Rockwool International A/S
Introduction on the Copenhagen Stock Exchange 1996

ROCKWOOL®

Contents

Glossary and definitions

glass wool	mineral wool based on glass
the Group	the Rockwool Group
cupola	a furnace for melting materials
the market	all figures relating to a market are based on the Group's estimates for 1994
market share	all figures relating to market share are based on the Group's best estimates for 1994
mineral wool	collective name for stone wool, glass wool and slag wool
the Rockwool Group	Rockwool International A/S (parent company) and its subsidiaries
Rockwool	the Rockwool Group
the Company	Rockwool International A/S
slag wool	mineral wool based on slag from molten metal
Tel-wool	glass wool
thermal coefficient of expansion	measure of materials' dimensional change in connection with rises in temperature
Western Europe	covers the EU and Norway, Switzerland and Iceland

The listing of the company is subject to Danish law. The prospectus has been prepared in compliance with the standards and requirements set out in Danish legislation, including the regulations of the Copenhagen Stock Exchange.

This document is an English translation of the Danish prospectus. In the event of discrepancies between the English translation and the Danish prospectus, the latter shall for all intents and purposes be deemed to be the governing version.

The prospectus is dated 29 November 1995.

Responsibility and declarations

Group Management and Supervisory Board

The Group Management and Supervisory Board, whose names appear below, accept responsibility for the information contained in this prospectus. We confirm that to the best of our knowledge and belief, the information contained in this prospectus is in accordance with the facts and does not omit anything, nor do Board minute books, audit books or other internal documents contain anything likely to affect the import of the information contained herein.

Hedehusene, 29 November 1995

ROCKWOOL INTERNATIONAL A/S

Group Management

Tom Kähler

Ole Dalby

Preben Haar

Eelco van Heel

Knud Jørning

Peter Molzen

Jens Nørgaard

Preben Overgaard

Supervisory Board

Johan Schrøder
Chairman

Per Carsten Pedersen
Deputy Chairman

Birthe Bækman

Hans Høyer

Arne V. Jensen

Gustav Kähler

Tom Kähler

Dorte Page

Jürgen Sengera

Auditors' statement

Annual accounts and consolidated accounts
We have audited the annual accounts and consolidated accounts of Rockwool International A/S for 1992, 1993 and 1994.

The accounts are accompanied by unqualified audit opinions.

Half-yearly accounts
We have not audited the half-yearly accounts for the first six months of 1995 and the first six months of 1994, and therefore cannot make any statements about these.

Prospectus
We have examined the financial information in the prospectus, including financial highlights and ratios etc., and have verified that it is in accordance with or refers to the accounts rendered and has been prepared in accordance with the accounting policies applied by the Group.

In accordance with generally accepted practice our examination has not included the Management's expectations concerning the Company's future development.

In pursuance of the Copenhagen Stock Exchange Code of Ethics we confirm that this prospectus contains all information material to Rockwool International A/S and the Group of which we are aware and which, in our opinion, may affect the evaluation of the Company's and the Group's assets and liabilities, financial position and results.

Copenhagen, 29 November 1995

Ernst & Young A/S Tagensvej 86 DK-2200 Copenhagen N	Askgaard Olesen A/S Allehelgensgade 22 DK-4000 Roskilde
John Lundin State-authorised Public Accountant	Lars Søndergaard State-authorized Public Accountant
Johnny Kofoed-Jensen State-authorised Public Accountant	

Declaration by the arrangers of the introduction

In our capacity as arrangers of the introduction we confirm that the issuer and its auditors have made available to us all the information requested and deemed necessary by us. The data provided or disclosed to us, including the data on which the financial information, information about market conditions etc. is based, has not been independently verified by us. However, we have gone through the information and compared it with the information contained in the prospectus and found nothing that is incorrect or inconsistent.

Copenhagen, 29 November 1995

DEN DANSKE BANK

Summary

The information given below is a summary of the more detailed information contained in the prospectus and should be read in conjunction with this.

Background to Stock Exchange introduction
Rockwool International A/S has achieved such a size and its shares such a distribution that it is natural for the Company to seek listing of its shares on the Copenhagen Stock Exchange.

No shares will be offered for sale in connection with the introduction.

The Rockwool Group
It is the Rockwool Group philosophy to develop, manufacture and sell stone wool products.

Rockwool is the world's largest manufacturer of stone wool and among the four leading manufacturers of mineral wool. Manufacturing takes place at the Group's sixteen manufacturing units, fifteen of which are located in Europe and one in Canada. The Company has manufacturing units in eight countries and its products are marketed partly from these and partly through a number of marketing subsidiaries in Europe.

The Group's activities focus primarily on the European market. In 1994 92% of Group turnover was outside Denmark.

The Group has five business areas: insulation, acoustic ceilings, cultivation substrates, facade panels and special fibres for industrial applications. These five business areas are organised into three divisions: Northern Division, Continental Division and Systems Division.

Insulation is the Group's core activity, accounting for approx. 81% of Group turnover in 1994, equal to DKK 4.6 billion. This business area comprises insulation of buildings and technical installations against cold, heat, fire and noise. These operations are conducted through the companies in Northern Division and Continental Division.

The Rockwool Group has an approx. 17% share of the total West European insulation market, and is the second-largest mineral wool manufacturer in this market.

The manufacture of stone wool is a continuous process. The raw materials used are rock, waterproofing oil and binding agents.

The Group manufactures to order and can often get its standard products to its customers within 24 or 48 hours. A substantial part of output does not go into stock, but is delivered directly to customers.

The Rockwool Group's four other business areas – Rockfon acoustic ceilings, Grodan cultivation substrates, Rockpanel facade panels and industrial stone wool fibres – are gathered in the Systems Division.

The Systems Division recorded turnover of DKK 943 million in 1994, corresponding to 19% of Group turnover.

The Rockfon companies achieved turnover of DKK 428 million in 1994, and an approx. 9% share of the West European market.

The Grodan companies have established an extensive range of cultivation substrates for rational horticulture. The Grodan companies' turnover amounted to DKK 354 million in 1994.

Rockpanel facade panels consist of compressed stone wool with a sturdy, painted surface. Rockpanel is thought to have a big potential.

Industrial stone wool fibres give products such as brake linings, gaskets and plastic components great wearing strength and heat-and-cold resistance. Stone wool is also supplied in granulated form to manufacturers of ceiling panels.

Financial highlights (Group)

Mill. DKK	1st half 1995*	1st half 1994*	1994	1993	1992	1991	1990
Net turnover	2,527	2,361	5,189	4,897	4,996	5,196	4,684
Profit before financing	138	165	521	442	344	395	380
Profit after tax	79	51	269	256	76	172	199
Total assets	4,430	4,293	4,424	4,321	4,325	4,214	3,827
Shareholders' funds	2,510	2,240	2,428	2,166	1,902	1,954	1,778

* unaudited

Expectations concerning the 1995 financial year
Turnover in the first six months was up 7% on the first six months of 1994.

The profit before financing fell by DKK 27 million, to DKK 138 million, compared with the previous year. This is due primarily to a drop in sales prices in relation to the previous year and to price increases on some raw materials.

Pre-tax profit amounted to DKK 113 million, a DKK 28 million improvement on 1994. The increase is due to the favourable development of the bond portfolio compared to 1994.

Even towards the end of the year, there is always great uncertainty with respect to the full-year profit.

The Group has its busiest period in the last few months of the year.

Building activity in December depends on the weather.

Because the vast majority of orders are received at the end of the year, when horticultural enterprises decide whether to reuse or buy fresh substrate, the peak season is more distinctive in the Grodan companies than in the insulation businesses.

Because of the current fall-off in the German building sector, full-year sales are expected to be only 6% better than in 1994, and the operating profit before financing will be somewhat lower than in 1994; however, because no loss on the Group's bond portfolio is expected in 1995, the profit before and after tax is only expected to be a little lower than in 1994.

An announcement describing the development in the second half of 1995 and a preliminary estimate of the result in 1995 will be made on 4 January 1996.

Shareholders

The Company has approx. 400 shareholders. The principal shareholder, Rockwool Fonden, holds approx. 23% of the share capital and approx. 27% of the voting rights.

Listing

The Company's class A and class B shares are expected to be admitted for listing on the Copenhagen Stock Exchange on 5 January 1996.

The Company's shares will be registered at the Danish Securities Centre in denominations of DKK 10.

Securities codes:
Class A shares: DK001021907-0
Class B shares: DK001021915-3

Listing

Background to Stock Exchange introduction

Rockwool International A/S has achieved such a size and its shares such a distribution that it is natural for the Company to apply for listing of its shares on the Copenhagen Stock Exchange.

The introduction is not intended to bring in new capital or to provide the Company's shareholders with cash funds, so no shares are being made available in connection with the introduction.

However, the distribution of the Company's class A and class B shares is already such that it has been found appropriate to arrange for both classes of shares to be traded on the Copenhagen Stock Exchange. In addition, succession among the existing group of shareholders as well as the individual shareholders' needs and wishes are expected gradually to bring more of the Company's shares on the market.

To date the Company has been able to finance its own growth from earnings generated within the Company itself. This situation is not expected to change and there are no plans to change it; however, new business opportunities may naturally arise which it may be found appropriate to finance by raising new capital. Listing will facilitate this.

Listing

Listing on the Copenhagen Stock Exchange
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Securities codes
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Class B shares: DK 001021915-3

Withdrawal
The Company will not go ahead with the introduction in the event of circumstances arising before 4 January 1996, 12.00 noon which, in the opinion of the Company or Den Danske Bank, make introduction inadvisable. In such a case the Copenhagen Stock Exchange will be notified forthwith.

Issuing agent
In its capacity as issuing bank Den Danske Bank is authorised to act as issuing agent through the Danish Securities Centre.

Company registrar
The Company's register of shareholders is managed by Rockwool International A/S.

Payment of dividends
Dividends are paid via the Danish Securities Centre to the shareholder's account at the authorised bank. Dividend payments are made net of dividend tax in pursuance of the Danish tax rules. The withholding tax on dividends will amount to 25% after 1 January 1996.

Arrangers of the introduction
The introduction on the stock exchange is arranged by Den Danske Bank.

Principal bankers
The Company's principal bankers are Den Danske Bank and Unibank.

Share capital
The Company has had a share capital of DKK 217,880,000 since 1988 (when nom. DKK 7,990,500 employee shares were issued).

The share capital was divided into class A and class B shares by a split of the existing shares in the ratio 60:40. The share capital is now made up of nom. DKK 130,728,000 class A shares and nom. DKK 87,152,000 class B shares, corresponding to 13,072,800 class A shares and 8,715,200 class B shares of DKK 10 each.

For information about differences between the two share classes readers are referred to the section on shareholders' rights.

Authorisation to issue employee shares
In pursuance of Article 4(k) of the Company's Articles of Association, the Supervisory Board has been empowered to increase the share capital by up to DKK 2,000,000 class B shares, in one or more issues, without preemption right for the Company's existing shareholders, by offering its own and/or its subsidiaries' employees to subscribe shares at a price fixed by the Supervisory Board, although at least DKK 50 per share of DKK 10, and otherwise as directed by the Supervisory Board, such authority to expire on 1 May 2000.

In connection with future increases of the share capital there shall be no restrictions on the preemption right attaching to such shares. The new shares shall be registered by name, be registered by name in the Company's register of shareholders and shall be negotiable instruments.

The new shares shall be issued wholly for cash.

It is expected that the authorisation will be exercised in 1996.

Dividend policy

The following dividends have been distributed for the

Year	1994	1993	1992
Total dividend (DKKm)	26.1	26.1	15.2
Dividend as % of profit after tax	9.7	10.2	19.9
Dividend in DKK per DKK 10 share	1.2	1.2	0.7

financial years 1992, 1993 and 1994:

It is the Company's policy to distribute steady dividends in accordance with its earnings, its level of consolidation and its cash flow position.

The Company wishes to declare an annual dividend in the next few years at the level 1% of the market value of its share capital.

Company details

Name and registered office
ROCKWOOL INTERNATIONAL A/S
Hovedgaden 584
DK-2640 Hedehusene

The registered office of the Company is the Municipality of Høje-Taastrup.

The Company was established on 12 September 1936.

Objects
According to Article 3 of the Company's Articles of Association the objects of the company are to carry on industrial, commercial and service activities and associated activities in Denmark and abroad, including investment in other companies, and to carry on investment activities.

Registration numbers
The Company is registered at the Danish Commerce and Companies Agency under Reg. No. 14.235.

The Company's SE-No. (Employer Reg.No.)
is 54879415.

Financial year
The Company's financial year is the calendar year, 1 January to 31 December.

Annual General Meeting
The Company's latest Annual General Meeting was held on 29 May 1995. The Company's latest Extraordinary General Meeting was held on 17 November 1995.

Group relationship
Rockwool International A/S is the parent company of the Rockwool Group, see Group structure on page 16.

Special rules concerning amendments to the Articles
For adoption of any proposed amendment of the articles, shareholders representing at least two thirds of the total number of votes in the company shall be represented at the general meeting, and at least two thirds of the votes cast and of the share capital represented at the general meeting and entitled to vote shall vote in favour of the proposal, provided the Danish Companies Act does not require a more qualified majority.

Where less than two thirds of the total number of votes in the company were represented at a general meeting, and this meeting adopted an amendment of the articles by the majority prescribed in article 10(b) above, the board of directors shall within fourteen days convene another general meeting, at which the proposal may be adopted regardless of the number of shareholders represented, if not less than two thirds of the votes cast and of the share capital represented at the general meeting and entitled to vote, vote in favour of the proposal, provided the Danish Companies Act does not require a more qualified majority.

The rules described above also apply to resolutions to dissolve the Company, to merge it with another company or to demerge it.

Readers are referred to Article 10 of the Company's Articles.

Documents
The Company's latest registered Articles of Association, adopted at an Extraordinary General Meeting on 17 November 1995, form an integral part of this prospectus.

Copies of the annual reports and annual accounts for the years 1992, 1993 and 1994 and the half-yearly accounts for the first six months of 1995 are available for inspection at the Company's offices:

Hovedgaden 584, Entrance C
DK-2640 Hedehusene

and at

Den Danske Bank
Holmens Kanal Branch
Holmens Kanal 2
DK-1090 Copenhagen K

and copies are available on request.

This document is an English translation of the Danish prospectus. In the event of discrepancies between the English translation and the Danish prospectus, the latter shall for all intents and purposes be deemed to be the governing version.

Shareholders’ rights

Share denominations
Both the class A and the class B share capital is divided into shares of DKK 10 each.

The shares are registered with the Danish Securities Centre in denominations of DKK 10.

Voting rights
Each class A share of DKK 10 entitles the holder to ten votes, and each class B share of DKK 10 entitles the holder to one vote.

A shareholder having acquired his shares by transfer cannot exercise his vote for the shares in question at general meetings convened before the shares have been recorded in the register of shareholders or the shareholder has given notice of and evidenced his acquisition. The acquired shareholding shall, however, be deemed to be represented at the general meeting, although the voting right cannot be exercised, if prior to the general meeting the shares have been recorded in the register of shareholders or the shareholder has given notice of and evidenced his acquisition.

Any acquirer of a share cannot exercise his vote for the shares in question unless he is recorded in the register of shareholders of the company or has given notice of and evidenced his acquisition.

Restriction on transfers
There are no restrictions on share transfers.

Negotiability
The shares are negotiable instruments.

Registration by name
The shares shall be made out in the holder’s name and be recorded in the holder’s name in the register of shareholders of the company. The acquirer of a share cannot exercise the rights of a shareholder, unless he is recorded in the register of shareholders of the company or has given notice of and evidenced his acquisition. This, however, shall not apply to the right of dividend and other disbursements and the right of new shares at capital increases.

Place of registration
Registration by name shall be through the shareholder’s own authorised bank.

Dividend
Any dividend unclaimed after a period of five years from the date when it becomes due for payment shall revert to the Company.

Redemption
No shareholder shall be under obligation to let his shares be redeemed in whole or in part.

Difference between rights attaching to class A and class B shares
Readers are referred to the section on voting rights for information about same.

If, at a general meeting, a resolution is passed to increase the share capital by issue of new class A and class B shares, the class A shareholders shall have a preemption right in respect of new class A shares and the class B shareholders in respect of new class B shares. If only one class of shares is issued, all shareholders shall have a preemption right in respect of the new shares in proportion to their existing shareholding.

Dividends can be allotted to A shares only if B shares have received dividend at 5 per cent per year for both the current year and for each of the preceding financial years from and including the financial year of 1990. No shares have a right of prior cover nor of dividend, if the company is dissolved.

Articles of Association
The Articles of Association reproduced in this prospectus were adopted at the Extraordinary General Meeting on 17 November 1995.

Ownership

No shares will be offered in connection with the introduction, although members of the Kähler family intend to sell a total of approx. 120,000 class A shares and class B shares, corresponding to nom. DKK 1,200,000 in all, during the three months following the introduction.

The Company has issued employee shares several times, the latest such issue being in 1988. The statutory period of ownership has expired for all employee shares.

The Company had 401 shareholders on 17 November 1995. The class A shares were held by 331 shareholders and the class B shares by 339 shareholders.

Shareholder information
The Company's shares were distributed as follows on 17 November 1995:

Shareholder	Nom. portfolio of class A shares (DKK)	Nom. portfolio of class A shares (DKK)	% of share capital	% of voting rights
Rockwool Fonden	36,547,920	13,672,600	23.05	27.19
Carl Valdemar Kähler	15,332,680	8,959,220	11.15	11.64
Inge von der Hude	8,764,260	5,304,340	6.46	6.67
Claus Kähler	7,347,840	4,180,560	5.29	5.57
Gerda Kähler	7,204,200	4,177,800	5.22	5.47
Dorrit Kähler	8,030,780	4,313,020	5.67	6.07
Gustav Kähler	11,050,560	5,469,040	7.58	8.32
Other shareholders	36,449,760	41,075,420	35.58	29.07
Total	130,728,000	87,152,000	100.00	100.00

Rockwool Fonden
Rockwool Fonden is a foundation.

The foundation is not intended to have a controlling interest in the Company, but to act as a major, stable shareholder with a Board of Trustees that is able both to take care of the foundation's object of making grants for public purposes and to exercise the foundation's voting rights at the general meetings of Rockwool International A/S to the benefit of both the Company and the foundation.

The foundation's Statutes do not prevent it from disposing of shares in the Company.

At present four of the foundation's ten trustees are members of the Kähler family.

Shareholders' agreements
The Company's Board of Directors and Group Management are not aware of the existence of any Shareholders' Agreements containing preemption rights or restrictions in voting rights; however, an agreement exsists between certain members of the Kähler family to the effect that they shall meet regulary to coordinate the family's interest in the Company, including their voting strategy at the Company's general meetings, although the agreement does not require them to vote jointly.

Own shares
The Company does not own and is not authorised to acquire any of its own shares.

Stone wool and its properties

Stone wool is the term used for rock that has been transformed into fibre. The history of stone wool can be traced back to the Kilauea volcano in Hawaii where, early this century, a group of young American scientists discovered a material resembling tufts of hair. The tufts had been carried by the wind and were dangling from trees and bushes. On closer examination they turned out to be stone wool fibres from the nearby volcano. The islanders, who had known of this phenomenon for hundreds of years, called it "Queen Pele's hair". According to an ancient island legend the mistress of the volcano, Queen Pele, would tear out big tufts of hair from her head when she was angry and the volcano was therefore erupting as an awful warning to the island's inhabitants. A new material had been discovered – a material that unites the durability of rock with the insulating properties of wool.

The corner stone of the manufacture of stone wool was laid some 250 million years ago when lava erupted from the Earth's core, hardened, and was gradually transformed into diabase. It is this very rock that is used today as the primary ingredient of Rockwool stone wool, where the rock is heated to a temperature existing in an erupting volcano before the molten lava is spun into stone fibres.

Stone wool features a number of unique properties:

- thermally insulates
- non-combustible
- noise-absorbent
- water-repellent
- deformation resistant
- diffusion permeable
- low thermal coefficient of expansion

Today stone wool has a number of applications that are essential in a modern society: insulation against heat and cold, protection against fire and noise; reinforcement of plastics and other components; decorative facade panels; and cultivation substrate for nurseries and vegetable growers.

The Rockwool Group

History and development

In 1935 the firm of H.J. Henriksen & V. Kähler, which operated gravel pits and some industrial enterprises in Denmark, signed a licensing agreement for manufacture of stone wool with the American firm of Baldwin-Hill.

The contact had been brought about by the contractor H.J. Henriksen's son Finn Henriksen, who went to America on a study trip after graduating as an engineer in 1935. He was subsequently employed by Henriksen & Kähler and began negotiations for setting up of Rockwool companies in Sweden and Norway.

This resulted in Rockwool AB being set up in Skövde in Sweden under an agreement with Skövde Gasbetong, and the establishment of A/S Rockwool in Oslo in Norway – both with 50% Danish participation. In 1937 production began at the factory in Hedehusene in Denmark and at a factory linked to the aerated concrete factory at Skövde in Sweden.

In the following year, 1938, production also began in Norway at a factory in Larvik. Initially, this plant made mats etc. based on wool imported from Denmark, but, even before the start of Second World War, had also begun making stone wool on the basis of electric melting.

The Second World War and the German occupation seriously constrained development in Denmark and Norway while the Swedish factory was prospering. By the end of the war the Swedish factory had by far overtaken both the Danish and the Norwegian factories.

Gustav Kähler's son Claus Kähler joined the Company in 1948 and was the driving force behind the transformation of the Company into a strong international concern until his retirement as Group President in 1986.

The Company experienced major expansion in the post-war years, partly as a result of a licensing agreement with the American firm of Johns-Manville on the spinning process.

In 1951 a contract was signed with a group of German business people to set up the firm Deutsche Rockwool GmbH in which the German group had a 50% stake and the three Scandinavian companies a joint stake of 50%; however, Henriksen & Kähler quickly took over the shares owned by the Swedish and Norwegian companies.

H.J. Henriksen died in 1933 and on the death of Gustav Kähler in 1958 disagreement arose between the Henriksen and Kähler families as to who should take over from Gustav Kähler. The outcome was that the Company was split in two in 1962, with the Rockwool interests going to the Kähler family (Kähler & Co.) and the other activities going to the Henriksen family (H+H). The latter activities include, in particular, gravel pits, an aerated concrete factory and the firm of Hasle Klinker.

The 1960s were generally a difficult period, with the glass wool industry commencing production of Telwool, which had been developed during the 1950s, thus greatly improving their competitiveness. The glass wool industry was dominated by two giants in the 1960s – Owens-Corning in the U.S. and Saint-Gobain in France. The Rockwool Group, as the "little brother", had to work hard to keep pace with process developments. The Group succeeded, thanks partly to the development departments in Hedehusene and in Skövde and partly to utilisation of the far superior fire-retardant properties of stone wool fibres as compared with those of glass wool fibres.

The Group also built a number of new factories in both Denmark, Norway and Sweden and, in 1969, signed a licensing agreement with Schmelzwerk Spoerry AG (now Flumroc AG), at the same time acquiring 25% of this company's share capital.

The favourable development and international expansion continued in the 1970s, with the signing of a licensing agreement with B.V. Nederlandse Steenwolfabriek (now Rockwool Lapinus B.V.) and the acquisition of 50% of the company's shares – followed by acquisition of the remaining 50% in 1975.

In 1965 the Swedish State acquired 50% of the shares in Rockwool AB from Skövde Gasbetong. This caused some cooperation problems between Kähler & Co. and the State-appointed Board members of Rockwool AB. Kähler & Co. therefore sold their 50% interest in 1975 and used the proceeds to buy shares in both Rockwool Lapinus B.V. and in Deutsche Rockwool GmbH, making these two companies wholly-owned subsidiaries. At the end of the 1970s Rockwool Limited was set up in Wales and Rockwool-Isolation S.A. in France.

The development in the 1980s and the 1990s can be seen in the summary of key events in the Group's history. The summary shows how Rockwool has continued its global expansion so that, in addition to the above companies, it now also owns companies in Canada and Poland. The Group also has companies that are based on Rockwool products with new properties such as Grodan (cultivation substrate) and Rockfon (acoustic ceilings), plus Lapinus Fibres B.V., which sells industrial fibres, and Rockpanel B.V., which sells decorative facade panels.

Summary of Rockwool's history

1909 H.J. Henriksen, contractor, and V. Kähler, brickworks owner, establish I/S Henriksen & Kähler, which opens a gravel pit on the island of Omø.

1915 Gustav Kähler, civil engineer, takes over his father's share of the company.

1933 H.J. Henriksen dies.

1937 Start of production of stone wool – in Hedehusene.

1938 Production facility in Larvik in Norway is taken into use.

1954 Deutsche Rockwool starts production in Gladbeck, Germany.

1958 Gustav Kähler dies and Claus Kähler takes over as Group President.

1962 Henriksen & Kähler is split in two, with the Rockwool activities being carried on by a new company under the name I/S Kähler & Co.

1971 Rockwool takes over 50% of B.V. Nederlandse Steenwolfabriek (now Rockwool Lapinus B.V.).

1975 The Danish company's 50% shareholding in Rockwool AB, Sweden, is acquired by the Swedish State. Part of the proceeds are used to buy the remaining 50% of the shares in Rockwool Lapinus B.V. and in Deutsche Rockwool.

1976 Rockwool International A/S becomes the parent company of the Danish Rockwool companies, including Rockwool A/S, Denmark, which takes over the Danish Rockwool activities.

1979 The Group builds a new factory at Bridgend in Wales in a joint venture with British Petroleum.

1980 The Group builds a new factory at St. Eloy-les-Mines, France.

1985 The Group acquires Bayer AG's stone wool factory at Münster in Germany.

1986 The Group buys the other half of the shares in Rockwool Ltd., making this company a wholly- owned subsidiary.

1988 Roxul Inc., Milton, Ontario, Canada, is acquired.

1991 Deutsche Rockwool takes over the stone wool factory in Flechtingen – the largest factory in the former DDR.

1992 The Group buys an additional 50% of the shares in Elkem-Rockwool in Norway, making this a wholly-owned subsidiary (now A/S Rockwool).

1993 Rockwool International A/S takes over Poland's biggest stone wool factory in western Poland on a joint venture basis.

1995 The Group buys the stone wool factory in Malkinia in eastern Poland.

Business philosophy

It is the Rockwool Group philosophy to develop, manufacture and sell stone wool products for applications for which they are well-suited and to engage in other activities for which the Group has the necessary experience and skills.

The properties of stone wool enable it to be used in products that have been developed for a wide range of applications, spanning from insulation against cold and heat, through facade panels, to fire protection, noise control and acoustic systems, and reinforcement of plastic components, brake linings and other products. The Group's stone wool-based cultivation substrate is used extensively by horticultural undertakings all over the world.

As part of its philosophy the Group is committed to ensure that its activities have a positive impact on the environment, human safety and wellbeing. By continually developing products, processes and environmental measures the Group strives to enhance the environmental benefits of its activities – from cradle to grave, thus helping to reduce pollution and conserve nature's sparce resources.

Group strategy

The Group aims to consolidate its position as the world's largest producer of stone wool and one of the world's four largest mineral wool manufacturers through research, investments and personnel and management development. This will be achieved at the same time as maintaining a good level of earnings.

Group structure and management

With almost 60 years' experience, the Rockwool Group is the world's largest producer of stone wool, with sixteen production facilities in eight countries (three factories in Denmark, three in Norway, one in the U.K., one in the Netherlands, four in Germany, one in France, two in Poland and one in Canada). In addition, the Group owns 25% of the Swiss stone wool manufacturer Flumroc AG, and has marketing subsidiaries in Sweden, Belgium, Austria, Hungary, the Czech Republic, Italy, Spain and the U.S.

The Rockwool Group has approx. 5,900 employees, approx. 1,300 of whom are working in Denmark. Group Management, staff functions and the central environmental, R&D and engineering activities are based at the Group's head office in Hedehusene west of Copenhagen, employing approx. 240 people.

The Group Management is in charge of the general development of the Rockwool Group. This task broadly includes strategic Group planning, with particular focus on setting up new companies, capacity expansion, investment planning, financial planning, etc.

The Group is organised into three divisions. More in-depth, strategic planning takes place at division level and within the individual subsidiary. Due partly to the fact that insulation materials are not suitable for transport over long distances, the Group is structured in such a way that most of its subsidiaries are responsible for their own production, sales, business development and financing within their allocated market areas. This means that both long-term and short-term plans are prepared directly by the individual subsidiaries.

The Management in the individual subsidiary reports to a local Board on which the Group Management is represented by the Divisional Manager, who makes sure that the subsidiary's planning and activities are coordinated within both the Division and the Group as a whole.

Group Structure

Rockwool International A/S

Northern Division	Continental Division	Systems Division
Rockwool A/S Denmark 100%	Rockwool Lapinus B.V. Holland 100%	Rockwool/Grodan B.V. Holland 100%
Roxull AB Sweden 100%	Rockwool Lapinus N.V. Belgium 100%	Grodania A/S Denmark 100%
A/S Rockwool Norway 100%	Deutsche Rockwool GmbH Germany 100%	Grodan Sp.z o.o Poland 100%
Rockwool Ltd. United Kingdom 100%	Rockwool Systeme GmbH Germany 100%	Rockwool/Rockfon B.V. Holland 100%
Roxul Inc. Canada 100%	Rockwool Handels-gesellschaft m.b.H. Austria 100%	Rockwool/Rockfon GmbH Germany 100%
	Rockwool Hungaria Kft Hungary 100%	Rockfon A/S Denmark 100%
	Rockwool s.r.o. the Czech Republic 100%	Roxull Akustik AB Sweden 100%
	Rockwool-Isolation S.A. France 100%	Rockfon Ltd. United Kingdom 100%
	Rockwool-Italia S.R.L. Italy 100%	Rockfon Sp.z o.o. Poland 100%
	Rockwool-Iberica S.A. Spain 100%	Lapinus Fibres B.V. Holland 100%
	Rockwool Polska Sp. z o.o. Poland 30%	Rockwool/Rockpanel B.V. Holland 100%

Companies included in the group accounts

	Country of incorporation	% owned	Share capital
Rockwool International A/S	Denmark	Parent company	DKK 217,880,000
Northern division:			
A/S Rockwool	Norway	100%	NOK 48,500,000
Rockwool A/S	Denmark	100%	DKK 140,000,000
Rockwool Limited	U.K.	100%	GBP 7,500,000
Roxul Inc.	Canada	100%	CAD 79,700,000
Roxull AB	Sweden	100%	SEK 750,000
Continental division:			
Deutsche Rockwool Mineralwoll-GmbH	Germany	100%	DEM 32,000,000
Rockwool s.r.o.	Czech Rep.	100%	CZK 2,500,000
Rockwool Handelsgesellschaft mbH	Austria	100%	ATS 2,500,000
Rockwool Hungaria Kft	Hungary	100%	HUF 10,000,000
Rockwool -Iberica S.A.	Spain	100%	ESB 65,000,000
Rockwool-Isolation S.A.	France	100%	FRF 80,000,000
Rockwool -Italia S.R.L.	Italy	100%	ITL 200,000,000
Rockwool Lapinus B.V.	Netherlands	100%	NLG 25,000,000
Rockwool Lapinus N.V.	Belgium	100%	BEF 2,000,000
Rockwool Mineralwoll-GmbH Flechtingen	Germany	100%	DEM 5,000,000
Rockwool Polska Sp.z o.o.*	Poland	30%	PLN 25,209,000
Rockwool Systeme GmbH	Germany	100%	DEM 50,000
Rockwool Verwaltungs-GmbH	Germany	100%	DEM 1,000,000
Systems division:			
Grodania A/S	Denmark	100%	DKK 7,000,000
Grodan Inc.	U.S.A.	100%	USD 1,000
Grodan Sp.z o.o.	Poland	100%	PLN 11,000
Lapinus Fibres B.V.	Netherlands	100%	NLG 2,000,000
Rockfon A/S	Denmark	100%	DKK 12,000,000
Rockfon Ltd.	U.K.	100%	GBP 1,000
Rockfon Sp.z o.o.	Poland	100%	PLN 42,000
Rockpanel A/S	Denmark	100%	DKK 1,000,000
Rockwool/Grodan B.V.	Netherlands	100%	NLG 2,000,000
Rockwool Grodan France S.A.R.L.	France	100%	FRF 1,000,000
Rockwool Grodan Iberica S.A.	Spain	100%	ESB 3,500,000
Rockwool/Rockfon B.V.	Netherlands	100%	NLG 2,000,000
Rockwool /Rockfon GmbH	Germany	100%	DEM 100,000
Rockwool/Rockfon N.V.	Belgium	100%	BEF 1,250,000
Rockwool /Rockpanel B.V.	Netherlands	100%	NLG 700,000
Roxull Akustik AB	Sweden	100%	SEK 250,000
Substra Nederland B.V.	Netherlands	100%	NLG 40,000
Øvrige datterselskaber:			
Rockwool Benelux Holding B.V.	Netherlands	100%	NLG 25,000,000
Rockwool Beteiligungs GmbH	Germany	100%	DEM 16,000,000
Rockwool International Beheer B.V.	Netherlands	100%	NLG 25,000,000
Rockwool Investments Ltd.	U.K.	100%	GBP 3,520,000
Lapinus A/S	Denmark	100%	DKK 9,500,000
Vejlevej 111 AB	Sweden	100%	SEK 200,000

*) The Group has an option for the remaining 70% of the shares and intends to utilize this in 1996.

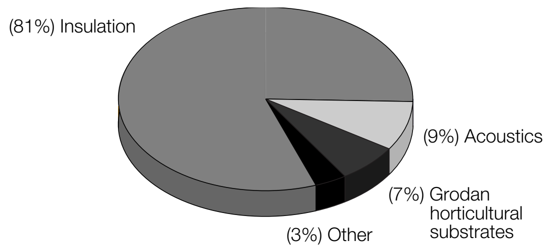
Other investments

Flumroc AG	Switzerland	25%	CHF 2.000.000

Business areas

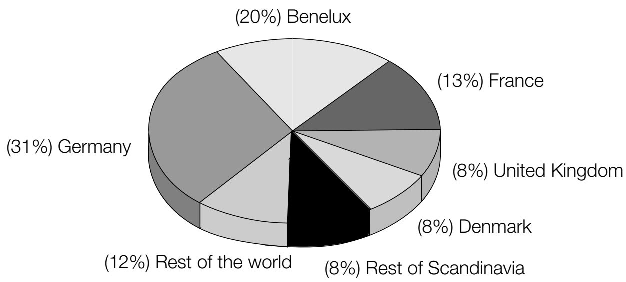
The Rockwool Group's activities include five business areas: insulation, acoustic ceilings, cultivation substrates, facade panels and special fibres for industrial applications. In the following figure, the last two business areas are included in "Other activities".

Turnover by business area in 1994



The Group's activities focus on the European market. A breakdown of Group turnover by geographical area is given below.

Turnover by country in 1994



Insulation

Insulation of buildings and technical installations is the core business area of the Rockwool Group.

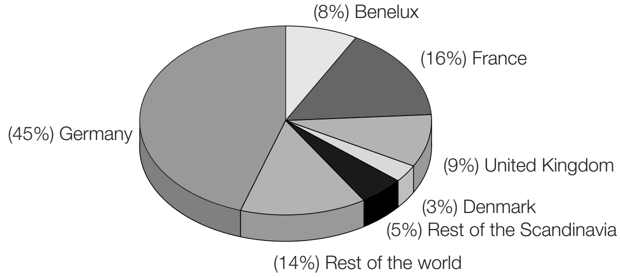
Modern insulation protects against cold, heat, noise and fire.

Mineral wool insulation prevents heat transfer. In a non-insulated building there is loss of energy as the heat penetrates the building parts. The transfer of heat takes place through air movement, radiation of heat or heat conduction. The application of mineral wool on either the cold or the warm side prevents heat transfer as the mineral wool fibres form a barrier against the transfer of heat through air movement and radiation of heat. The best insulation is achieved when the insulating material fits closely to the structure, because air pockets may give rise to air circulation, increasing heat loss. A deformation-resistant and yet flexible material such as Rockwool stone wool is easy to apply to a structure without creating air pockets. One of the significant technical advantages of insulating a building with mineral wool is that it allows the building to "breathe".

The insulation market
The West European insulation market can be divided into three product categories:

Product category	Material	Estimated share of West European market
1. Mineral wool	Stone wool Glass wool	27% 30%
2. Foam plastic	Expanded polystyrene Extruded polystyrene Polyurethane Other foam plastic	40%
3. Other materials	Cork Expanded clay Paper Cotton Sheepwool	3%

The total West European insulation market amounted to approx. DKK 25 billion in 1994.



Like building traditions vary from one country to another, the choice of materials in the various West European countries varies significantly. The use of mineral wool tends to be more wide-spread in Northern Europe, while foam plastic insulation is more common in Southern Europe.

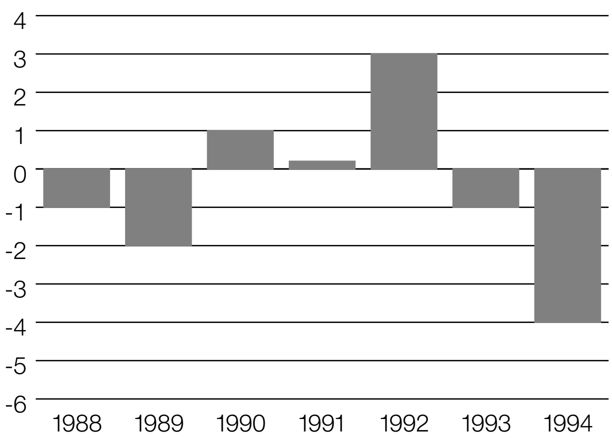
The East European market is very small due to the low standard of housing and the downturn in the economy and the building sector in the wake of political upheavals. Foam plastic and stone wool are most widely used, while glass wool is only used on a small scale. The market is estimated to amount to approx. DKK 1 billion annually.

It is estimated that the size of the North American insulation market corresponds to the West European market. The North American market is dominated by glass wool and plastic foam, while stone wool accounts for less than 5%.

Cyclical fluctuations
Like the building sector, which is the biggest buyer, the insulation market is very sensitive to cyclical fluctuations. There has been an upturn in building activity in Western Europe in the last two years, particularly in Germany because of the reunification. As capacity was increased in this period on both the foam plastic, the glass wool and the stone wool side, the boom has not led to higher prices, but to a significant drop in prices throughout the period. However, 1995 has seen some stabilisation of prices.

The annual percentage change in selling prices in the mineral wool market in the last few years is illustrated below:

Development in selling prices



Rockwool's position in the insulation market
The Group's core business area – insulation of buildings and technical installations against cold, heat, fire and noise – is carried on by the companies in Continental Division and Northern Division. The companies have been organised into two divisions because of the magnitude of this business area. The two Divisions recorded turnover of DKK 4.6 billion in 1994.

The Rockwool Group has an approx. 17% share of the total West European insulation market. The Rockwool Group is the world's leading manufacturer of stone wool and one of the world's four biggest manufacturers of mineral wool. With a share of approx. 30% of the mineral wool market in Western Europe the Rockwool Group is the second-largest European mineral wool manufacturer.

The other three major players in this segment are Owens-Corning in the U.S., Saint-Gobain in France and Schuller in the U.S. In addition to these three there are a large number of other players – in Western Europe alone there are approx. 30 other glass wool and stone wool manufacturing companies.

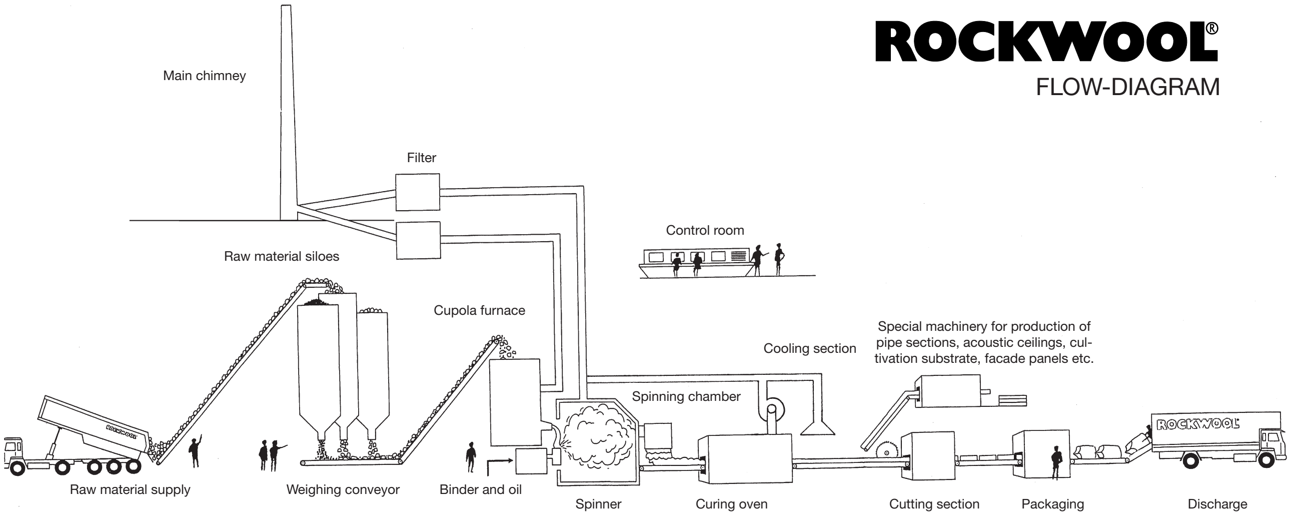
The Rockwool Group is the largest or the second-largest supplier of mineral wool in Germany, France, the U.K., the Netherlands, Belgium, Denmark, Norway and Poland. The Rockwool Group has a small production of foam plastic in Norway.

Production
Stone wool production is a continuous process. Raw materials are weighed and fed into a cupola, where they are melted and then transported to a spinning machine, which transforms the molt to wool, adding waterproofing oil and binding agent. The hardened stone fibres are collected in a spinning chamber. The wool is compressed and heated in a hardening furnace, where the binding agent is transformed into bakelite, which gives the mineral wool its deformation-stability and elasticity. The wool mat is cut up, packed and loaded into a lorry, a train wagon or a container or is put into stock. Some of the wool is set aside for further processing on special machines that produce pipe sections, acoustic panels, facade panels etc.

The characteristic feature of stone wool production is that it is based on natural resources of which there is an unlimited supply and which can be obtained from a number of suppliers. That means that the Rockwool Group is not dependent on individual suppliers.

Low production costs is an important competitive parameter in the mineral wool industry. Raw materials costs (rock, binding agent and waterproofing oil) and energy costs account for a substantial part of the total production costs. However, the demand for post-insulation often increases when energy prices go up.

The Group commits substantial resources to the devel-



opment of process technology in order, inter alia, to improve the quality and degree of utilisation of raw materials. In recent years the Group has committed a lot of resources to recovering process heat, recycling production residuals and reducing stack emissions, thereby helping to improve the Group's overall eco-balance.

The Rockwool Group's growth potential depends on the Group's ability always to be among the leading manufacturers technologywise. The technologically sensitive parts of the Group's production facilities are therefore developed internally, and the Group's own engineering facility, Rockwool Engineering, is in charge of making those investments that involve sensitive technology.

The Group has successfully improved the capacity of its production facilities by updating its process technology.

The Group is not dependent, via licensing agreements or otherwise, on the use of technology owned by third parties and only gives third parties access to use the Group's central technology if they are partly owned by the Group.

Product properties
In addition to its insulating properties Rockwool stone wool has an array of properties that ensures it a strong position for a number of uses.

The most common products within stone wool, glass wool and foam plastic have the following properties:

	Product		
Product property	Stone wool	Glass wool	Foam plastic
Insulation*	+	+	+
Fire resistance	Noncombustible Melting point above 1000 C	Noncombustible Melting point above 600 C	Combustible
Noise absorbency	+	+	÷
Vapour-diffusion permeability	+	+	÷
Pressure resistance	+	(+)	+
Compressibility during storage and transport**	(+) / ÷	+ / ÷	÷ / ÷
Moisture repellancy	+	(+)	+

* The three types of insulation have the common characteristic that thay can limit heat loss. For some insulating materials such as polyurethane foam plastic with HCFC gas in its pores, a given insulating capacity can be achieved with a smaller thickness than for mineral wool. For other insulated materials such as cork and expanded clay, larger thicknesses are required.

** Products where a good pressure resistance is an important property cannot be compressed.

Market segments
The Rockwool companies supply insulation for a variety of uses that all benefit from the properties of stone wool – efficient insulation, non-flammability, noise absorbency, vapour-diffusion permeability, deformation resistance and water repellancy.

The business area insulation can be divided into two core segments:

1. Building insulation
2. Technical insulation

Building insulation
Building insulation is the largest segment. Within it stone wool products are supplied for insulation of walls, floors, ceilings, facades and roofs. The Group also supplies a granulate product that is used by specialised firms who inject the insulating material into cavity walls and ceilings.

The stone wool products supplied for walls and ceilings have a low density, 20-40 kg/m^3. The light products are usually used for traditional building insulation and are characterised by their excellent insulating properties along with low density. This is a large segment which is characterised by long production runs.

The heavy building products have a density of up to 200 kg/m^3. They are used mainly for insulating facades, foundations, floors and roofs. The heavy products have a good compressive strength, making them particularly suitable for roofs, for example.

Other applications within building insulation include fire protection of load-carrying steel structures, which can lose their carrying capacity after 20 minutes in the event of a fire, unless they are clad with protective stone wool.

Technical insulation
Technical insulation includes, in particular, insulation of industrial installations, where the requirements concerning temperature-resistance and fire-resistance are often stringent.

Various types of pipe sections are used for insulating hot and cold pipes in buildings and pipelines in, for example, power stations and the petrochemical industry. Boilers have traditionally been insulated by means of wire-cloth mats, but a new product generation is currently being introduced.

Stone wool can also be used as a sub-component in industrial products such as cookers, fire doors and partition walls, and are particularly well-suited for insulating ships and for offshore applications.

Sales and distribution
All the Group's production companies have their own marketing departments. In addition, the Group has its own marketing subsidiaries in Sweden, Belgium, Austria, Hungary, the Czech Republic, Italy, Spain and the U.S.

The Group co-operates with a network of professional distributors to secure local presence of the Group's products in all geographical areas.

Building insulation and some of the products for technical insulation are sold to builders merchants, who resell them to end users such as craftsmen, contractors and DIY customers.

The Group's marketing departments and marketing subsidiaries have an ongoing, close cooperation with distributors concerning both products for building insulation and products for technical insulation.

The consultants in the marketing departments and marketing subsidiaries market the products to distributors and decision-makers, including architects, consulting engineers, contractors, craftsmen and developers.

Building insulation is supplied either ex works to the building site or directly to the distributor's warehouse, depending on the distributor's wishes.

Materials for technical insulation that are used in factory-made products, such as fire doors and cookers, are normally sold directly to manufacturers.

The Group can offer the market a reliable supply service through its sales organisation. The organisation and contacts with distributors and decision-makers contribute generally to the ongoing development of the Group's product programme to ensure that it responds to market requirements at all times.

In most market areas comprehensive documentation is provided on applications. This, together with an extensive consulting service, helps to ensure that the products are applied correctly.

The Rockwool Group sets high standards for the performance of insulating work and only selected companies are authorised to inject Rockwool cavity wall insulation.

The Rockwool Group places great emphasis on supply reliability. Much of its production goes directly to the customer without first going into stock. The Rockwool factories can supply most customers with standard insulating products within 24 or 48 hours. Lead times are a major competitive parameter in many markets. In order to live up to customer requirements and to keep the relatively high transport costs as low as possible, the Group's factories are strategically situated.

Product and process development
Product and process development are handled centrally and decentrally in the organisation. The more long-term projects which benefit many of the Group's subsidiaries are implemented centrally.

Decentrally, the development departments of the major subsdiaries concentrate on solving tasks that benefit the national area.

Product development is carried out in close cooperation with production and marketing, and customers are also involved.

New products
In recent years the Group has shown a knack for innovation. Innovations of particular importance to the Group's present success include:

Flexi principle
Savings in working time are the key advantage offered by the flexi principle which has been patented by the Group. The flexi principle means that one of the edges of the insulating panel has great resilience enabling it to recover back by up to four centimetres. The flexible edge obviates the need for time-consuming cutting work and reduces the risk of heat loss as a result of cold bridges and air pockets.

The products Flexi-Batts and Flexirock utilise this principle.

Dual-density
Another important innovation is the dual-density principle. It means making insulating panels with a sturdy, solid top and a soft, flexible base. The principle is gaining popularity in the segments for flat roofs, cavity wall insulation and facades. Products include Hardrock, DUO, Venti-Batts and Tectorock.

Dämmkeil
This product is a patented answer for varying dimensions often encountered in many insulation projects. The product consists of two sliding triangles which can be used for forming a square within all widths between 50 and 110 cm. The surplus edges are cut off, reducing waste and speeding up the work.

Business activities outside the insulation area

A combination of imaginative thinking and targeted development work has enabled the Rockwool Group to use the versatile properties of stone wool for a number of new business areas that are not related to building insulation or technical insulation. The business activities outside the insulation area are gathered in the Systems Division and today comprise:

- Rockfon acoustic ceilings
- Grodan cultivation substrates and cultivation consultancy
- Rockpanel facade panels
- Industrial stone wool fibres

Turnover in the Systems Division amounted to DKK 943 million in 1994, equal to 19% of total Group turnover. In relation to size, the Systems Division has achieved the same levels of profitability and growth as the insulation divisions.

The Systems Division's products can be exported over larger distances than the traditional, bulky building insulation products. The companies in the Systems Division are thus characterised by a widely ramified agent and distributor network – also outside Europe.

Rockfon acoustic ceilings

The Rockfon companies make ceiling panels with varying density. The panels are made of stone wool with surface protection applied. They are normally fitted in rail systems under the ceiling.

The Rockfon companies recorded turnover of DKK 428 million in 1994.

Product properties
Rockfon ceiling systems utilise the stone wool's properties to create a better indoor climate. The product properties include noise absorption, sound insulation and regulation, moisture resistance, design, and fire resistance. At the same time the ceiling panels give a pleasant reflection of natural light, reducing the need for artificial light.

Market conditions and competitive environment
The Group estimates the West European market for acoustic ceilings at approx. DKK 5 billion. The Rockfon products have an approx. 9% share of the West European market. There are a number of suppliers of acoustic ceilings, but Rockfon is among the five leaders in the West European market. The market for ceiling panels is experiencing a slight upturn.

The ceiling systems' design, sound absorption and moisture resistance help to give the Rockfon products a competitive edge over products such as metal sheets, gypsum board and wet-process panels of mineral wool, although the Rockfon ceiling panels belong at the top end of the price range.

The Rockfon companies are experiencing favourable development with rising turnover and improved earnings as a result of intensified marketing and increasing demand in several countries.

Production and distribution
Rockfon ceilings are manufactured in Denmark, the Netherlands and France. Marketing is conducted through companies in Denmark, the Netherlands, Belgium, Germany, Sweden, the U.K. and Poland, and through the insulation companies in France and Norway.

The products are marketed to architects and are used especially in offices, hotels and shops. The products are often supplied through distributors of building materials or builders merchants.

New products
The development of the cleaning-friendly product range Hygiejne is currently enhancing the popularity of the Rockfon ceilings in, for example, the hospital and food product sectors, while the new product Samson has proved very popular for sports halls and other buildings where ceilings are exposed to heavy physical wear.

Grodan cultivation substrate

Over the last 25 years the Grodan companies have built up a comprehensive product range of cultivation media for rational horticulture. Grodan is available as a broad assortment of factory-tailored stone wool products and granulates. Unlike the other Rockwool products, the cultivation substrate is water-absorbent.

Turnover amounted to DKK 354 million in 1994.

Product properties
Grodan cultivation substrate substitutes soil as a growth medium for vegetables, flowers etc. The reason for the Grodan products' strong position is their superior growth properties compared with soil:

- 10-15% bigger yield on the same growth area
- lower energy consumption per kg crop
- more precise dosage and smaller consumption of water and fertilizer due to contained cycles
- the use of crop sprays can be cut significantly
- groundwater pollution with nitrogen and pesticides is avoided.

Market conditions and competitive environment
The Grodan companies are market leaders within substrates for vegetable and flower growers in Western Europe. The Grodan companies have managed to maintain their developmental edge in relation to competing products such as sphagnum, foam plastic and other mineral wool products.

The vast majority of horticultural undertakings in the Benelux countries, the U.K. and Scandinavia use cultivation substrates because they give the plants optimum growth conditions while minimising the adverse ecological effects.

The North European horticultural industry – the Grodan companies' principal market – is still suffering badly in the face of competition from countries with warmer climates, especially Spain and Marocco.

The Grodan companies have succeeded in increasing their sales to Eastern Europe, Northern America and Spain in the last few years. Horticultural undertakings in the Mediterranean countries are also beginning to see demands for optimising the use of water and pesticides. They can satisfy that demand by using the cultivation substrates supplied by the Grodan companies.

Production and distribution
Grodan cultivation substrate is produced in the Netherlands, Denmark and Canada. Marketing is conducted through marketing subsidiaries in the Netherlands, Denmark, Spain, France, Poland and the U.S.

New products
The Grodan companies have managed not only to develop constantly improved products to the horticultural segment, but also to utilise the stone wool's properties to develop three new product areas:

- Green, plantable noise barriers for roads.
- Green roof gardens which have gained particular popularity as urban oases.
- Substitution of sphagnum in segments such as pot plants, orchids and retail sales.

The first two activities belong under the business area greenscaping, which is expected to gain increasing importance for the Grodan companies.

An increasing proportion of the sphagnum substitution products, which are marketed under the name Greenmix, are expected to be sold through the existing teams of consultants and salespeople and the distributor network.

Rockpanel facade panels

Rockpanel facade panels consist of compressed stone wool with a sturdy, painted surface. Rockpanel is one of the Group's latest products and is deemed to have a great potential.

The Rockpanel company is experiencing an extremely favourable phase in its development, doubling its turnover in 1994.

Product properties
The easy-fit, diffusion-permeable panels help to produce exciting and colourful facades.

Market conditions and competitive environment
The Group estimates the size of the West European market for facade panels to be in the region of DKK 5 billion. Rockpanel facade panels compete with building envelopes of plastic laminate, steel, plastic and cement-based products.

They are also finding increasing use for other exterior building components.

The growth in the Rockpanel company's market share from its present modest level in its principal markets may mean that substantial investments will have to be made in capacity increases in the next few years.

Production and distribution
Rockpanel facade panels are currently only made in Denmark. A large proportion of output is exported to the Benelux countries and the U.K.

Industrial stone wool fibres

The Dutch subsidiary, Lapinus Fibres, sells special fibres for industrial applications.

Lapinus Fibres is making good progress in terms of both turnover and earnings.

Product properties
The properties of stone wool fibres give products such as brake linings, gaskets and plastic components great wearing strength and heat-and-cold resistance. The fibres are also used for granulated stone wool for manufacturers of ceiling panels.

Market conditions and competitive environment
The market for industrial reinforcement fibres is a vast international market divided into very diverse product areas. Lapinus Fibres' chief competitors are manufacturers of other types of fibres made of glass, steel, synthetic materials, asbestos etc.

Although Lapinus Fibres is a small enterprise seen in an international context it has a 7% share of the European market for brake linings. The global market for reinforcement fibres is vast and growing.

Production and distribution
The manufacture of industrial reinforcement fibres calls for highly specialised production facilities. It is necessary to tailor the process to the individual user in order to achieve the necessary characteristics.

Lapinus Fibres exports a large proportion of its products. Principal markets are Europe, the U.S. and the Far East.

New products
New products are developed in close collaboration with customers, mainly industrial enterprises with very specific needs.

The development of specially developed fibres for thermoplastics seems to have strengthened Lapinus Fibres' position in the international marketplace.

General information about the Group

Quality assurance
All the Group's operating companies attach great importance to assuring the quality of their products and services.

For some products voluntary or mandatory certification systems exist, where test houses take out samples for testing.

Several of the Group's companies have achieved certification in accordance with the ISO 9000 system.

Investments
The Group's gross investments in the period 1992-94 totalled DKK 1.4 billion, which can be broken down by year as follows:

Mill. DKK	1994	1993	1992
Investments	418	343	651

The investments can be broken down into the following main categories:

- Rationalisation investments.
- Investments in capacity increases in areas in which the Group perceives there to be good possibilities of increasing sales of higher margin products.
- Investments in environmental equipment to minimise any adverse impact of the Group's operations on the environment, to comply with existing environmental requirements and to ensure a good working environment.
- Investments in quality improvements and assets that are generally intended to ensure the companies' operation.

The largest single investments in the said period were made in the factory in Flechtingen in the former East Germany. The factory was acquired in 1991 and a number of investments have been made so that it now has two production lines that meet German quality requirements.

At DKK 600 to 700 million, the investment level in 1995 will be slightly higher than the average in the last three years. The biggest single investment in 1995 – approx. DKK 200 million – is in the initial stages of the construction of a third production line at the factory in France.

The investments in the coming years are planned to be at the 1995 level, although depending on market conditions and on how long it takes for new products to penetrate the marketplace.

Plant and buildings
The Rockwool Group has its own manufacturing facilities and buildings in the following countries:

Canada	Milton
Denmark	Doense, Hedehusene and Vamdrup
France	St. Eloy-les-Mines
The Netherlands	Roermond
Norway	Larvik, Moss and Trondhjem
U.K.	Bridgend in Wales
Germany	Flechtingen, Gladbeck, Hiltrup and Neuburg

The Group also has its own plant and buildings in Cigacice in Poland, but on leased land.

In autumn 1995 the Polish company bought a factory at Malkinia 100 km north-east of Warsaw. The factory has not been in use for the past two years and will not be put into operation until the demand in the Polish market warrants it. The acquisition is conditional upon final official approval.

The acquisition of 50% of the shares in a factory in Slovakia has been approved by the Slovak authorities, but no contract has as yet been signed.

As at 31 December 1994 the Group had the following fixed assets:

Mill. DKK	Original cost	Book value	Production lines
Buildings			
Canada	46.8	36.7	
Denmark	300.2	92.1	
France	84.2	39.9	
The Netherlands	354.0	181.7	
Norway	102.8	64.4	
Poland	34.7	32.4	
U.K.	110.1	47.0	
Sweden	0.9	0.5	
Germany	408.0	217.2	
Head office etc. in Denmark	91.4	52.2	
Total	1,533.1	764.1	
Plant and machinery			
Canada	68.0	19.2	1
Denmark	619.7	133.8	5
France	484.9	79.4	2
The Netherlands	1,133.4	247.5	5
Norway	186.7	22.8	3
Poland	29.0	23.7	4
U.K.	305.6	63.9	2
Germany	893.3	377.5	7
Misc. production in Denmark	110.7	26.2	
Total	3,831.3	994.0	

Land amounts to DKK 142.0 million at original cost and no depreciation is charged on this.

On 1 January 1994 the official cash value of the Group's land and buildings in Denmark was DKK 313.4 million and the book value DKK 144.3 million.

Personnel and organisation

The Rockwool Group commits substantial resources annually to training, personnel development and organisational development.

Training
The Group companies increasingly rely on advanced technology in their manufacturing processes and administrative work. In order to keep abreast of developments in this field the qualifications of the employees need to be constantly refreshed and developed.

Management development
To enable the Group to live up to its strategy of regular efficiency improvement and expansion, management development is given high priority. Key elements of this are job rotation, development planning and continuing education.

Organisation
It is not only the Group's management team, but also a large number of those without managerial responsibility who are trained in the Rockwool Group's management principles. These principles are intended to ensure efficient cooperation and trouble-free communication both within and between Group companies. In addition, managers are trained in conducting annual employee performance appraisals, in using job descriptions and success criteria, and in delegating responsibility.

Rockwool University
Rockwool University is the name of a series of courses tailor-made for the Rockwool Group's employees on the basis of the Group's management principles and business strategies.

Rockwool and the environment

The Rockwool Group's insulation products save energy. That means a significant reduction in energy consumption for heating and a substantial reduction in the air pollution that otherwise follows from combustion of fossil fuels. All production has some impact on the environment. Even though the stone wool products collectively have a positive impact on the environment, the Rockwool Group is committed to strive continuously to minimise adverse effects on the environment of its production processes.

Key points of the Group's environmental performance

- The Rockwool Group acceded to the Environmental Charter of the International Chamber of Commerce in 1991.
- In the Group's environmental department alone more than 30 people are working on minimising the ecological effects of the Group's production processes.
- The Group has its own environmental audit function which regularly checks the Group's environmental performance and also offers advice on environmental issues.
- The Group is constantly striving to improve its environmental management systems.

In recent years the Group's direct investments in the environment have averaged DKK 85 million annually.

The Eco-balance of the products

The products limit the greenhouse effect
A typical Rockwool insulation product saves approx. 1400 times more CO_2 (carbon dioxide) over a 50-year period than is emitted during its manufacture. This is the result of analyses performed by the independent French test laboratory Ecobilan, which specialises in life-cycle analyses. According to Ecobilan a typical Rockwool product has saved more energy – and thus pollution – less than three weeks after its installation, than was consumed during its manufacture. Rockwool stone wool thus contributes actively to halting the greenhouse effect, which may develop into a serious environmental problem.

Acid rain
A typical Rockwool insulation product saves almost 1700 times the amount of SO_2 (sulphur dioxide) and NO_x (nitric oxides) that is emitted in the manufacture of the product. Acid rain is caused by SO_2 and NO_x emissions, particularly from burning of fossil fuels.

Ozone layer
The ozone layer, which protects us against the sun's ultraviolet rays, is being depleted by substances such as NO_x, CFCs and HCFCs. Rockwool insulation products reduce emissions of NO_x and thus impede the depletion of the ozone layer. At the same time, unlike many other insulation products, the manufacture of Rockwool insulation products does not involve the use of CFCs or HCFCs.

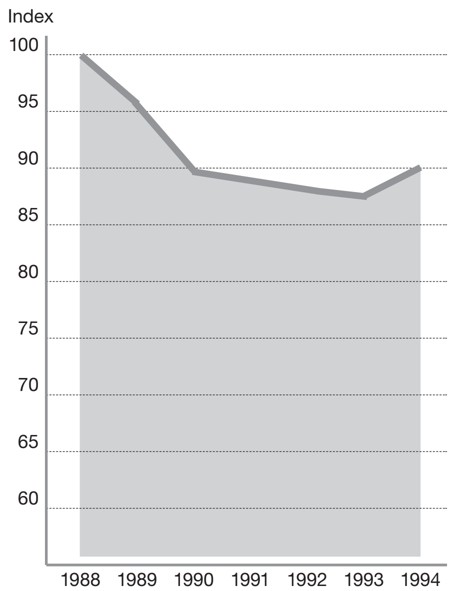
Reduced environmental impact from production
The criterion for achieving the objective of a continuously improved eco-balance is to work consistently to make the production process more efficient. Since 1988 the benefits of the environmental work include the following:

- 5% less CO_2 from cupola per ton stone wool
- 23% less ammonia per ton stone wool
- 99.4% recycling of residues from stone wool manufacture
- solvent-free waterproofing oil

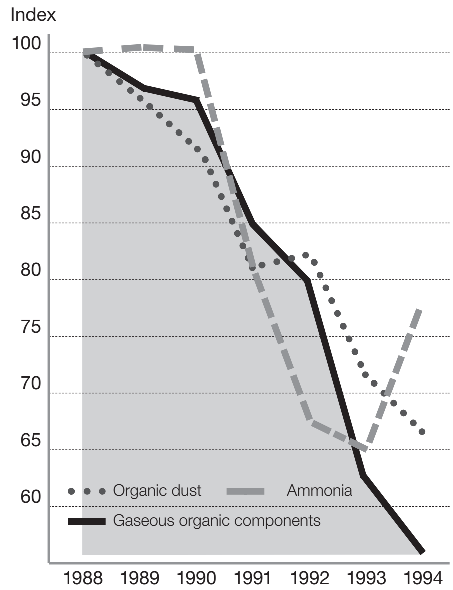
In a number of countries a recycling system has been established for stone wool waste from construction sites, market gardeners etc.

In order to further improve its environmental performance the Group has drawn up its own environmental standards which, in a number of respects, are far more stringent than the official environmental standards.

CO_2 from cupola



Emission of binding agent residues



"Green" taxes

From 1 January 1996 "green" taxes will be introduced in Denmark. These will reduce the Company's earnings by an average of DKK 5-7 million annually until the year 2000 and approx. DKK 12 million annually thereafter. The reasons for this fall are that a substantial part of the Danish company's output is exported to countries where such green taxes have not yet been introduced and that the make-up of the taxes will distort competition in the Danish market to the detriment of the Group.

Fire safety

Within Europe's borders alone several thousand people die every year as a result of fires. Nearly 80% of those who perish in fires die from the toxic fumes emitted from burning materials in buildings.

In the EU alone, the annual economic loss is in the region of DKK 450 billion. The environment suffers, too, with contamination of both air, land and water. That is due partly to the toxic gases emitted during a fire and partly to the pollution of water resources as a result of toxic substances being absorbed into the water that is used to extinguish fires and later migrating down into the groundwater or being discharged into waterways.

The extensive damage could often have been avoided or contained if Rockwool stone wool products had been used.

Facts on the fire characteristics of Rockwool products:

- Rockwool products are based on rock. They therefore do not burn and can withstand temperatures above 1000°C.

• Rockwool stone wool is one of a handful of insulation products that emit negligible quantities of fumes and toxic gases in the event of a fire.

Rockwool stone wool therefore offers efficient protection against fire. The products are deformation resistant and thermally insulating and can prevent a fire from spreading.

Fire research
Every year the Group sets aside substantial resources for research into and development of new products with improved fire-retardant properties.

As part of its harmonisation work the EU has adopted a building materials directive. Although the directive has been long underway, there are as yet no fixed standardisation rules on the combustibility of building materials.

The Rockwool Group estimates that many of the existing national codes of practice have been prepared on an inadequate basis with respect to fire technology. The EU's coming classification is expected to lead to more stringent requirements concerning fire safety in new buildings, thereby increasing the market for stone wool products.

Health aspects

At the beginning of the 1970s tests in which large quantities of mineral wool fibres were injected into the abdominal cavity of test animals showed that mineral wool fibres caused an excess of cancer in animals. The findings led to the following question being raised: Can inhalation of mineral wool fibres cause an increased risk of cancer?

At the initiative of the European mineral wool industry studies of the incidence of cancer among 22,000 former and existing employees at eleven European mineral wool factories were initiated. The studies were carried out by the national cancer registers under the management of the WHO's cancer research institute IARC.

In 1988 IARC presented a total evaluation comprising animal tests and studies of humans exposed to mineral wool fibres.

IARC classified mineral wool fibres as possibly carcinogenic because animals developed cancer after having fibres injected into their abdominal cavity and because an excess of lung cancer was detected among employees at three Scandinavian stone wool/slag wool factories in the first years of production more than fifty years back.

When IARC carries out an evaluation of a substance it ranks the substance in one of the following five categories:

Group 1:	Carcinogenic to humans (e.g. asbestos, tobacco smoke, wood dust).
Group 2a:	Probably carcinogenic to humans (e.g. quartz).
Group 2b:	Possibly carcinogenic to humans (e.g. mineral wool fibres and saccharin).
Group 3:	Does not fit into any of the other groups.
Group 4:	Probably not carcinogenic to humans.

In 1989 the International Labour Organisation (ILO) assessed the current risk of working with mineral wool, concluding that any risk must be considered to be minimal as long as the rules recommended for work with mineral wool products were complied with. The Danish Directorate of Labour Inspection arrived at the same conclusion when it issued rules on work with mineral wool in 1988.

IARC and the national cancer registers have jointly monitored the 22,000 mineral wool workers until 1990-1991. The result of this follow-up work has not yet been published, but, according to the preliminary results, there is still an excess of lung cancer among stone/slag- and glass wool workers compared with the national average. For the stone wool/slag wool group the excess is no longer concentrated on the early period, when exposure to fibres was considered to be at its highest, but is more general. However, compared with other groups of industrial workers from urban areas, no clear differences can be observed. IARC has recommended that a so-called Case Control Study be carried out to analyse the cause(s) of the excess of lung cancer that has been detected. This study is scheduled to begin at the end of the year and will assess the effects of the working environment at stone wool/slag wool factories, the effects from the working environment in other places where mineral wool workers have been employed, and the effect of socio-economic factors, including smoking habits.

Lastly, a lung investigation has been carried out covering 383 persons who have been employed at Rockwool's factory in Hedehusene for more than five years. This group was compared with a control group that have not worked with mineral wool. The study which was managed by E. Frausing Hansen, medical Doctor, and published in 1995 does not reveal any link between employment at the Hedehusene factory and impaired lung function.

A comprehensive test programme has been carried out, partly because IARC called for further inhalation tests in their 1988 evaluation. In this study, which was completed in 1993 at Research and Consulting Company, Geneva, test animals were exposed to mineral wool fibres in concentrations that were up to 1000 times higher than the concentrations normally found in the working environment. Even after inhaling these large concentrations of fibres for most of their lives, the test animals did not show an excess of cancer, whereas a control group which inhaled an asbestos concentration that was common in earlier production environments developed cancer.

Another outcome of these findings is that a number of EU member states in 1995 have stated that mineral wool in EU should not be classified as possibly carcinogenic. The findings have also strengthened ILO's conclusion from 1989 to the effect that mineral wool does not constitute a risk as long as the recommended rules of work are complied with.

When the EU is working on a classification any member states wishing to introduce their own classification must notify the EU in advance. However, the German Government in 1994 prepared an Executive Order with its own recommendations without notifying the EU although the recommendations were designed – and generally seen – as a classification.

This Executive Order has been prepared in a very short space of time, and recommends that manufacturers themselves classify the existing types of glass wool, stone wool and slag wool products as "probably carcinogenic". The Executive Order generally recommends three classes: "cleared", "possibly carcinogenic" and "probably carcinogenic". It is recommended that the classification be based either on how many fibres can be injected into the abdominal cavity of a rat without the rat developing cancer, or on a chemical formula, the so-called K-index. However, neither of these methods takes into account what actually happens when fibres are inhaled into the lungs, for instance how quickly the fibres disappear from the lungs.

Most mineral wool manufacturers found it inappropriate to introduce a classification based on the results of unnatural injection tests or on a chemical index. The administrative court in Cologne was therefore asked – by means of an injunction – to prevent the Executive Order from coming into force. The court reacted in May 1994 by ordering the German Government to include in the rules a provision to the effect that they did not apply to mineral wool used for insulation until the court had made a final decision on the case.

Rockwool International A/S has carried out extensive development projects involving new types of fibres for many years. Although the Group considered the German Executive Order to be unscientific, the Group's German subsidiary had the possibility, by various means, of changing the fibre composition towards that desired by the German Government.

One of these possibilities was to make a fibre in accordance with the chemical index; however, because of the poor product properties of such a fibre Deutsche Rockwool GmbH deemed that it would not satisfy customer needs, and the additional cost would be quite substantial.

Another possibility would be to switch to the newly developed HT fibre type which has the same insulating properties, fire-resistance etc. as the normal fibre. Analyses carried out by the Frauenhofer Institue in Hanover and Research and Consulting Company in Geneva showed that this fibre disappeared considerably faster from the animals' lungs. In January 1995, as the first manufacturer, Deutsche Rockwool introduced a new, more biologically soluble fibre in the German market under the name of "Die Neue Rockwool".

Although it does not give any definition, the German Executive Order opens up the possibility of clearing special bio-soluble fibres; however, since the HT fibre has the same bio-solubility as fibres that have been cleared according to the Executive Order the Group has classified it as cleared.

The HT fibre is slightly more costly to make than normal stone wool fibres, but the Group believes that the selling price can be increased accordingly.

The administrative court in Cologne made its decision in March 1995. The court pointed out that the German Executive Order was not a classification or a binding rule, but merely a guideline from the German Government to assist, in particular, small and medium-sized enterprises to classify their products, adding that such a classification should be made not only on the basis of the said guideline, but also on the basis of other scientific data.

Since the Executive Order was neither a classification nor a binding rule, the court could not make it void, but pointed out that the scientific basis of the Government's Executive Order had to be brought into question. A number of German stone wool manufacturers have now appealed against the decision in order to establish greater certainty that the Government will also live up to the decision in practice, i.e. that the Executive Order is not a classification, but a guidance for enterprises to assist in their own assessment of the classification of mineral wool fibres.

Despite the fact that the German Executive Order is a non-binding guideline to aid manufacturers, the German glass wool manufacturers have decided to switch to fibres that have been cleared in accordance with the chemical index contained in the Executive Order and the glass wool production has been changed during 1995.

The Group estimates that there were no safety reasons for changing the normal stone wool, but, with the introduction of Die Neue Rockwool, has accommodated the German authorities' wish for a switch to new mineral wool types which disappear from the lungs much faster.

Patents, licences and trademarks

In order to consolidate its business and competitive position the Rockwool Group pursues an active patenting policy. The Group's key technologies include, in particular, stone melting, fibration, application of binding agent, hardening, development of stone wool products and plant cultivation technology. The Group regularly protects its discoveries within these areas by applying for patents.

Patents are normally applied for in most European countries as well as in other countries essential to the Group. The Group's patenting policy aims at taking the necessary steps to prevent violations of its own patents and rights and to ensure that the Group does not violate third parties' patents or rights. This is ensured by regular monitoring of new patents in important countries and by examination of competitors' patents.

Patents and trademarks are of significant importance for the competitive situation of the Rockwool Group. Expired patents are however not expected to affect the Group's competitive situation in the immediate future. The Group currently has 141 patents and patent applications.

The Group has registered its right to the Rockwool name in a number of countries all over the world. In addition, various other names under which the Group's products are marketed have been registered in a number of countries.

Apart from a bio-filter the Group has not issued any licences to companies that are not wholly-owned or partly owned by it.

Rockwool International A/S typically receives a 3% licence fee from its subsidiaries to cover some of the costs paid centrally.

Insurances

The Rockwool Group has joint insurance and a corporate policy on insurance, which is administered in cooperation with an international firm of insurance brokers.

The Group is covered against the types of major risks which it is deemed can be insured in a financially sound way. The Group has thus taken out standard product liability insurance for the markets in which it operates, and has taken out business interruption insurance in respect of all its production facilities.

The excess accepted by Rockwool on the insurances taken out by it reflects the Group's financial position, the assets insured and the size of its operations.

The Company is not aware of any insurance claims pending which may have a significant effect on the Group's financial position, and has no immediate plans to file any such claims.

Litigation

Neither the Company nor any other member of the Group is engaged in any legal or arbitration proceedings nor, so far as the Company is aware, are any such proceedings pending or threatened which may have or have recently had a significant adverse impact on the Group's financial position.

Financial highlights

	1st half 1995 (*)	1st half 1994 (*)	1994	1993	1992	1991	1990
Profit and loss account items in Mill. DKK:							
Net sales	2,526.9	2,361.0	5,189.3	4,897.1	4,996.2	5,196.1	4,683.7
Operating profit before financing	138.0	164.9	521.2	442.2	343.6	394.6	380.0
Financial items	-21.5	-73.3	-137.8	-87.0	-118.3	-96.6	-97.5
Extraordinary items	-3.2	-6.6	-10.5	3.1	-94.4	-4.4	0.5
Profit before tax	113.3	85.0	372.9	358.3	130.9	293.6	283.0
Net profit	79.3	50.5	268.6	256.3	76.4	172.2	199.0
Net profit after tax and minority interests	80.7	53.1	266.7	256.3	76.4	169.5	196.4
Balance sheet items in Mill. DKK:							
Fixed assets	2,072.1	2,032.6	2,033.2	2,077.3	2,202.0	2,089.6	1,883.4
Current assets	2,358.2	2,260.0	2,391.1	2,243.2	2,122.6	2,124.2	1,943.8
Total assets	4,430.3	4,292.6	4,424.3	4,320.5	4,324.6	4,213.8	3,827.2
Equity capital	2,509.7	2,240.3	2,427.6	2,165.5	1,901.9	1,953.8	1,778.3
Provisions	275.9	266.1	255.2	258.5	278.2	181.9	190.1
Long-term debt	499.2	658.2	484.7	718.1	924.4	672.5	710.4
Short-term debt	1,145.5	1,128.0	1,256.8	1,178.4	1,220.1	1,405.6	1,148.4
Other items in Mill. DKK:							
Investments	305.2	159.2	418.0	343.0	650.5	640.1	511.3
Depreciation	222.0	219.5	439.6	459.9	444.4	413.1	377.4
R & D costs			126.0	119.0	117.0	143.0	123.0
Number of employees	5,911	5,621	5,601	4,904	5,227	5,801	5,566
Ratios:							
Operating profit before financing as % of net turnover	5.5	7.0	10.0	9.0	6.9	7.6	8.1
Profit after tax per DKK 10 share			12.2	11.8	3.5	7.8	9.0
Cash earnings per DKK 10 share			34.7	35.3	27.1	35.3	22.4
Dividend per DKK 10 share			1.2	1.2	0.7	0.7	0.7
Book value per DKK 10 share			109.0	99.0	87.0	86.0	78.0
Return on equity (%)**			12.4	13.5	3.9	9.7	12.3
Equity ratio (%)	56.6	52.2	54.9	50.1	44.0	46.4	46.5

(*) Unaudited.
(**) Please note that the return on equity has been calculated on the basis of equity at the beginning of the year, and not, as suggested by the Danish Association of Financial Analysts, on the basis of the average of equity at the beginning and at the end of the year. The other ratios have been prepared in accordance with the guidelines issued by the Danish Association of Financial Analysts.

Comments to financial highlights
The table on the previous page shows the financial highlights for the Rockwool Group for the 5-year period 1990-1994. The Rockwool Group recorded steady annual growth in turnover in the 1980s, but saw its turnover go down in both 1992 and 1993 due to the slump in building activity that took place concurrently in many of the principal markets served by the Rockwool Group.

To counteract this adverse trend various measures were introduced in the second half of 1992, including a major reshaping of the organisation, resulting in extraordinary expenditure of approx. DKK 84 million. In addition, the number of staff was cut by almost 900 in the period from 1991 to 1993.

The Group disposed of two of its companies in the period in question, Rockment A/S (now Inexa Panel A/S), which supplies fitting systems for the shipyard industry, was sold to a Swedish steel enterprise on 3 July 1993, and, on 1 January 1995, the activities in the fishing net factory N.P. Utzon in Fredericia were sold to a Danish industrialist with experience in the fishing industry.

Despite the above events turnover grew by 10% from 1990 to 1994, corresponding to an average increase in turnover of just over 2%.

In the same period the profit after tax rose by DKK 70 million, from DKK 199 million in 1990 to DKK 269 million in 1994.

Shareholders' funds grew from DKK 1,778 million to DKK 2,428 million in the same period.

The Group's operating profit before financing ranged between 6.9% and 10% as a percentage of turnover.

During the same period return on equity ranged between 3.9% and 13.5% with a simple average of 10.4% for the 5-year period.

Financial control
The Management in the individual subsidiary reports to a local Board on which the Group Management is represented by the Divisional Manager, who makes sure that the subsidiary's planning and activities are coordinated within both the Division and the Group as a whole.

The Group has a finely meshed reporting system, with each subsidiary regularly reporting its sales figures and production ratios together with monthly and quarterly profit and loss accounts, balance sheets, cash flow analyses, debtor analyses etc. Furthermore, the subsidiaries prepare updated full-year profit estimates on a quarterly basis.

All such financial reporting is based on corporate standards and definitions. In addition, as an aid in the preparation of the annual consolidated accounts the Company distributes reporting forms and audit instructions etc. to all its subsidiaries and their auditors.

Taxation
With the existing tax legislation and the existing geographical breakdown of income, it is estimated that the Group will be paying an effective rate of approx. 30% in the years ahead.

This rate may increase in the event of a change in the Danish rules relating to joint taxation.

Currency and financial position
Because of the way the Group is structured its income and expenditure in foreign currencies largely balance, limiting the Group's currency exposure.

The Group uses currency loans and/or financial instruments to hedge against commercial currency losses if these cannot be balanced in the Group and if these losses may have a significant adverse impact on a subsidiary's result.

It is not part of the Group's policy to cover currency risks that exist as a result of long-term investments in subsidiaries.

Financial instruments are used only to cover commercial risks.

Since only a minor part of the Group's activities are carried out in Denmark, its turnover and profit, when translated into Danish kroner, will be affected by exchange rate fluctuations.

The last two years' positive earnings trend combined with a slow-down in the level of investments have enabled the Group to reduce its overall borrowings. To provide itself with an acceptable level of ready financial resources the Group regularly takes out finance loans to cover part of the cost of new investments, and the parent company regularly covers itself for any contingencies by keeping a reserve of firm loan undertakings of a certain size.

The Group's financial preparedness also includes listed bonds (market value approx. DKK 800 million as at 30 June 1995), which means that the Group's result is affected by fluctuations in bond interest rates.

With a total portfolio of cash funds and securities amounting to DKK 1,325 million as at 30 June 1995 together with unused credit facilities and loan undertakings totalling DKK 1,256 million, the Rockwool Group has a substantial financial preparedness.

Surplus or deficit cash flows in the Danish companies are eliminated via the parent company, which acts as internal banker. Similar netting schemes have been established in foreign units where deemed appropriate. When permitted by the size of its financial preparedness, the parent company also acts as intermediary lender between the foreign units.

The international spread of the Group's activities means that it uses a number of different banks in Europe and Canada. With a view to minimising the credit exposure in connection with placing of cash funds, the Group only uses major, well-established financial institutions and has set up rigid internal guidelines for their use.

The Group has only suffered limited losses on bad debts in the last three financial years.

The parent company's Finance Department regularly monitors the Group's financial risks in accordance with guidelines established by the Group Management.

The accounting treatment of gains and losses on bonds and of assets and liabilities in foreign currencies are set out in the accounting policies applied by the Group.

Expectations concerning the 1995 financial year

Even towards the end of the year, there is always great uncertainty with respect to the full-year profit.

The Group has its busiest period in the last few months of the year. Building activity in December depends on the weather.

Because the vast majority of orders are received at the end of the year, when horticultural enterprises decide whether to reuse or buy fresh substrate, the peak season is more distinctive in the Grodan companies than in the insulation businesses.

With the present trend of development, full-year sales are expected to be 6% up on 1994, and the operating profit before financing will be somewhat lower than in 1994; however, because no loss is expected on the Group's bond portfolio in 1995, the profit before and after tax is only expected to be a little lower than in 1994.

An announcement describing the development in the second half of 1995 and a prelimary estimate of the result in 1995 will be made on 4 January 1996.

Expectations concerning the future

The Group intends to remain among the world's four largest suppliers of mineral wool insulation products.

Because the insulation industry is sensitive to market fluctuations, the market cannot be expected to show steady growth in the years ahead.

The West European market offers some growth potential – partly because of the more stringent requirements concerning insulation thicknesses resulting from the drive to cut energy consumption and reduce emissions of carbon dioxide – and partly because of the expected growing interest in fire-proof buildings and installations.

The East European market may offer interesting potential in the longer term, provided they can achieve a stable political and economic development.

The North American market also offers interesting growth potential in the longer term, as it is beginning to appreciate the advantages of the Group's fire-protection and insulation products.

The business areas acoustic ceilings, facade panels and industrial fibres also offer good growth potential. Further emphasis will be placed on the marketing of the products within these areas.

The market for cultivation substrates is expected to show a downturn. This is due to financial problems suffered by the technological leaders in the horticultural industry because of cut-throat competition from regions with low energy and payroll costs. The Group aims to mitigate the effects of this decline by increasing its geographic presence and by diversification.

The Group will continue to commit resources to process and product development.

The Group will also continue to invest in streamlining its manufacturing processes, increasing its capacity, and in environmental activities.

Investments will continue at a high level.

On the assumption that conditions in the West European building industry do not change, the Group would probably improve its sales and earnings by 5-10% annually.

However, the fact that there are signs of a downturn in the German building sector, combined with the capacity expansion within this sector, may mean that these expectations will not be met in 1996 and 1997.

Supervisory Board and Group Management

Supervisory Board
Johan Schrøder (Chairman), born 1940. President and Chief Executive of Radiometer A/S and member of its Board. Managing Director and member of the Boards of Johan Schrøder A/S and K.V. Andersen Non-Food Import Company A/S. Chairman of the Board of Investeringsselskabet af 30.4.1992 A/S. Member of the Board of Axcel Industriinvestor A/S. Address: Åkandevej 21, DK-2700 Brønshøj.

Per Carsten Pedersen (Deputy Chairman), born 1943. Partner of the Law Firm Pedersen & Jantzen. Chairman of the Board of Duracell Danmark A/S. Member of the Board of Kornerup & Foss ApS. Managing Director and member of the Board of M. Harttung A/S and Rødsø A/S.
Address: Nyropsgade 45, DK-1602 Copenhagen V.

Birthe Bækman, born 1945 (Employee Representative).
Address: Hovedgaden 584, DK-2640 Hedehusene.

Hans Høyer, born 1945 (Employee Representative).
Address: Hovedgaden 584, DK-2640 Hedehusene.

Arne V. Jensen, born 1933. President and Chief Executive of Cheminova Holding A/S. Chairman of the Boards of Flügger A/S, H. Lundbeck A/S, Cheminova Agro A/S and Skamol A/S. Member of the Boards of Hardi International A/S and Chr. Hansen Holding A/S.
Address: Gentoftegade 50, DK-2820 Gentofte.

Gustav Kähler, born 1937. Member of the Board of A/S Saltbækvig.
Address: Toldbodgade 36 B, 3.th., DK-1253 Copenhagen K.

Tom Kähler, born 1943. Group President, Rockwool International A/S. Member of the Board of Danfoss A/S.
Address: Hovedgaden 584, DK-2640 Hedehusene.

Dorte Page, born 1955 (Employee Representative).
Address: Hovedgaden 584, DK-2640 Hedehusene.

Jürgen Sengera, born 1943. Member of the management board for Westdeutsche Landesbank Girozentrale, Düsseldorf. Chairman of the Boards of Deutsche Anlagen-Leasing GmbH, Mainz, and Deutsche Leasing AG, Bad Homburg. Member of the Boards of Asko AG, Saarbrücken, KG Allgemeine Leasing, München-Grünwald.
Address: Herzogstrasse 15, D-40217 Düsseldorf.

Group Management
The address of the Group Management is Hovedgaden 584, DK-2640 Hedehusene.

Tom Kähler, born 1943. Group President. Member of the Board of Danfoss A/S. *)

Ole Dalby, born 1945. Human Resources and Communication.

Preben Haar, born 1938. Northern Division. *)

Eelco van Heel, born 1955. Systems Division. *)

Knud Jørning, born 1944. Finance and Control.

Peter Molzen, born 1947. Research and Development. Member of the Board of Julius Koch Gruppen A/S.

Jens Nørgaard, born 1928. Legal Affairs and Business Development. *)

Preben Overgaard, born 1938. Continental Division. Member of the Board of Rasmussen & Schiøtz Øst A/S. *)

The persons with an *) after their names are registered as Directors.

Remuneration to the Supervisory Board and Directors
Remuneration and non-cash benefits to the Supervisory Board amounted on a Group basis to DKK 1.40 million in 1994. Remuneration (including pension contributions) and the value of non-cash benefits received by the Directors amounted on a Group basis to DKK 7.24 million.

Interests of the Supervisory Board and Directors
The members of the Supervisory Board and the Directors jointly own 2,130,310 shares of DKK 10 each in Rockwool International A/S.

The Company has not granted any loans to or given any guarantees on behalf of any of its members of the Supervisory Board or Directors.

Half-year report 1995

Development in the 1st Half of 1995
The Group turnover in the 1st half of 1995 amounted to DKK 2.53 billion compared to DKK 2.36 billion in the 1st half of 1994. This is an increase in turnover of 7% which is due to the fact that the building activities in most countries have increased, and that the companies in the Group are doing well.

In spite of the sales increase, the operating profit before financial items dropped from DKK 164.9 mill. in the 1st half of 1994 to DKK 138.0 mill. in the 1st half of 1995. This is a consequence of the competitive situation which has caused that the Group's average sales prices were 3% lower than in 1994 along with price increases on some raw materials.

The Group profit before taxation in the 1st half of 1995 was DKK 113.3 mill. compared to DKK 85.0 mill. in the 1st half of 1994. This improvement is mainly due to the fact that the result in the 1st half of 1994 was negatively influenced by losses on bonds.

Investments
In the 1st half of 1995 the Group investments amounted to DKK 305 mill. For the whole year we expect investments of approx. DKK 700 mill.

Balance Sheet
As of June 30, 1995 the total assets of the Group amounted to DKK 4,430 mill. compared to DKK 4,424 mill. at the end of 1994. The equity capital as of June 30, 1995 amounted to DKK 2,510 mill., so that the equity ratio at the end of June 1995 is 56.6% compared to 54.9% at the end of 1994.

1995 Prospects
As the sales prices have improved in the last months, our expectations for the whole year are a price level which is only a little below the level af 1994 and a result similar to the results in the previous two years.

Income Statement for the Group

Mill. DKK	Note	1st half	1st half
		1995 (*)	**1994** (*)
Net sales		**2,526.9**	**2,361.0**
Production, sales – and administration costs		2,166.9	1,976.6
Depreciation		222.0	219.5
Operating costs		**2,388.9**	**2,196.1**
Operating profit before financial items		**138.0**	**164.9**
Financial items	1.	-21.5	-73.3
Operating profit		**116.5**	**91.6**
Extraordinary items		-3.2	-6.6
Profit before tax		**113.3**	**85.0**
Estimated tax		34.0	34.5
Net profit		**79.3**	**50.5**
Minority interests' share in net profit		-1.4	-2.6
Rockwool International A/S' share in net profit		**80.7**	**53.1**

(*) unaudited

Statement of Funds for the Group

Mill. DKK	Note	1st half 1995 (*)	1st half 1994 (*)
Cash, bank and postal giro		740.1	763.3
Bonds		768.5	659.7
Unused standby credits		180.8	253.1
Unused banking facilities		651.5	589.5
Funds available as at January 1		**2,340.9**	**2,265.6**
Profit before tax		113.3	85.0
Depreciation		222.0	219.5
Provisions		23.8	12.7
Tax paid		-28.4	-41.3
Financing from operations		**330.7**	**275.9**
Change in stocks		-56.0	-12.1
Change in debtors		-127.8	-152.1
Change in trade creditors		-64.8	4.6
Change in other creditors		10.4	-0.6
Funds flow from operations		**92.5**	**115.7**
Tangible fixed assets		303.4	152.8
Participating interests and shares in associated companies		-	-1.7
Investments		**303.4**	**151.1**
Funds flow from operations and investments		**-210.9**	**-35.4**
Dividend paid		-26.1	-26.1
Price adjustment of bonds		26.5	-11.7
Change in available banking facilities		431.2	-22.2
Change in long-term debt		19.9	-59.9
Financing		**451.5**	**-119.9**
Net funds provided for the period		**240.6**	**-155.3**
Cash, bank and postal giro		699.7	549.0
Bonds		625.6	721.4
Unused standby credits		675.0	250.4
Unused banking facilities		581.2	589.5
Funds available as at June 30		**2,581.5**	**2,110.3**

(*) Unaudited.

Individual items in the statement of funds cannot be directly deducted from the consolidated balance sheet, as assets and liabilities of the foreign companies at the beginning of the year have been converted at the rates of exchange on June 30.

Balance Sheet for the Group

Mill. DKK	Note	1st half	1st half
Assets		**1995** (*)	**1994** (*)
Tangible fixed assets		**2,032.8**	**1,996.4**
Participating interests		37.0	33.7
Other debtors		2.3	2.5
Financial fixed assets		**39.3**	**36.2**
Total fixed assets		**2,072.1**	**2,032.6**
Stocks	2.	**334.3**	**315.5**
Trade debtors		625.0	589.0
Other debtors		60.4	64.6
Prepayments		13.2	20.5
Debtors		**698.6**	**674.1**
Bonds		**625.6**	**721.4**
Cash funds		**699.7**	**549.0**
Total current assets		**2,358.2**	**2,260.0**
Total assets		**4,430.3**	**4,292.6**

(*) Unaudited.

Balance Sheet for the Group

Mill. DKK	Note	1st half	1st half
Liabilities		**1995** (*)	**1994** (*)
Share capital		217.9	217.9
Other reserves		2,249.7	1,979.9
Rockwool International A/S' share of equity		**2,467.6**	**2,197.8**
Minority interest in subsidiaries		42.1	42.5
Total equity capital	3.	**2,509.7**	**2,240.3**
Deferred tax		13.5	6.4
Pension obligations		107.0	99.9
Investment grants		97.8	94.0
Other provisions	4.	57.6	65.8
Total provisions		**275.9**	**266.1**
Mortgage loans		103.9	176.0
Bank loans		395.3	482.2
Long-term debt	5.	**499.2**	**658.2**
Short-term portion of long-term debt		73.8	127.4
Bank debt		129.0	111.5
Trade creditors		345.6	357.5
Company tax		90.4	42.5
Other creditors		506.7	489.1
Short-term debt		**1,145.5**	**1,128.0**
Total long and short-term debt		**1,644.7**	**1,786.2**
Total liabilities		**4,430.3**	**4,292.6**

(*) Unaudited.

Notes to the accounts

1. Finance items consist of:

Mill. DKK	1st half 1995	1994
Realised gains/losses, bonds	2.9	-1.1
Unrealised price adjustments, bonds	-	-34.4
Dividend	3.6	3.4
Cash discount, net	-44.8	-41.7
Other finance items	16.8	0.5
Total	-21.5	-73.3

2. The stocks of finished goods are valued without mark-up for indirect production costs. The value of the mark-up is:

Mill. DKK	1st half 1995	1994
Total	57.6	44.7

3. Specification of movements in equity capital:

Mill. DKK	1st half 1995	1994
Equity capital 1/1	2,427.6	2,165.5
Net profit	79.3	50.5
Exchange adjustment of investments in subsidiaries and associated companies	-23.7	-9.2
Unrealised price adjustments, bonds	26.5	-11.7
Minority interests	-	45.2
Total	2,509.7	2,240.3

4. Other provision consist of:

Mill. DKK	1st half 1995	1994
Restructuring of operations	26.1	27.9
Environmental measures	19.3	24.6
Other	12.2	13.3
Total	57.6	65.8

5. Long-term debt which falls due after 5 years:

Mill. DKK	1st half 1995	1994
Total	29.9	108.4

Annual Report 1994

Annual Report 1994 by the Supervisory Board and Group Management

In 1994, the Rockwool Group reached a profit before tax of DKK 373 million which is the best result in the last 6 years. The turnover rose by 6% to DKK 5.2 billion. The ongoing rationalisation of the production process contributed significantly to the improvement of the result in combination with the decreasing prices for raw materials in 1994. However, late in the year this falling trend was reversed, resulting in price increases for a number of raw materials.

The result has been negatively influenced by strong competition in the German market which caused a general reduction of the Group's average sales price by 3% compared to 1993.

The net profit of the Group totalled DKK 269 million against DKK 256 million in 1993 – the second best result in the Group's history.

The Group's cash-flow (profit after tax plus depreciation) in 1994 was DKK 708 million against DKK 716 million in 1993.

The year 1994 was marked by progress in many different fields:

The factories in Flechtingen in the former German Democratic Republic and in Cigacice in Poland were modernised and made significant progress.

Roxul Inc. in Canada launched a pipe section programme and during the year made its presence felt in the North American market.

The Group's European insulation companies strengthened their positions in their markets following technological improvements and the launch of new products.

Also the activities outside the insulation business area – Rockfon, Grodan, Lapinus Fibres and Rockpanel, – achieved higher turnover and profits in line with those of the insulation companies.

The Insulation Business Area

In 1994, the insulation companies organised in the Continental Division and the Northern Division, had a turnover of DKK 4.63 billion against DKK 4.32 billion in 1993. The improvement is due to a general rise in demand in all markets during the 2nd half-year and the fact that the Polish company was included in the 1994 turnover.

In 1994, profit before tax was DKK 335 million which is an improvement of DKK 66 million compared to 1993.

Systems Division

Systems Division which is responsible for the business activities outside the insulation business area achieved a turnover of DKK 943 million in 1994. Calculated on basis of the continued activities of the Division this represents an increase in turnover of 8% compared to 1993.

Profit before tax was DKK 67 million against DKK 52 million in 1993.

Profit

The operating profit before financial items for the Group in 1994 was DKK 521 million compared to DKK 442 million in 1993.

The Group's profit before tax amounted to DKK 373 million against DKK 358 million in 1993.

The net profit of the Group was DKK 269 million in 1994 compared to DKK 256 million in 1993.

The result of 1994 was negatively influenced by losses on bonds of DKK 59 million. In 1993, however, the result was affected by gains on bonds of DKK 49 million.

Balance Sheet

The Group's total assets increased by DKK 103 million to DKK 4,424 million. The Group's equity capital increased by DKK 262 million to DKK 2,428 million.

At the end of 1994, the Group's equity ratio was 54.9% against 50.1% at the end of 1993. The Group's liquid funds and unused standby credits totalled DKK 2,359 million at the end of 1994 against DKK 2,268 million at the beginning of the year.

Investments

The Group's investments in plant, machinery and buildings totalled DKK 418 million in 1994 (DKK 343 million in 1993). The majority of the investments was related to rationalisations, quality improvements, and environmental measures. The latter amounted to DKK 92 million against DKK 76 million in 1993.

Acquisitions and Sale of Companies

As of January 1st, 1995, A/S N.P. Utzon, the fishing net factory which has been part of the Group since 1932, was sold to a buyer with good potential for developing the company further.

Technology and Products

1994 proved to be a busy year for the development departments of the parent company as well as those of the subsidiaries.

Assistance was given in connection with the introduction of new technology in the subsidiaries.

New products were introduced in most of the business areas of the Group and product development took place both in the research and development departments of the operating companies and in the central research and development departments. The new products include Grodan Masterslab, Rockciel and Hardrock 180, roofing insulation products, Rock-Up and Rock-Fix, roofing solution for concrete roofs, and Normplaat DUO, Rockfit and Rockmur for cavity wall insulation. Coolrock was introduced for the insulation of cold piping.

The Flexi-Batts/Flexirock product which has successively been introduced in a number of countries over the past few years, continued its positive development in 1994 with its introduction to the German market.

There was considerable activity at Rockwool Engineering especially in connection with the upgrading of the factories in Flechtingen and Cigacice in Eastern Europe where new technology greatly improved productivity and the working environment.

Considerable amounts were spent on research into the solubility of mineral wool fibres in biological substances. Most of the research work took place at research institutes abroad.

The Group's research and development costs amounted to DKK 126 million in 1994 compared to DKK 119 million in 1993.

New Product Range developed and introduced in Germany

Based on extensive inhalation studies and epidemiology most scientists and governments are of the opinion that stone-, slag- and glass wool do not pose any risk to health when recommended work practices are followed.

However, some German scientists favour a test method where large amounts of fibres are injected into the abdomen of rats and based on such tests the German government has made a recommendation favouring more soluble types of stone-, slag- and glass wool.

To oblige this recommendation, Deutsche Rockwool Mineralwoll GmbH introduced in January 1995, as an alternative to the existing products, new products within all segments. The new fibres have an amended composition which makes them more soluble. Due to increased production costs, the new products are introduced at a slightly higher price.

Employees

The number of employees increased by 697 in 1994 compared to 1993 to a total of 5,601 at the end of 1994. Of 697 new employees, 551 belong to the new company in Poland, whereas the number of employees in the other companies in the Group has risen by 146, corresponding to 3%.

Training activities totalled 11,547 training days – a rise by 8% in 1994 compared to the year before. Further education programmes within the Rockwool University in 1994 comprised among other activities 435 training days with international participation. The rise is due to educational activities for non-managerial employees.

The education programme of the Rockwool University was further expanded during the year with a course in project management with main emphasis on the successful handling of international projects across borders.

The Supervisory Board of Directors

At the General Assembly on May 26th, 1994, Harald Agerley stepped down according to the age limit stipulated in the articles. Arne V. Jensen was elected new member of the Board, and Johan Schrøder followed Harald Agerley as Chairman of the Board. Dorte Page and Hans Høyer joined the Board as staff representatives.

Dividend

The Supervisory Board proposes the payment of DKK 26 million out of the net profit as dividend, corresponding to 12%. This is unchanged compared to 1993. The proposed dividend corresponds to DKK 1.20 per share of DKK 10.00.

Prospects for 1995

1995 is anticipated to be dominated by favourable trade conditions with recovery in nearly all markets and a positive influence on sales. The higher sales volume is, however, not expected to be sufficient to cover the higher cost level resulting from the upturn in activity and the continued low price level on the German market.

As a consequence of the higher sales volume, investments will be increased in 1995.

The development in sales prices will, therefore, be of importance if the result of 1995 is to be on the level of the two previous years.

Thanks to the Employees of the Group

The employees of the Group made a remarkable contribution to the good result of 1994. There was excellent cooperation between sales, production and development departments – not only on a national scale but also across the borders – and significant results were achieved. The Supervisory Board and Group Management wish to thank everyone for the good work done in 1994.

Hedehusene, April 7th, 1995

Auditor's Report

We have audited the Annual Accounts and Group Accounts of Rockwool International A/S for the year ended December 31, 1994. Our audit has been performed in accordance with generally accepted auditing standards in Denmark, including such audit procedures as we considered necessary.

The accounts have been prepared in compliance with Danish statutory accounting and auditing requirements and the Company's Articles. In our opinion, the accounts give for the Group and the Parent Company a true and fair view of the assets and liabilities, the financial position, and the result for the year.

ERNST & YOUNG A/S	Askgaard Olesen A/S
John Lundin and Johnny Kofoed-Jensen	Lars Søndergaard
State Authorized Public Accountants	State Authorized Public Accountant

Accounting Principles Applied

The Group Accounts cover Rockwool International A/S as well as all subsidiaries in which the Parent Company directly or indirectly owns more than 50% of the capital or represents the majority of votes or in other ways exerts dominant participation.

The Annual Accounts and Group Accounts have been prepared in accordance with the provisions in the Danish Companies' Accounts Act and Danish Accounting Standards. The accounting principles are unchanged from last year.

Consolidation
The Group Accounts are prepared on the basis of the accounts of the individual companies – prepared according to uniform accounting principles – by adding accounting items of uniform contents. Dividends from subsidiaries, other internal income and costs, and intercompany balances have been eliminated. The book value of intercompany shares is set off against equity. The accounts of the foreign subsidiaries have been converted at the exchange rates on December 31. Exchange rate adjustments of investments in foreign subsidiaries at the beginning of the year have been transferred to equity, and consequently do not influence the income statement. Investments in subsidiaries comprise in addition to shares long-term loans if they constitute an addition to the holding of shares in a company.

Goodwill is calculated when a company is acquired and the cost of acquisition is different from the intrinsic value at the date of acquisition calculated in accordance with Group accounting principles. Goodwill is adjusted against equity capital.

Acquired or newly formed subsidiaries are included in the Group Accounts from the date of acquisition. Disposed companies are included until the date of disposal. Comparative figures for previous years are not adjusted for disposed companies or for companies acquired.

Net Sales
Sales are taken to income when goods are delivered. Net sales is invoiced sales, exclusive of value added tax, reduced by discounts and bonuses.

Research and Development
Research and development costs are entered in the income statement in the year in which they are incurred.

Investment Grants
Investment grants are taken to income concurrently with the depreciation of related tangible fixed assets. Investment grants not yet taken to income are entered as a special line item as part of provisions.

Tax
Estimated tax, which includes both payable and deferred tax on the year's profit, has been calculated at the tax rate applicable in each country involved. The Danish tax payable has been calculated in accordance with the existing joint taxation between the Parent Company and some of the wholly-owned subsidiaries.

Deferred tax arises as a result of timing differences between the tax and accounting values of current assets and provisions.

Tax obligations which will arise upon the realisation of tangible fixed assets at book value have not been provided for. This obligation is not expected to arise in the foreseeable future, as there are no plans to realise material tangible fixed assets.

Tangible Fixed Assets
Tangible fixed assets are valued at cost less straight-line depreciation which is based on the physical and economic estimated useful life of the assets. Depreciation rates of plant and machinery are further assessed subject to the production utilization.

The depreciation rates applied are as follows:

Buildings	5%
Plant and machinery	15% or 20%
Other operating equipment	25%

Minor tangible fixed assets are fully depreciated in the year of acquisition.

Gains and losses on sales or scrapping of tangible fixed assets are included as part of depreciation for the year.

Shares in Subsidiaries
The Parent Company's shares in subsidiaries are valued using the equity method at the intrinsic value adjusted for internal profits, and the net results of the subsidiaries are included in the income statement of the Parent Company adjusted for internal profits.

Shares in Associated Companies
The Parent Company's shares in associated companies are valued using the equity method, and the pro rata share of the net result of the associated companies is included in the income statement of the Parent Company.

Participating Interests
Dividend has been included in the income statement. Participating interests are valued at intrinsic value.

Stocks
Stocks are valued at the lower of cost (based on the FIFO principle) or net realisable value. The cost of finished goods includes direct costs for production materials and wages, but not indirect production costs. The value of indirect production costs is disclosed in a note.

Trade Debtors
Trade debtors are stated after provision for doubtful debts, based on an evaluation of each individual debtor.

Debtors and Creditors in Foreign Currency
Debtors and creditors denominated in foreign currency have been converted at the rates of exchange on December 31 or the forward cover exchange rate. Realised exchange gains and losses have been included in the income statement as part of the items to which they relate. Unrealised exchange gains from financial balances excluding long-term loans to subsidiaries have been transferred to an exchange adjustment fund. Unrealised exchange losses from such balances have been included in the income statement to the extent that they cannot be covered by the exchange adjustment fund.

As a consequence of the Group structure the main part of income and expenses in foreign currencies are of comparative order of magnitude.

Companies of the Group have only entered into forward exchange cover or the like to cover commercial exposure.

Bonds
Bonds are stated at market prices on December 31. Unrealised gains due to appreciation of bonds have been transferred to revaluation reserve as part of equity.

Unrealised losses are included in the income statement in so far they cannot be covered by the revaluation reserve of the bonds in question. Realised gains and losses concerning the financial year are included in the income statement. Realised gains concerning previous years have been transferred from revaluation reserve to other reserves.

Income Statement for the Group

Mill. DKK	Note	1994	1993	1992
Net sales		5,189.3	4,897.1	4,996.2
Other operating income		61.4	85.6	112.2
Return on investments in subsidiaries and associated companies	1.	-	0.5	-
Operating income		**5,250.7**	**4,983.2**	**5,108.4**
Raw materials and production materials		1,287.5	1,216.1	1,346.6
Delivery costs and indirect costs		859.1	824.0	808.5
Wages and salaries	2.	1,515.4	1,469.1	1,572.2
Other fixed costs	3.	627.9	571.9	593.1
Depreciation	4.	439.6	459.9	444.4
Operating costs		**4,729.5**	**4,541.0**	**4,764.8**
Operating profit before financial items		**521.2**	**442.2**	**343.6**
Finance income	5.	111.0	154.3	90.5
Finance expenses	6.	248.8	241.3	208.8
Operating profit		**383.4**	**355.2**	**225.3**
Extraordinary items	7.	-10.5	3.1	-94.4
Profit before tax		**372.9**	**358.3**	**130.9**
Estimated tax	8.	104.3	102.0	54.5
Net profit		**268.6**	**256.3**	**76.4**
Minority interests' share in net profit		1.9	-	-
Rockwool International A/S' share in net profit		**266.7**	**256.3**	**76.4**

Statement of Funds for the Group

Mill. DKK	Note	1994	1993	1992
Cash, bank and postal giro		762.7	643.4	534.0
Bonds		659.7	589.4	578.7
Unused standby cedits		252.3	323.6	323.9
Unused banking facilities		593.2	550.7	543.3
Funds available as at January 1		**2,267.9**	**2,107.1**	**1,979.9**
Profit before tax		372.9	358.3	130.9
Depreciation		439.6	459.9	444.4
Net loss from sales/scrapping of tangible fixed assets		-12.8	-6.2	-5.8
Provisions		20.6	-	125.3
Tax paid		-67.9	-74.1	-97.6
Financing from operations		**752.4**	**737.9**	**597.2**
Change in stocks		18.6	19.9	-12.8
Change in debtors		-58.7	62.8	99.4
Change in trade creditors		65.0	-66.7	-92.6
Change in other creditors		-21.7	16.2	-0.4
Funds flow from operations		**755.6**	**770.1**	**590.8**
Tangible fixed assets		392.6	303.3	622.6
Participating interests and shares in associated companies		-0.3	28.5	0.1
Goodwill		-	4.0	-
Redemption of minority interest		-	-	55.5
Costs in connection with premium on issue		-	-	0.1
Investments		**392.3**	**335.8**	**678.3**
Funds flow from operations and investments		**363.3**	**434.3**	**-87.5**
Dividend paid		-26.1	-15.2	-15.2
Price adjustment of bonds		-5.1	14.3	-2.5
Change in available banking facilities		-7.8	-70.5	-41.1
Change in long-term debt		-233.0	-210.3	261.2
Financing		**-272.0**	**-281.7**	**202.4**
Net funds provided for the year		**91.3**	**152.6**	**114.9**
Cash, bank and postal giro		750.5	757.7	637.5
Bonds		768.5	659.7	589.4
Unused standby credits		180.8	252.3	322.7
Unused banking facilities		659.4	590.0	545.2
Funds available as at December 31		**2,359.2**	**2,259.7**	**2,094.8**

Individual items in the statement of funds cannot be directly deducted from the consolidated balance sheet, as assets and liabilities of the foreign companies at the beginning of the year have been converted at the rates of exchange on December 31.

Balance Sheet for the Group

Mill. DKK	Note	1994	1993	1992
Assets				
Buildings and sites		764.1	777.2	776.8
Plant and machinery		994.0	1074.0	1.035.5
Other operating equipment		93.8	90.4	117.0
Prepayment and fixed assets in course of construction		141.8	73.2	239.2
Tangible fixed assets	9.	**1,993.7**	**2,014.8**	**2,168.5**
Shares in associated company		-	24.4	-
Participating interests		37.0	35.4	29.3
Long-term debtors		2.5	2.7	4.2
Financial fixed assets		**39.5**	**62.5**	**33.5**
Total fixed assets		**2,033.2**	**2,077.3**	**2,202.0**
Raw materials. production materials and spare parts		188.7	193.7	202.0
Work in progress		8.0	8.9	17.3
Finished goods	11.	87.4	97.5	97.4
Stocks		**284.1**	**300.1**	**316.7**
Trade debtors		506.4	435.0	478.5
Other debtors		69.6	79.9	86.0
Prepayments		12.0	10.8	14.5
Debtors		**588.0**	**525.7**	**579.0**
Bonds		**768.5**	**659.7**	**589.4**
Cash funds		**750.5**	**757.7**	**637.5**
Total current assets		**2,391.1**	**2,243.2**	**2,122.6**
Total assets		**4,424.3**	**4,320.5**	**4,324.6**

Balance Sheet for the Group

Mill. DKK	Note	1994	1993	1992
Liabilities				
Share capital	12.	217.9	217.9	217.9
Other reserves	14.	2,162.6	1,947.6	1,684.0
Rockwool International A/S' share of equity	15.	**2,380.5**	**2,165.5**	**1,901.9**
Minority interests in subsidiaries		47.1	-	-
Total equity capital		**2,427.6**	**2,165.5**	**1,901.9**
Deferred tax	16.	6.5	6.4	1.3
Pension obligations		101.9	93.5	81.1
Investment grants	17.	92.2	89.5	102.8
Other provisions	18.	54.6	69.1	93.0
Total provisions		**255.2**	**258.5**	**278.2**
Mortgage loans		106.3	198.0	232.1
Bank loans		378.4	520.1	692.3
Long-term debt	19.	**484.7**	**718.1**	**924.4**
Short-term portion of long-term debt		98.1	144.2	117.6
Bank debt		127.2	132.9	169.4
Trade creditors		416.8	351.5	412.2
Associated company		-	6.0	-
Company tax		86.1	50.7	26.8
Other creditors		502.5	467.0	478.9
Dividend		26.1	26.1	15.2
Short-term debt		**1,256.8**	**1,178.4**	**1,220.1**
Total long and short-term debt		**1,741.5**	**1,896.5**	**2,144.5**
Total liabilities		**4,424.3**	**4,320.5**	**4,324.6**
Commitments and contingent liabilities	20.			

Income Statement for the Parent Company

Mill. DKK	Note	1994	1993	1992
Other operating income		225.5	246.0	287.4
Return on investments in subsidiaries and associated companies	1.	279.0	211.9	69.5
Operating income		**504.5**	**457.9**	**356.9**
Delivery costs and indirect costs		75.1	124.1	115.8
Wages and salaries	2.	96.0	99.3	120.1
Other fixed costs	3.	47.4	41.2	54.2
Depreciation	4.	10.8	10.4	12.6
Operating costs		**229.3**	**275.0**	**302.7**
Operating profit before financial items		**275.2**	**182.9**	**54.2**
Finance income	5.	73.4	143.7	71.6
Finance expenses	6.	76.8	54.6	32.5
Operating profit		**271.8**	**272.0**	**93.3**
Extraordinary items	7.	-	12.7	-17.3
Profit before tax		**271.8**	**284.7**	**76.0**
Estimated tax	8.	5.1	28.4	-0.4
Net profit		**266.7**	**256.3**	**76.4**
Proposed distributed as follows:				
Dividend		26.1		
Transfer to revaluation reserve		41.7		
Transfer to other reserves		198.9		
		266.7		

Balance Sheet for the Parent Company

Mill. DKK	Note	1994	1993	1992
Assets				
Buildings and sites		45.4	48.6	52.4
Other operating equipment		15.2	15.4	16.8
Tangible fixed assets	9.	**60.6**	**64.0**	**69.2**
Shares in subsidiaries	10.	967.6	920.0	802.6
Loans to subsidiaries	10.	434.2	436.0	429.1
Shares in associated company		-	24.4	-
Participating interests		35.4	33.5	27.7
Other debtors		0.2	0.1	0.2
Financial fixed assets		**1,437.4**	**1,414.0**	**1,259.6**
Total fixed assets		**1,498.0**	**1,478.0**	**1,328.8**
Work in progress		6.7	3.0	8.7
Stocks		**6.7**	**3.0**	**8.7**
Subsidiaries		376.7	325.4	395.5
Other debtors		29.5	17.1	26.9
Prepayments		0.2	-	-
Debtors		**406.4**	**342.5**	**422.4**
Bonds		**705.7**	**659.7**	**533.2**
Cash funds		**2.4**	**47.9**	**143.8**
Total current assets		**1,121.2**	**1,053.1**	**1,108.1**
Total assets		**2,619.2**	**2,531.1**	**2,436.9**

Balance Sheet for the Parent Company

Mill. DKK	Note	1994	1993	1992
Liabilities				
Share capital	12.	217.9	217.9	217.9
Revaluation reserve	13.	249.4	243.4	128.8
Share premium account		3.8	3.8	3.8
Other reserves	14.	1,909.4	1,700.4	1,551.4
Rockwool International A/S' share of equity	15.	**2,380.5**	**2,165.5**	**1,901.9**
Pension obligations		0.9	0.9	0.9
Other provisions	18.	26.8	30.5	27.0
Total provisions		**27.7**	**31.4**	**27.9**
Mortgage loans		2.1	28.9	39.2
Bank loans		56.1	105.8	284.5
Long-term debt	19.	**58.2**	**134.7**	**323.7**
Short-term portion of long-term debt		0.2	50.8	49.4
Bank debt		5.2	2.8	1.2
Trade creditors		17.7	11.9	19.9
Subsidiaries		21.6	8.4	42.0
Associated company		-	6.0	-
Company tax		33.9	30.1	2.1
Other creditors		48.1	63.4	53.6
Dividend		26.1	26.1	15.2
Short-term debt		**152.8**	**199.5**	**183.4**
Total long and short-term debt		**211.0**	**334.2**	**507.1**
Total liabilities		**2,619.2**	**2,531.1**	**2,436.9**
Commitments and contingent liabilities	20.			

Notes to the Accounts

1. Return on investments in subsidiaries and associated companies consists of:

Mill. DKK	Parent Company 1994	1993
Profits in subsidiaries	272,0	174,8
Losses in subsidiaries	27,6	22,1
Net results in subsidiaries	244.4	152.7
Profits in associated companies	-	0.5
Interest on long-term loans	34.6	58.7
Total	279.0	211.9

Estimated foreign tax has been deducted in the results of the relevant subsidiaries and associated companies.

2. Wages and salaries consist of:

Mill. DKK	Parent Company 1994	1993
Wages and salaries	87.4	90.3
Pension costs	7.9	8.3
Other social security costs	0.7	0.7
Total	96.0	99.3
Average number of employees	218	232

Remuneration to Management and Directors amounts to t.DKK 6,363 and t.DKK 1,160, respectively.

3. Included in other fixed costs are fees to auditors that consist of:

Mill. DKK		Parent Company
Legally required audit:	Ernst & Young A/S	0.6
	Askgaard Olesen A/S	0.1
Other services:	Ernst & Young A/S	0.1
	Askgaard Olesen A/S	-
Total 1994		0.8

4. Depreciation consists of:

	The Group		Parent Company	
Mill. DKK	1994	1993	1994	1993
Depreciation of tangible fixed assets	443.7	473.2	10.0	10.0
Acquisitions directly expended	8.0	8.0	1.6	1.7
Net loss on sales/scrapping	12.8	6.2	-0.8	-1.3
Investment grants taken to income	-24.9	-27.5	-	-
Total	439.6	459.9	10.8	10.4

5. Finance income consists of:

	The Group		Parent Company	
Mill. DKK	1994	1993	1994	1993
Interest income	94.8	95.7	55.0	65.7
Interest income from subsidiaries	-	-	8.7	23.4
Exchange gains	6.5	5.9	-	1.9
Gain on sales of bonds	6.3	49.5	6.3	49.5
Dividend	3.4	3.2	3.4	3.2
Total	111.0	154.3	73.4	143.7

6. Finance expenses consist of:

	The Group		Parent Company	
Mill. DKK	1994	1993	1994	1993
Interest expenses	76.8	126.8	12.3	34.0
Interest expenses to subsidiaries	-	-	0.3	0.5
Cash discount, net	93.9	91.6	-	-
Losses on sales of bonds	45.0	0.3	45.0	0.3
Unrealized price adjustments, bonds	20.1	-	19.2	-
Exchange losses	13.0	22.6	-	19.8
Total	248.8	241.3	76.8	54.6

7. Extraordinary items consist of:

	The Group		Parent Company	
Mill. DKK	1994	1993	1994	1993
Restructuring of operations	23.7	28.0	-	25.0
Other	1.8	6.6	0.1	-
Extraordinary expenses	25.5	34.6	0.1	25.0
Indemnification, arbitration	-	37.7	-	37.7
Other	15.0	-	0.1	-
Extraordinary income	15.0	37.7	0.1	37.7
Income, net	-	3.1	-	12.7
Expenses, net	10.5	-	-	-

8. Estimated tax for the Danish companies consists of:

Mill. DKK	Parent Company 1994	1993
Tax of the year's profit	3.8	28.2
Other taxes	1.3	0.2
Total	5.1	28.4

During the financial year, no Danish company tax has been paid.

9. Tangible fixed assets:

	The Group					Parent Company		
Mill. DKK	Buildings and sites	Plant and machinery	Other operating equipment	Payments on account and fixed assets in course of construction	Total	Buildings and sites	Other operating equipment	Total
Cost:								
Accumulated 1/1 1994	1,466.2	3,606.0	402.9	72.6	5,547.7	71.3	54.0	125.3
Addition new subsidiary	40.5	19.1	3.3	3.2	66.1	-	-	-
Deductions for the year	-2.1	-55.6	-32.4	-0.1	-90.2	-	-7.8	-7.8
Additions for the year	28.5	261.8	53.6	66.1	410.0	-	7.9	7.9
Accumulated 31/12 1994	1,533.1	3,831.3	427.4	141.8	5,933.6	71.3	54.1	125.4
Depreciation:								
Accumulated 1/1 1994	704.8	2,541.9	313.3	-	3,560.0	22.7	38.6	61.3
Addition new subsidiary	0.9	2.4	0.6	-	3.9	-	-	-
Deductions for the year	-0.7	-40.4	-26.6	-	-67.7	-	-6.5	-6.5
Additions for the year	64.0	333.4	46.3	-	443.7	3.2	6.8	10.0
Accumulated 31/12 1994	769.0	2,837.3	333.6	-	3,939.9	25.9	38.9	64.8
Net book value 31/12 1994	764.1	994.0	93.8	141.8	1.993.7	45.4	15.2	60.6

Accumulated cost and depreciation as at 1/1 1994 are converted at the exchange rates as at 31/12 1994 and, therefore, cannot be directly compared with last year's figures. Net book value of the Group's Danish properties is DKK 144.3 million, whereas the official assessments as at 1/1 1994 are DKK 313.4 million. The 1/1 1994 official assessment of property owned by the Parent Company is DKK 59.1 million. Of the total value of buildings and sites, DKK 142.0 million represents sites not subject to depreciation.

10. Total investments in subsidiaries consist of:

Mill. DKK	Parent Company
Shares in subsidiaries	967.6
Loans to subsidiaries	434.2
Total	1,401.8

which can be specified as follows:

	Nom. value in mill.		Book value mill. DKK
Rockwool International Beheer B.V., Holland	25.00	NLG	374.9
Rockwool A/S, Denmark	140.00	DKK	207.1
Rockwool Beteiligungs GmbH, Germany	15.00	DEM	250.1
A/S Rockwool, Norway	48.50	NOK	113.7
Rockwool Investments Ltd., United Kingdom	3.52	GBP	153.6
Rockwool-Isolation S.A., France	80.00	FRF	182.7
Rockfon A/S, Denmark	12.00	DKK	36.8
Rockpanel A/S, Denmark	1.00	DKK	3.1
Grodania A/S, Denmark	7.00	DKK	10.2
A/S Vejlevej 111, Denmark	9.50	DKK	-2.7
Roxul Inc., Canada	49.70	CAD	52.1
Rockwool Polska Sp. z o.o	7,562.00	PLZ	20.2
Total			1,401.8

Rockwool International A/S owns 100% all subsidiaries with the exception of Rockwool Polska Sp. z o.o. that is owned 30%.

Rockwool International Beheer B.V., Holland owns the shares in Rockwool Benelux Holding B.V., Holland.

Rockwool Beteiligungs GmbH, Germany owns the shares in Deutsche Rockwool Mineralwool-GmbH, Germany, Rockwool Verwaltungs GmbH, Germany, Rockwool Handelsgesellschaft mbH, Austria, Rockwool Systeme GmbH, Germany and Rockwool Hungaria Kft, Hungaria.

In connection with the raising of loans, the Parent Company has accepted restrictions of its rights of disposal of the shares in the following subsidiaries: Rockwool A/S, Denmark – Rockwool Ltd., United Kingdom – Rockwool-Isolation S.A., France.

11. Stocks:
The costs of finished goods amounting to DKK 87.4 million do not include indirect production costs. The value of indirect production costs amounts to DKK 39.5 million.

12. The share capital consists of A-shares and B-shares of DKK 10 or multiples of this. 9,584 A-shares amount in nominal value to t.DKK 130,728 and 14,884 B-shares amount in nominal value to t.DKK 87,152.

Each A-share of a nominal value of DKK 10 entitles to 10 votes and each B-share of a nominal value of DKK 10 entitles to 1 vote.

Shareholders according to Companies Act §28b:
Rockwool Foundation, Hedehusene
Carl Valdemar Kähler, Charlottenlund
Inge von der Hude, Kensington, USA
Claus Kähler, Virum
Gerda Kähler, Korsør
Dorrit Kähler, Virum
Gustav Kähler, Copenhagen

13. Revaluation reserve:

Mill. DKK	Parent Company
Balance 1/1 1994	243.4
Adjustment of investments in subsidiaries and associated companies	-22.5
Adjustment of participating interests	1.9
Unrealised price adjustments, bonds	-5.1
Unrealised exchange gains, loans	0.1
Transfer according to profit distribution	41.7
Transfer to other reserves	-10.1
Total 31/12 1994	249.4

Divided as follows:

§67, section 4 of the Companies Accounts Act (C.A.A.)	48.9
§30 of the C.A.A.	36.7
§40 of the C.A.A.	163.8
Total	249.4

14. Other reserves:

Mill. DKK	Parent Company
Balance 1/1 1994	1,700.4
Transfer according to profit distribution	198.9
Transfer from revaluation reserve	10.1
Total 31/12 1994	1,909.4

15. Specification of movements in equity capital:

Mill. DKK	The Group
Rockwool International A/S' share 1/1 1994	2,165.5
Net profit 1994	266.7
Dividend to shareholders of the Parent Company	-26.1
Exchange adjustment of investments in subsidiaries and associated companies	-22.2
Adjustment of participating interests	1.6
Unrealised price adjustments, bonds	-5.1
Unrealised exchange gains, loans	0.1
Rockwool International A/S' share 31/12 1994	2,380.5

16. Deferred tax:
Deferred tax derives from timing differences between the tax and accounting values of current assets and provisions. Sale of tangible fixed assets at net book value will result in a tax of approx. DKK 37.5 million for the Group. No provision for this has been made. Sale of Parent Company shares in subsidiaries at net book value will result in a tax liability of approx. DKK 14.2 mill.

17. Investment grants:

	The Group	
Mill. DKK	1994	1993
Balance 1/1 1994	89.5	102.8
Exchange rate adjustment 1/1 1994	0.1	1,4
	89.6	104.2
Investment grants received in the year, net	27.5	12.8
Taken to income	-24.9	-27.5
Total 31/12 1994	92.2	89.5

18. Other provisions consist of:

	The Group		Parent Company	
Mill. DKK	1994	1993	1994	1993
Restructuring of operations	26.8	30.8	26.8	30.5
Environmental measures	21.4	27.4	-	-
Other	6.4	10.9	-	-
Total	54.6	69.1	26.8	30.5

19. Long-term debt which falls due after 5 years:

	The Group		Parent Company	
Mill. DKK	1994	1993	1994	1993
Total	46.2	151.1	0.8	22.8

20. Commitments and contingent liabilities:
For the Group, commitments comprise DKK 78 million. Contingent liabilities do not exceed DKK 7 million. Leasing obligations for the Group amount to DKK 77 million of which DKK 31 million is due within 1 year and DKK 8 million is due after 5 years. The Parent Company has guaranteed for the subsidiaries' bank debt of DKK 19 million.

Articles of Association

Name, registered office and objects of the company

Article 1.

The name of the company is ROCKWOOL INTERNATIONAL A/S.

Article 2.

The registered office of the company is located in the municipality of Høje-Taastrup.

Article 3.

The objects of the company are to carry on industrial, commercial and service activities and associated activities in Denmark and abroad, including investment in other companies, and to carry on investment activities.

Capital and shares of the company

Article 4.

(a) The share capital of the company is DKK 217,880,000.-, of which amount A shares account for DKK 130,728,000 and B shares for DKK 87,152,000.

(b) The share capital is divided into shares of DKK 10.- each.

(c) The share capital has been fully paid up.

(d) No shareholder shall have a duty to have his shares redeemed wholly or partially.

(e) No shares have any special rights, apart from the rules laid down in article 4(i) on the preferential subscription rights of A shares and B shares in case of share capital increases, the rules laid down in article 11(b) on voting and the rules laid down in article 4(j) on dividend.

(f) The shares shall be made out in the holder's name and be recorded in the holder's name in the register of shareholders of the company. The acquirer of a share cannot exercise the rights of a shareholder, unless he is recorded in the register of shareholders of the company or has given notice of and evidenced his acquisition. This, however, shall not apply to the right of dividend and other disbursements and the right of new shares at capital increases. For payment of dividend, please also refer to article 6 below. Concerning exercise of the vote attaching to a share, please refer to article 11 below.

(g) The shares of the company shall be registered with the Danish Securities Centre (Værdipapircentralen).

(h) The shares are negotiable instruments.

(i) If, by resolution of the general meeting, the share capital is to be increased by subscription of both A and B shares, A shareholders have a preferential right of subscription for new A shares, and B shareholders have a preferential right of subscription for new B shares. Where the increase concerns only one class of shares, all shareholders have a preferential right of subscription in proportion to their holding of old shares.

(j) Dividends can be allotted to A shares only if B shares have received dividend at 5 per cent per year for both the current year and for each of the preceding financial years from and including the financial year of 1990. No shares have a right of prior cover nor of dividend, if the company is dissolved.

(k) Until 1 May 2000 the board of directors is authorised to increase the share capital by B shares of a nominal amount not exceeding DKK 2,000,000 in one or several operations by making an offer, without any preferential subscription rights for existing shareholders, to the employees of the company and/or of its subsidiaries to subscribe for shares at a price of at least DKK 50 per share of DKK 10.-, and in general according to directions to be detailed by the board of directors.

New shares shall not be subject to any restrictions of the preferential subscription right attaching to them at future increases of the share capital; new shares shall be made out in the name of the holder and be recorded in the holder's name in the register of shareholders of the company; and new shares shall be negotiable instruments.

The increase shall be effected by payment in cash.

Article 5.

The shares shall be freely transferable.

Article 6.

Dividends and other disbursements to shareholders shall be paid according to the rules of the Danish Securities Centre. Dividend not collected within five years of the due date shall revert to the company.

Article 7.

Shares not entered for registration with the Danish Securities Centre can be declared null and void by the board of directors without judgment pursuant to the statutory provisions applying at any time.

General meeting

Article 8.

(a) Subject to statutory limitations and those of the present articles of associations, the general meeting is the supreme authority of the company.

(b) The general meeting shall be held in the municipality of the registered office of the company or in the municipalities of Roskilde or Copenhagen at the directors' discretion.

(c) Annual general meetings shall be held before the end of the month of May of each year.

(d) Extraordinary general meetings shall be held upon a resolution by the general meeting or the board of directors or whenever requested by the auditors or by shareholders together representing at least one tenth of the entire share capital. Any such request shall be made in writing to the board of directors and shall be accompanied by a formulated proposal. The general meeting shall then be convened within a fortnight of receipt of the request.

(e) General meetings shall be convened by the board of directors at a notice of not less than fourteen days nor more than four weeks, including the days of the notice and of the general meeting, through a notice inserted in 'Statstidende' (the Danish Official Gazette) and a national newspaper at the directors' discretion, as well as by ordinary letter to all shareholders recorded in the register of shareholders.

(f) The agenda and the complete proposals intended to be submitted to the general meeting, and in case of the annual general meeting also the annual accounts and consolidated accounts with pertinent audit endorsement and the directors' report, shall be available for inspection by shareholders at the office of the company for the last eight days prior to the general meeting.

(g) Shareholders shall be entitled to submit proposals to the general meeting. In case of the annual general meeting, such proposals shall be submitted in writing to the board of directors not later than on February 1 of the relevant year.

Article 9.

(a) The general meeting shall be conducted by a chairman of the meeting, not necessarily a shareholder, appointed by the board of directors prior to the meeting. The chairman of the meeting shall resolve all issues on transaction of the business.

(b) Proceedings of any general meeting shall be recorded in a book to be signed by the chairman of the meeting.

Article 10.

(a) Any business considered by the general meeting shall be resolved by simple majority, provided the Danish Companies Act or these articles do not require a qualified majority.

(b) For adoption of any proposed amendment of the articles, shareholders representing at least two thirds of the total number of votes in the company shall be represented at the general meeting, and at least two thirds of the votes cast and of the share capital represented at the general meeting and entitled to vote shall vote in favour of the proposal, provided the Danish Companies Act does not require a more qualified majority.

(c) Where less than two thirds of the total number of votes in the company were represented at a general meeting, and this meeting adopted an amendment of the articles by the majority prescribed in article 10(b) above, the board of directors shall within fourteen days convene another general meeting, at which the proposal may be adopted regardless of the number of shareholders represented, if not less than two thirds of the votes cast and of the share capital represented at the general meeting and entitled to vote, vote in favour of the proposal, provided the Danish Companies Act does not require a more qualified majority.

(d) A proxy to attend the first general meeting shall, unless expressly revoked, be deemed valid also in respect of the second general meeting.

(e) Any resolution on the dissolution of the company or its merger with another company or on fission of the company shall be made only in a manner corresponding to that laid down in paragraphs (b) and (c) above.

Article 11.

(a) Any shareholder shall be entitled to attend a general meeting, provided he has requested or has obtained a card of admission against due identification at the company office not later than five days prior to the date of the general meeting.

(b) At the general meeting, each A share amount of DKK 10 shall entitle to ten votes, and each B share amount of DKK 10 to one vote. A shareholder having acquired his shares by transfer cannot exercise his vote for the shares in question at general meetings convened before the shares have been recorded in the register of shareholders or the shareholder has given notice of and evidenced his acquisition. The acquired shareholding shall, however, be deemed to be represented at the general meeting, although the voting right cannot be exercised, if prior to the general meeting the shares have been recorded in the register of shareholders or the shareholder has given notice of and evidenced his acquisition.

(c) The voting right may be exercised by proxy, not necessarily a shareholder, provided that the proxy substantiates his right to attend the general meeting by producing an admission card and by presenting a dated power of attorney in writing.

(d) The general meetings of the company are open to the press.

Article 12.

The agenda of the annual general meeting shall include:

(1) Directors' report on company activities during the past financial year.

(2) Presentation of annual accounts and consolidated accounts with audit endorsement.

(3) Adoption of the annual accounts for the year under review and discharge of management and board obligations.

(4) Allocation of profits or cover of losses according to the adopted accounts.

(5) Election of directors.

(6) Appointment of auditors.

(7) Proposals, if any, by the board or by shareholders.

Board of directors and management

Article 13.

The board of directors shall be in overall control of the company and shall settle any matters not concerning day-to-day operations.

Article 14.

(a) The board of directors shall number 5-8 directors elected by the general meeting. They shall be elected for one year. Retiring directors shall be eligible for re-election. A director shall, however, retire from the board at the first annual general meeting held after his seventieth birthday.

(b) In addition to the directors elected by the annual general meeting, the board may be supplemented by directors elected by employees pursuant to the Danish Companies Act.

Article 15.

(a) From among their own number, the board of directors shall elect a chairman and a deputy chairman who shall, in the absence of the chairman, act in his place, assuming the obligations resting upon him and having the powers conferred upon him.

(b) Board meetings, usually to be held at the company office, shall be called by the chairman. A board meeting shall be called at the request of a director or of a registered manager.

(c) The board of directors shall be competent to transact business when more than half of all directors are present. Board decisions shall be made by simple majority among the attending directors. In the event of parity of votes, the chairman, and in his absence the deputy chairman, shall have the casting vote.

(d) The directors shall themselves lay down a business procedure governing the performance of their duties.

(e) Proceedings at board meetings shall be recorded in a book, to be signed by all directors.

(f) Directors shall receive an annual fee to be fixed by the general meeting.

Article 16.

The board of directors shall appoint a general manager to conduct the day-to-day business of the company. The board of directors may further appoint up to five managers.

Article 17.

The company shall be bound by two managers jointly, or by the chairman of the board jointly with a manager, or by the deputy chairman of the board jointly with a manager, or by five directors jointly. The board of directors may grant single or joint powers of procuration.

Closing of accounts, audit, etc.

Article 18.

The financial year of the company shall be the calendar year.

Article 19.

The annual accounts shall give a true and fair view of the assets and liabilities of the company, its financial position and the result for the relevant year.

Article 20.

The audit shall be performed by two auditors, both state authorised public accountants (Denmark). The auditors shall be appointed by the general meeting. They shall be appointed for one year. Retiring auditors shall be eligible for re-election.

A firm of public accountants may be elected as auditors.

Dissolution

Article 21.

(a) Any resolution on the dissolution of the company or its merger with another company or on fission of the company shall be adopted by the general meeting in accordance with article 10(b) and (c) above. If dissolution of the company is resolved, such dissolution shall be effected by way of winding-up. Unless otherwise provided by statute, the winding-up shall be managed by one or more liquidators elected by the general meeting.

(b) When the dissolution of the company has been effected and completed, a general meeting shall be held at which the accounts shall be presented for discharge.

Hedehusene, 17 November 1995.

Directors:

Johan Schrøder	Per Carsten Pedersen
Birthe Bækman	Hans Høyer
Arne V. Jensen	Gustav Kähler
Tom Kähler	Dorte Page
Jürgen Sengera	

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Johnny Kofoed-Jensen
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