first nine months of 2001, to a large extent caused by ISS' reduced level of business activity at Zurich Airport.

Sales by business area and geography

Business area	Turnover		Growth	
	9 months 2002 DKK m	% of total turnover	Total growth %	Organic growth %
Business area				
Facility Services	24,624	86	10	1
Damage Control	1,261	4	34	10
CarePartner	1,062	4	32	7
Food Services	719	3	20	(3)
Aviation	707	2	(8)	(3)
Innovation	131	1	4	(4)
Total Group	28,504	100	12	1
Country				
UK	3,808	13	12	6
Sweden	3,291	12	40	6
Denmark	2,987	10	(4)	(3)
Norway	2,446	8	28	13
Finland	1,024	4	10	6
Ireland	161	1	27	26
Northern Europe	13,717	48	16	5
France	5,108	18	25	(1)
The Netherlands	2,618	9	(5)	(5)
Germany	1,443	5	(2)	(8)
Belgium	1,351	5	(2)	(10)
Central Europe	1,156	4	19	12
Switzerland	842	3	(6)	(4)
Spain	569	2	18	6
Portugal	123	1	9	9
Italy	99	0	191	24
Continental Europe	13,309	47	9	(2)
Overseas	1,478	5	(2)	1
Total Group	28,504	100	12	1

ISS **Spain** continued the progress noted towards the end of 2001 and in H1 of 2002, reporting a year-on-year increase in its operating margin in the first nine months. Turnover increased 18% to DKK 569 million with organic growth accounting for 6%.

In **Portugal**, turnover was DKK 123 million, an increase of 9% on the first nine months of 2001, attributable exclusively to organic growth. The operating margin remained at the level recorded for the first nine months of 2001 in spite of start-up costs relating to new contracts.

The business in ISS **Italy** was expanded with the acquisition of Eurogestion in April 2002 and turnover grew to DKK 99 million from DKK 34 million. Organic growth and the operating margin also improved.

Overseas

Overseas, consisting of **Asia, South America, Australia and Israel**, represents approximately 5% of the Group's turnover. Negative currency adjustments of 13% combined with difficult market conditions caused a 2% decline in Overseas' turnover to DKK 1,478 million in the first nine months. The operating margin decreased from 5.4% to 4.8% while organic growth was 1%.

In **Asia**, turnover increased 3% to DKK 865 million in the first nine months. The operating margin was 5.7% and the operations generally performed as planned.

The difficult economic environment with sliding currencies continued in South America, where ISS **Brazil** saw a decrease in turnover and operating margin compared with the same period of last year. A restructuring plan, which includes a review of the contract portfolio, was initiated in Q3 and is set to continue in Q4. The efforts to turn the business around in ISS **Argentina** continued in Q3. Turnover and operating margin were down on the same period of 2001. The South American countries represent approximately 1% of Group turnover.

The business in **Australia**, which was added with the takeover of Eurogestion, continued to develop as planned both in terms of turnover and operating margin. The depreciation of the **Israeli** currency stabilised in Q3, but turnover was down year-on-year.

Outlook^{*)}

For the full year 2002 ISS forecasts an increase in turnover of approximately 9%, an increase in operating profit (before other income and expenses, net) of approximately 23% and an operating margin of approximately 5.3%. Goodwill amortisation is expected to amount to approximately DKK 850 million.

The forecast includes acquisitions and divestments announced prior to 19 November 2002 and it assumes that exchange rates remain at the current levels for the rest of 2002.

^{*)} Please refer to "Forward-looking Statements" on page 11.

Financial Calendar 2003

Annual Report 2002:	Thursday, 13 March 2003
Annual General Meeting:	Wednesday, 9 April 2003
First Quarter 2003 Financial Report:	Thursday, 22 May 2003
Half-year 2003 Financial Report:	Wednesday, 20 August 2003
Third Quarter 2003 Financial Report:	Thursday, 20 November 2003

Appendices

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

Conference Call

A telephone conference hosted by Eric S. Rylberg, CEO, and Karsten Poulsen, CFO, will be held on Tuesday 19 November 2002 at 14:00 CET (13:00 UK time). The telephone numbers for the conference are +44 20 8240 8241 (UK dial-in) and +1 303 713 7888 (US dial-in), Quote: ISS.

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 prevail.

In accordance with the Listing Rules on the London Stock Exchange, please be informed that copies of the Third 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 profit and loss accounts are unaudited. Comparison figures are restated as a consequence of change in accounting policy. Amounts in DKKm.

	Q3 2002	Q3 2001	9 months 2002	9 months 2001
Turnover	9,521	8,804	28,504	25,516
Operating expenses	(8,790)	(8,179)	(26,525)	(23,858)
Depreciation and amortisation	(147)	(137)	(451)	(392)
Operating profit before other income and expenses	584	488	1,528	1,266
Other income and expenses, net	(66)	-	11	0
Operating profit after other income and expenses	518	488	1,539	1,266
Income from associated undertakings	0	2	0	2
Financial income and expenses, net	(82)	(85)	(279)	(233)
Ordinary profit before tax and goodwill amortisation	436	405	1,260	1,035
Tax on ordinary profit before goodwill amortisation	(120)	(115)	(377)	(317)
Ordinary profit before goodwill amortisation	316	290	883	718
Goodwill amortisation	(203)	(137)	(619)	(498)
Tax effect of goodwill amortisation	6	3	13	11
Minority interests	(3)	(3)	(11)	(14)
Net profit for the period	116	153	266	217
Earnings per share before goodwill amortisation (DKK)	7.2	6.9	20.5	17.4

Consolidated Statement of Cash Flows

The statements of cash flow are unaudited. Amounts in DKKm.

	Q3 2002	Q3 2001	9 months 2002	9 months 2001
Operating profit before other income and expenses	584	488	1,528	1,266
Depreciation and amortisation	147	137	451	392
Changes in working capital ¹⁾	190	(18)	(318)	(780)
Changes in provisions ¹⁾	(13)	(11)	(47)	(18)
Interest paid ¹⁾	(78)	(94)	(256)	(246)
Corporation tax paid ¹⁾	(82)	(75)	(248)	(227)
Payments related to other income and expenses	(34)	(29)	(66)	(29)
Cash flow from operating activities	714	398	1,044	358
Acquisition of businesses, net	(129)	(1,393)	(1,715)	(2,663)
Divestment of businesses, net	5	27	5	19
Investments in intangible and tangible assets, net ¹⁾	(116)	(70)	(342)	(265)
Investments in financial fixed assets, net ¹⁾	(5)	13	272	(17)
Cash flow from investing activities	(245)	(1,423)	(1,780)	(2,926)
Financial payments, net ²⁾	274	1,246	910	2,834
Proceeds from issuance of share capital	-	-	568	789
Minority interests	(2)	(3)	(2)	(5)
Cash flow from financing activities	272	1,243	1,476	3,618
Total cash flow	741	218	740	1,050
Cash and cash equivalents at beginning of period	1,006	1,168	1,023	324
Total cash flow	741	218	740	1,050
Exchange rate adjustments	(14)	(12)	(30)	0
Cash and cash equivalents at end of period	1,733	1,374	1,733	1,374

¹⁾ Net of effect of acquisitions and divestments

²⁾ Proceeds from bank debt less repayment of bank debt

Consolidated Balance Sheet

The balance sheets for the first nine months and the half-year are unaudited. Comparison figures are restated as a consequence of change in accounting policy. Amounts in DKKm.

Assets	30.9 2002	30.6 2002	31.12 2001	30.9 2001
Goodwill	12,909	13,002	12,022	11,782
Other intangible fixed assets	160	114	98	89
Tangible fixed assets	1,553	1,641	1,673	1,491
Financial fixed assets	582	574	704	452
Accounts receivable and other current assets	7,417	7,655	6,899	7,032
Liquid funds and securities	1,733	1,006	1,023	1,374
Total assets	24,354	23,992	22,419	22,220
Equity and liabilities	30.9 2002	30.6 2002	31.12 2001	30.9 2001
Total equity	7,373	7,279	6,621	6,602
Minorities	87	86	57	60
Provisions	1,094	1,102	966	731
Long-term bank debt	7,157	6,675	5,853	6,467
Short-term bank loans and other debt	1,132	1,314	1,487	1,347
Other current liabilities	7,511	7,536	7,435	7,013
Total equity and liabilities	24,354	23,992	22,419	22,220

Consolidated Statement of Equity

The statements of equity for the nine months 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.	-	-	(116)	-	(116)
Deferred gains/losses on hedging derivatives	-	-	34	-	34
Share issue	26	491	-	-	517
Employee shares	8	43	-	-	51
Net profit for the period	-	-	266	-	266
Equity at 30 September 2002	878	582	5,975	(62)	7,373
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)
Deferred 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
Equity at 31 Decem. 2001	844	48	5,791	(62)	6,621
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.	-	-	(64)	-	(64)
Deferred gains/losses on hedging derivatives	-	-	(18)	-	(18)
Share issue	34	700	-	-	734
Employee shares	7	48	-	-	55
Net profit for the period	-	-	217	-	217
Equity at 30 September 2001	844	1,751	4,073	(66)	6,602

Specification of minorities

	30.9 2002	31.12 2001	30.9 2001
Minorities beginning of period	57	47	47
Exchange rate adjustment of foreign subsidiaries etc.	1	1	0
Other changes	18	(6)	(1)
Net profit for the period	11	15	14
Minorities end of period	87	57	60

Change in accounting policy

The third quarter financial statements are prepared using the same accounting policies as for the 2001 financial statements, except for the accounting for derivatives. The change is 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 30 September 2002 of DKK 13 million (30 June 2002: DKK 3 million, 31 December 2001: DKK 21 million and 30 September 2001: DKK 23 million). Deferred tax liability is reduced as per 30 September 2002 by DKK 5 million (30 June 2002: DKK 1 million, 31 December 2001: DKK 9 million and 30 September 2001: DKK 10 million). The change in accounting policy has no effect on the profit and loss account or total assets. Comparative figures have been adjusted accordingly.