

**Release no. 8 – 2006**  
**Report on the first half of 2006**  
**To the Copenhagen Stock Exchange**

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Page 1/7

31 August 2006

**Report on the first half of 2006**  
**for Rockwool International A/S**

Today the Board of Rockwool International A/S discussed and approved the following report on the first half of 2006.

**Highlights**

- Sales up 18% on the first half of 2005.
- EBDIT up 44% to DKK 896 million from DKK 622 million last year.
- Operating profit (EBIT) up 43% to DKK 459 million from DKK 320 million in first half last year. The 2006 figure follows a non-recurring write-down of DKK 100 million as a result of impairment tests. Provisions of DKK 40 million were also reversed during the period, and so the net effect on operating profit of these non-recurring items was DKK 60 million.
- A new facility for the production of Rockfon® ceiling systems started up in Poland in June 2006. The facility costs DKK 90 million and features the latest production technology.
- In the light of the continued positive sales growth in the second quarter, sales growth for the year as a whole is now expected to be 12% rather than the previously forecast 10%.

Profit after minority interests is still expected to be around DKK 750 million.

Further information: Knud Jørning, Chief Financial Officer

**Release no. 8 – 2006**  
**Report on the first half of 2006**  
**To the Copenhagen Stock Exchange**  
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Page 2/7

**Main figures / key figures for the Group**

	2 <sup>nd</sup> qtr. 2006	2 <sup>nd</sup> qtr. 2005	Acc. 2 <sup>nd</sup> qtr. 2006	Acc. 2 <sup>nd</sup> qtr. 2005	Full year 2005
	Unaudited				Audited
<b>Income statement items in DKK million:</b>					
Net sales	2,827.5	2,429.6	5,303.7	4,489.6	10,024.3
EBDIT	512.7	365.2	896.1	621.9	1,500.0
Operating profit before financial items (EBIT)	245.4	217.4	459.0	320.3	884.9
Financial items	-14.8	4.5	-29.1	-17.9	-42.6
Profit before tax	235.9	227.8	440.3	309.2	877.3
Profit for the period after minority interests	160.0	145.7	302.9	199.8	574.3
Cash flow (from operating activities)	579.5	219.1	532.4	155.8	1,103.4
<b>Balance sheet items in DKK million:</b>					
Fixed assets			5,032.3	4,689.8	5,188.0
Current assets			3,090.7	3,248.2	2,813.2
Total assets			8,122.9	7,938.0	8,001.2
Equity including minority interests			5,316.9	4,700.8	5,075.2
Provided obligations			702.8	485.0	788.7
Long-term debt			224.3	554.2	366.8
Short-term debt			1,878.9	2,198.0	1,770.5
<b>Other items in DKK million:</b>					
Investments and acquisitions			410.9	449.4	943.7
Depreciation and amortisation			437.1	301.6	615.1
<b>Number of employees:</b>					
Number of employees			7,714	7,371	7,525
<b>Ratios:</b>					
Profit ratio			8.7	7.1	8.8
Profit per share of DKK 10			13.9	9.5	26.1
Intrinsic value per share of DKK 10			238.7	213.9	230.3
Equity ratio (%)			65.4	59.2	63.4
<b>Main figures in EUR million:</b>					
Net sales	379.0	326.3	710.9	603.1	1,343.6
Operating profit before financial items (EBIT)	32.9	29.2	61.5	43.4	118.6
Profit before tax	31.6	30.6	59.0	41.5	117.6
Profit for the period after minority interests	21.5	19.6	40.6	26.8	77.0
Cash flow (from operating activities)	77.7	29.4	71.8	20.9	147.9
Total assets			1,089.0	1,064.9	1,072.5
Equity including minority interests			712.8	630.6	680.3
Investments and acquisitions			55.1	60.4	126.5
Depreciation			58.6	40.5	82.4
Exchange rate DKK	7.46	7.45	7.46	7.45	7.46

The ratios have been calculated in accordance with recommendations issued by the Danish Association of Financial Analysts (2005 edition).

**Release no. 8 – 2006**  
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**To the Copenhagen Stock Exchange**

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Page 3/7

**Management report for the period 1 January to 30 June 2006**Income statement

The Rockwool Group generated sales of DKK 5,304 million in the first half of 2006, an increase of 18% relative to the same period last year.

The Insulation Divisions' sales grew by 19% to DKK 5,047 million. Market developments were positive in all major markets, including Germany.

Systems Division increased its sales by 6% to DKK 760 million.

The Group recorded EBDIT of DKK 896 million, an increase of 44% on last year.

As part of its regular evaluation of the individual business units' earnings capacity, the Group has decided to write down the book value of the fixed assets of the insulation companies by a total of DKK 100 million. Following this write-down, EBIT for the period was DKK 459 million, an increase of DKK 139 million or 43% on the first half of 2005.

The Insulation Divisions' EBIT grew by 21% to DKK 361 million. The Systems Division's EBIT came to DKK 41 million, compared with DKK 16 million for the first half of 2005.

Net financial costs amounted to DKK -29 million, an increase of DKK 11 million on last year.

A tax rate of 33% is now anticipated for the year as a whole, which is three percentage points higher than the Group's previous forecast. This increase in the expected tax rate is a result of the write-down of assets in the insulation subsidiaries, as a taxable value of the losses arising are not included in the calculation of tax.

Profit after minority interests for the first half of 2006 was DKK 303 million, an increase of 52% on the same period last year.

Cash flow

Cash flow from operating activities during the first half of 2006 was DKK 532 million, an increase of DKK 377 million on the same period last year.

The increase in cash flow from operating activities was due partly to the growth in the Group's earnings (note here that the write-down in the Insulation Divisions has no effect on cash flow), and partly to positive developments in working capital relative to the first half of 2005.

**Release no. 8 – 2006**  
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*This is a translation of the Danish version.  
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Page 4/7

Working capital grew by DKK 91 million in the first half of 2006, compared with DKK 314 million in the same period last year. The improvement is due partly to reduced stock levels and the refund of a previous extraordinary tax payment of DKK 135 million as mentioned in the report on the first quarter of 2006.

Investments totalled DKK 411 million in the first half of 2006.

Balance sheet

As at 30 June 2006 the Group had total assets of DKK 8,123 million.

The equity ratio stood at 65.4% at the end of the period.

Other events

In June 2006 production began of a new range of Rockfon ceiling systems – a result of three year's development work. The new product range is a high-end product determined for the European office segment. The products are characterised by improved acoustic properties, finish and strength as well as a more efficient installation. The production takes place at a newly built special facility at the Group's factory in Cigacice, Poland, where Rockfon since 2003 has had another production facility. The siting of the facility ensures strong production efficiency and delivery service to Rockfon's many European customers. The commissioning of the new Rockfon facility is going to plan.

Expectations for 2006

In the light of the continued positive sales growth, the Group now expects sales growth for the year as a whole to be around 12%, which is two percentage points higher than previously forecast.

Profit after minority interests is still expected to be around DKK 750 million.

Investments are still expected to total around DKK 1.2 billion over the year as a whole.

Management statement

The Board and Group Management have today approved this interim report for the first half of 2006.

This interim report is unaudited and has been prepared in accordance with the inclusion and measurement terms in International Financial Reporting Standards (IFRS) approved by the EU and additional Danish requirements for financial reporting by listed companies.

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Page 5/7

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2005 – are appropriate and that the accounting estimates made are reasonable. In our opinion this interim report presents a true and fair view of the Group's assets, liabilities and financial position on 30 June 2006 and of earnings and cash flows during the period.

The statements on the future in this report, including expected sales and earnings, are associated with risks and uncertainties and may be affected by factors influencing the activities of the group, e.g. the global economic environment, including interest and exchange rate developments, the raw material situation, production and distribution-related issues, breach of contract or unexpected termination of contract, price reductions due to market-driven price reductions, market acceptance of new products, launches of competitive products and other unforeseen factors.

*Cigacice, 31 August 2006***Group Management**

Eelco van Heel

Knud Jørning

Carsten B. Winther

**Supervisory Board**

Tom Kähler

Henrik Nyegaard

Preben Damgaard

Connie Enghus

Lars Elmekilde Hansen

Jan W. Hillege

Gustav Kähler

Peter Nørgård

Jürgen Sengera

**Release no. 8 – 2006**  
**Report on the first half of 2006**  
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*This is a translation of the Danish version.*  
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Page 6/7

**Income statement**

DKK million	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc.	Acc.	Full year
	2006	2005	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	
	Unaudited				Audited
Net sales	2,827.5	2,429.6	5,303.7	4,489.6	10,024.3
<b>Operating income</b>	<b>2,896.1</b>	<b>2,455.1</b>	<b>5,411.7</b>	<b>4,553.8</b>	<b>10,239.3</b>
<b>Operating costs</b>	<b>2,650.7</b>	<b>2,237.7</b>	<b>4,952.7</b>	<b>4,233.5</b>	<b>9,354.4</b>
EBDIT	512.7	365.2	896.1	621.9	1,500.0
Operating profit before financial items (EBIT)	<b>245.4</b>	<b>217.4</b>	<b>459.0</b>	<b>320.3</b>	<b>884.9</b>
Income from associated companies	5.3	5.9	10.4	6.8	35.0
Financial items	-14.8	4.5	-29.1	-17.9	-42.6
<b>Profit before tax</b>	<b>235.9</b>	<b>227.8</b>	<b>440.3</b>	<b>309.2</b>	<b>877.3</b>
Tax on profit for the period	84.3	74.7	145.6	101.5	274.6
Minority interests	-8.4	7.4	-8.2	7.9	28.4
<b>Profit for the period after minority interests</b>	<b>160.0</b>	<b>145.7</b>	<b>302.9</b>	<b>199.8</b>	<b>574.3</b>

**Cash flow statement**

DKK million	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc.	Acc.	Full year
	2006	2005	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	
	Unaudited				Audited
Profit for the period	151.6	153.2	294.7	207.8	602.7
Adjustments	256.1	247.2	524.7	438.1	979.3
Change in net working capital	288.5	-77.5	-91.3	-313.6	-140.7
<b>Cash flow from operations before financial items and tax</b>	<b>696.2</b>	<b>322.9</b>	<b>728.1</b>	<b>332.3</b>	<b>1,441.3</b>
<b>Cash flow from operations activity</b>	<b>579.5</b>	<b>219.1</b>	<b>532.4</b>	<b>155.8</b>	<b>1,103.4</b>
<b>Cash flow from investments activities</b>	<b>-200.8</b>	<b>-297.4</b>	<b>-410.9</b>	<b>-449.4</b>	<b>-943.7</b>
<b>Cash flow from operating and investments activities (free cash flow)</b>	<b>378.7</b>	<b>-78.3</b>	<b>121.5</b>	<b>-293.6</b>	<b>159.7</b>
Cash flow from finance activities	-160.5	-16.3	-68.1	59.8	-279.0
<b>Change in cash available</b>	<b>218.2</b>	<b>-94.6</b>	<b>53.4</b>	<b>-233.8</b>	<b>-119.3</b>
Cash available – beginning of period	156.4	295.7	323.2	432.3	432.3
Adjustments to exchange rates	-2.1	3.3	-4.1	5.9	10.3
<b>Cash available – end of period</b>	<b>372.5</b>	<b>204.4</b>	<b>372.5</b>	<b>204.4</b>	<b>323.3</b>
<b>Unutilised committed credit facilities</b>			<b>1,515.3</b>	<b>2,307.0</b>	<b>1,540.7</b>

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

**Segment reporting (primary segment distribution)**

DKK million	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Acc.	Acc.	Full year
	2006	2005	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	
	Unaudited				Audited
<b>Net sales per business segment</b>					
Insulation	2,698.6	2,304.2	5,046.6	4,244.2	8,374.7
Systems Division	381.8	378.5	760.3	716.1	1,650.7
Group eliminations and holding companies	-252.9	-253.1	-503.2	-470.7	-1.1
<b>The Group</b>	<b>2,827.5</b>	<b>2,429.6</b>	<b>5,303.7</b>	<b>4,489.6</b>	<b>10,024.3</b>
<b>Operating profit before fin. items per business segment</b>					
Insulation	162.6	181.8	360.6	297.0	812.7
Systems Division	24.4	16.8	40.7	16.0	106.5
Group eliminations and holding companies	58.4	18.8	57.7	7.3	-34.3
<b>The Group</b>	<b>245.4</b>	<b>217.4</b>	<b>459.0</b>	<b>320.3</b>	<b>884.9</b>

**Release no. 8 – 2006**  
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*This is a translation of the Danish version.*  
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Page 7/7

### Balance sheet

DKK million	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Full year
	2006	2005	
	Unaudited		Audited
<b>Assets</b>			
Intangible fixed assets	99.9	86.6	104.4
Tangible fixed assets	4,513.0	4,408.3	4,627.0
Financial fixed assets	162.4	150.2	166.8
Deferred tax assets	256.9	44.7	289.8
<b>Fixed assets</b>	<b>5,032.2</b>	<b>4,689.8</b>	<b>5,188.0</b>
Stocks	864.2	1,062.4	743.9
Receivables	1,796.5	1,574.7	1,667.2
Bonds	0.0	0.0	1.9
Cash funds	430.1	611.1	400.2
<b>Total current assets</b>	<b>3,090.7</b>	<b>3,248.2</b>	<b>2,813.2</b>
<b>Total assets</b>	<b>8,122.9</b>	<b>7,938.0</b>	<b>8,001.2</b>
<b>Liabilities and equity</b>			
Share capital	219.7	219.7	219.7
Other reserves	5,021.2	4,437.9	4,840.1
Minority interests	76.0	43.2	15.4
<b>Total equity</b>	<b>5,316.9</b>	<b>4,700.8</b>	<b>5,075.2</b>
<b>Total provided obligations</b>	<b>702.8</b>	<b>485.0</b>	<b>788.7</b>
Long-term debt	224.3	554.2	366.8
Short-term debt	1,878.9	2,198.0	1,770.5
<b>Total long-term and short-term debts</b>	<b>2,103.2</b>	<b>2,752.2</b>	<b>2,137.3</b>
<b>Total liabilities and equity</b>	<b>8,122.9</b>	<b>7,938.0</b>	<b>8,001.2</b>

### Changes in equity

DKK million	2 <sup>nd</sup> qtr.	2 <sup>nd</sup> qtr.	Full year
	2006	2005	
Equity as of 1 January	5,075.2	4,501.1	4,501.1
Exchange rate adjustments	-37.2	54.7	107.3
Tax on changes in equity	-	-	25.6
Profit for the period	294.7	207.8	602.7
Acquisition of own shares	15.2	20.8	-31.7
Expensed value of options issued	4.0	2.8	3.8
Paid dividend	-103.8	-86.4	-86.4
Minority interest – addition and dividend	68.8	-	-47.1
<b>Equity as of end of period</b>	<b>5,316.9</b>	<b>4,700.8</b>	<b>5,075.2</b>