

Release no. 14 – 2008
Report on the first half of 2008
To NASDAQ OMX Nordic Exchange
Copenhagen A/S

*This is a translation of the Danish version.
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28 August 2008

Report on the first half of 2008
for Rockwool International A/S

Today the Board of Rockwool International A/S has approved the following report on the first half of 2008.

Highlights

- Sales in the first half decreased by 2% compared to the exceptional first half 2007. Sales in second quarter are at the same level as in 2007 on a like for like working day basis.
- EBIT in the first half is DKK 773 million which is a decrease of 41% compared to first half 2007.
- The market situation remains difficult to predict. Considering current market trends, expectations for 2008 sales are now slightly below last year.
- It is not expected that the very substantial inflation on energy and raw materials can be fully compensated in 2008 through sales price increases and efficiency improvements. Therefore, expectations for 2008 net result after minority interests is now DKK 1,100 million, equivalent to an EBIT ratio by 11,7%
- The investment programme to improve competitiveness and expand capacity continues. Capital expenditure is now expected at DKK 2,300 million.

Further information: Gilles Maria, Chief Financial Officer

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Main figures / key figures for the Group

	2 nd qtr. 2008	2 nd qtr. 2007	Acc. 2 nd qtr. 2008	Acc. 2 nd qtr. 2007	Full year 2007
	Unaudited				Audited
Income statement items in DKK million:					
Net sales	3,478.6	3,442.1	6,577.1	6,697.5	13,908.2
EBITDA	628.7	862.8	1,155.7	1,647.4	3,391.1
Operating profit before financial items (EBIT)	435.4	686.9	772.5	1,301.4	2,705.8
Financial items	-2.5	4.0	3.6	0.3	20.9
Profit before tax	439.5	697.6	789.3	1,314.9	2,759.6
Profit for the period after minorities' interests	295.5	477.0	537.6	904.8	1,966.2
Cash flow (from operating activities)	520.2	670.7	663.2	1,093.8	2,480.0
Balance sheet items in DKK million:					
Fixed assets			7,365.4	5,633.8	6,425.0
Current assets			4,333.1	4,148.5	4,468.6
Total assets			11,698.5	9,782.3	10,893.6
Equity including minorities' interests			8,010.3	6,821.2	7,776.7
Non-current liabilities			966.3	905.4	976.7
Current liabilities			2,721.9	2,055.7	2,140.2
Other items in DKK million:					
Investments and acquisitions			1,391.7	659.1	1,621.3
Depreciation			383.2	346.0	685.3
Number of employees:					
Number of employees			8,769	8,406	8,559
Ratios:					
EBIT ratio (%)			11.7	19.4	19.5
Profit per share of DKK 10			25.2	42.1	90.8
Intrinsic value per share of DKK 10			371.2	316.1	345.4
Equity ratio (%)			68.5	69.7	71.4
Main figures in EUR million:					
Net sales	466.4	462.0	882.1	898.8	1,864.9
Operating profit before financial items (EBIT)	58.4	92.2	103.6	174.7	362.8
Profit before tax	59.0	93.6	105.9	176.5	370.0
Profit for the period after minorities' interests	39.6	64.0	72.1	121.4	263.6
Cash flow (from operating activities)	69.7	90.0	88.9	146.8	332.5
Total assets			1,568.6	1,314.4	1,460.7
Equity including minorities' interests			1,074.1	916.6	1,042.7
Investments and acquisitions			186.6	88.5	217.4
Depreciation			51.4	46.4	91.9
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).

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Management report for the period from 1 January to 30 June 2008Income statement

The Rockwool Group generated sales in the first half of 2008 of DKK 6,577 million corresponding to a decrease of 2% compared to the same period last year, which was exceptionally high. However, sales for the second quarter 2008 were 1% higher than in 2007 and at the same level as in 2007 on a like for like working day basis.

Sales in the Insulation Division including intercompany sales decreased by 4% to DKK 6,070 million, while Systems Division's sales increased by 15% to DKK 1,042 million.

EBITDA for the Group totalled DKK 1,156 million which is 30% down on the year before.

EBIT ended at DKK 773 million – a decrease of DKK 529 million resulting from lower production capacity utilisation and high inflation on energy related costs. However, despite the short-term economic outlook, the Group continues to invest in the future. EBIT in the Insulation Division decreased by 46% to DKK 662 million. Systems Division generated an EBIT of DKK 104 million which is an increase of 59% compared to the first half 2007.

Net financial items ended up positive at DKK 3.6 million which is DKK 3.3 million better than in first half 2007.

Profit after minority interests for the first half was DKK 538 million which is DKK 367 million lower than last year, corresponding to a decrease of 41%.

Cash flow

Cash flow from operations for the period is DKK 663 million which is DKK 431 million less than last year.

The working capital is stable in first half 2008 compared to the same period last year. There is a higher level of inventories and trade receivables offset by an increase in trade payables.

Investment expenditure in the first half was DKK 1,392 million which is an increase of DKK 733 million compared to the first half 2007.

Balance sheet

Total assets end of the second quarter amounted to DKK 11,699 million. The equity ratio end of second quarter was 68.5%.

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Investments

In order to meet the expected increase in demand for insulation products in the coming years and to improve the competitiveness, the Group has initiated an investment programme consisting of five new production lines. During 2007, the locations for these production lines were selected: two in the EU (Poland, UK), one in Canada, one in Russia and one in Ukraine.

The new line in Poland started up in June 2008 and the new line in UK will start up in fourth quarter 2008 both equipped with new packaging technology. The projects in Canada and Russia are running according to plan.

The project in Ukraine is under re-evaluation due to slower market development than expected as well as the political and legislative uncertainty in this country.

Having received the Croatian authorities' approval, the Istria factory has resumed production under test run conditions on 20 August 2008.

Expectations for the year

Delay in construction projects for financing reasons continues in many countries and makes prediction on market development difficult. The effect from new regulations and energy saving schemes is expected to remain weak during 2008. High energy costs for house holders might trigger higher activity in the refurbishment segment but with minor influence in 2008.

Considering current market trends, expectations for 2008 sales are now slightly below last year.

It is not expected that the very substantial inflation on energy and raw materials can be fully compensated through sales price increases and efficiency improvements in 2008.

Expectations for net result after minority interests is now DKK 1,100 million, which is equivalent to an EBIT ratio of 11.7%, similar to the ratio which was achieved during first half 2008.

The investment programme to improve competitiveness and expand capacity continues. Capital expenditure is now expected at DKK 2,300 million.

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Management statement

The Supervisory Board and Group Management have today approved this interim report for the first half 2008.

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting, as approved by the EU and additional Danish requirements for financial reporting by listed companies.

Furthermore we believe that the management report gives a true and fair statement of the development of the Group's activities and financial situation, the result of the period and of the Group's financial position as a whole as well as a description of the most important risks and uncertainties which the Group is facing.

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2007 – 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 2008 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.

Copenhagen, 28 August 2008

Group Management

Eelco van Heel

Gilles Maria

Carsten B. Winther

Supervisory Board

Tom Kähler

Henrik Nyegaard

Preben Damgaard

Connie Enghus

Lars Elmekilde Hansen

Jan W. Hillege

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Income statement

DKK million	2 nd qtr.	2 nd qtr.	Acc.	Acc.	Full year
	2008	2007	2 nd qtr.	2 nd qtr.	
	Unaudited				Audited
Net sales	3,478.6	3,442.1	6,577.1	6,697.5	13,908.2
Operating income	3,550.7	3,489.7	6,702.7	6,777.7	14,093.6
Operating costs	3,115.3	2,803.4	5,930.2	5,476.3	11,387.8
EBITDA	628.7	862.8	1,155.7	1,647.4	3,391.1
Operating profit before financial items (EBIT)	435.4	686.9	772.5	1,301.4	2,705.8
Income from associated companies	6.6	6.7	13.2	13.2	32.9
Financial items	-2.5	4.0	3.6	0.3	20.9
Profit before tax	439.5	697.6	789.3	1,314.9	2,759.6
Tax on profit for the period	123.7	195.3	216.4	368.2	699.9
Minorities' interests	20.3	25.3	35.3	41.9	93.5
Profit for the period after minorities' interests	295.5	477.0	537.6	904.8	1,966.2

Cash flow statement

DKK million	2 nd qtr.	2 nd qtr.	Acc.	Acc.	Full year
	2008	2007	2 nd qtr.	2 nd qtr.	
	Unaudited				Audited
Profit for the period	315.8	502.3	572.9	946.7	2,059.7
Adjustments	331.0	377.8	565.4	734.7	1,540.3
Change in net working capital	65.4	-118.0	1.3	-363.3	-468.2
Cash flow from operations before financial items and tax	712.2	762.1	1,139.6	1,318.1	3,131.8
Cash flow from operations activity	520.2	670.7	663.2	1,093.8	2,480.0
Cash flow from investments activities	-776.7	-315.2	-1,391.7	-659.1	-1,621.3
Cash flow from operating and investments activities (free cash flow)	-256.5	355.5	-728.5	434.7	858.7
Cash flow from finance activities	-392.8	-206.4	-350.2	-238.6	-353.7
Change in cash available	-649.3	149.1	-1,078.7	196.1	505.0
Cash available – beginning of period	743.0	732.5	1,187.6	689.8	689.8
Adjustments to exchange rates	6.9	1.0	-8.3	-3.3	-7.2
Cash available – end of period	100.6	882.6	100.6	882.6	1,187.6
Unutilised committed credit facilities			950.0	1,450.0	1,450.0

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

DKK million	2 nd qtr.	2 nd qtr.	Acc.	Acc.	Full year
	2008	2007	2 nd qtr.	2 nd qtr.	
	Unaudited				Audited
Net sales per business segment					
Insulation	3,202.6	3,233.2	6,070.4	6,291.7	12,829.8
Systems Division	531.6	461.9	1,041.6	903.9	2,098.2
Group eliminations and holding companies	-255.5	-253.0	-534.8	-498.1	-1,019.8
The Group	3,478.7	3,442.1	6,577.1	6,697.5	13,908.2
Operating profit before fin. items per business segment					
Insulation	365.4	662.4	662.4	1,223.8	2,395.7
Systems Division	53.7	31.9	103.9	65.4	317.7
Group eliminations and holding companies	16.3	-7.4	6.2	12.2	-7.6
The Group	435.4	686.9	772.5	1,301.4	2,705.8

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Balance sheet

DKK million	2nd qtr.	2nd qtr.	Full year
	2008	2007	2007
	Unaudited		Audited
Assets			
Intangible fixed assets	187.9	165.7	183.9
Tangible fixed assets	6,777.4	5,128.0	5,838.9
Financial fixed assets	167.0	181.2	168.2
Deferred tax assets	233.1	158.9	234.0
Fixed assets	7,365.4	5,633.8	6,425.0
Stocks	1,344.7	960.0	1,266.9
Receivables	2,334.8	2,202.5	1,944.8
Cash funds	653.6	986.0	1,256.9
Total current assets	4,333.1	4,148.5	4,468.6
Total assets	11,698.5	9,782.3	10,893.6
Liabilities and equity			
Share capital	219.7	219.7	219.7
Other reserves	7,567.8	6,459.7	7,369.0
Minorities interests	222.8	141.8	188.0
Total equity	8,010.3	6,821.2	7,776.7
Non-current liabilities	966.3	905.4	976.7
Current liabilities	2,721.9	2,055.7	2,140.2
Total liabilities	3,688.2	2,961.1	3,116.9
Total liabilities and equity	11,698.5	9,782.3	10,893.6

Changes in equity

DKK million	2nd qtr.	2nd qtr.	Full year
	2008	2007	2007
Equity as of 1 January	7,776.7	6,033.2	6,033.2
Exchange rate adjustments	34.7	25.5	25.1
Adjustments of financial instruments	10.0	1.4	6.4
Tax on changes in equity	0.0	0.0	-2.4
Profit for the period	572.9	946.7	2,059.7
Acquisition of own shares	-76.5	14.8	-149.6
Expensed value of options issued	5.3	8.1	12.8
Paid dividend	-312.8	-208.5	-208.5
Minorities' interests – addition and dividend (net)	0.0	0.0	0.0
Equity as of end of period	8,010.3	6,821.2	7,776.7