Annual Report 2011

Released 1 March 2012

ROCKWOOL®
FIRESAFE INSULATION

Contents

Photos: (Cover + 2) Rockpanel facade on school in Gentofte, Denmark / Niclas Jessen; (contents) Rockwool insulation product / Niclas Jessen; (3) CEO Eelco van Heel / Magnus Klitten; (6) Real estate agent / Scanpix; (7) Industrial and office building, Valladolid, Spain / Agustín Albizu; (8) Renovated child care centre, Høje-Taastrup, Denmark / Kenn Thomsen; (9) Mumbai, India / Colourbox; (10) Youth at Soroti District / Toke Nyborg, Caritas Danmark; (11) 'Fit for Kids' check-up / Lars Svankjær; (12) Senior Project Manager Kristian Skovgaard Jørgensen / KommunikationsKompagniet; (14) CREATE AND PROTECT® / Niclas Jessen; (15) Flughafen Berlin-Schönefeld GmbH; (16) Marina Bay Sands - Hotel Towers, Singapore / joyfull, Shutterstock; (17) Fire fighter / Shutterstock; (18) Passive house renovations, Nieuwkuijk, the Netherlands / Sicco van Grieken; (19) Rockfon ceiling at Bella Sky hotel, Copenhagen, Denmark / Fotograferne Nibe; (22) Board / Patricia Rossello; (23) Group Management / Magnus Klitten; (25) 'Green Balance', Moscow, Russia / Vladimir Verhovskiy; (28) CREATE AND PROTECT ® / Niclas Jessen.

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CREATE AND PROTECT

Rockpanel cladding boards create a colourful and lively environment for the kids at a school north of Copenhagen while at the same time protecting the building against the elements. The Rockpanel business is expanding in Europe and broadening the Rockwool Group's range of sustainable solutions for tomorrow's buildings.

“We plan – even in this time of crisis – to continue to grow our business profitably“

2011 – important steps forward despite international crisis

Despite the turbulent state of the world economy in 2011, the year produced many positive developments in the Rockwool Group. We managed to grow sales by 17% and, even though there was strong pressure on raw material prices, we also maintained our profitability at more or less the same level as the previous year.

Why have we fared reasonably well compared to other parts of the international construction sector? And can we escape the crisis which most macro-economists see looming on the horizon?

First of all, we see a continued decoupling of the energy efficiency renovation sector and the general construction activity in the EU, which is still our main market, accounting for more than 70% of our sales. Spearheaded by Germany and France, there is a determined will to devote public funds – even in these times of austerity – to new programmes and support measures, thereby harvesting the triple benefit of job creation, lower CO_2 emissions and reduced energy consumption.

Secondly, we are constantly increasing our business outside the EU. In a time of European trouble, we benefit from the relatively strong sales developments in areas like North America, China and Russia. In the latter two countries, there is an increasing focus not only on energy efficiency but also on fire safety, where our stone wool products have clear advantages compared to combustible insulation materials. The main challenge in our targeted growth markets is to satisfy demand, and during 2011 this could only be accomplished through costly imports. With the opening of a new factory in the Kazan region of Russia in March 2012, part of the puzzle will be solved.

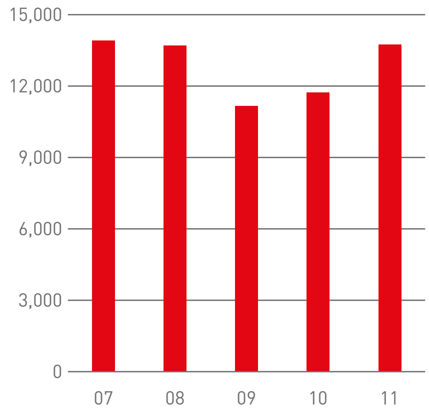
Finally, we continue to see healthy growth in our Systems businesses which comprise the Group’s activities outside the core insulation markets. In particular, the two building-related areas have been developing quickly and profitably, both in new countries and in new businesses. Our trio of strong brands – Rockwool insulation, Rockfon ceilings and Rockpanel cladding boards – can build on each other’s strengths and open doors for architects seeking sustainable building solutions. This gives us promising opportunities for the continued global expansion of our building solutions.

So, even though we will probably see a slowdown in the pace of growth throughout society, we plan – even in this time of crisis - to continue to grow our business profitably.

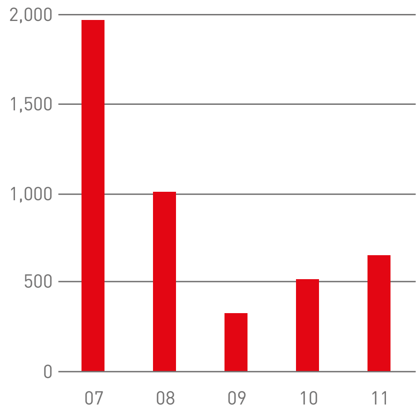
Eelco van Heel
CEO of the Rockwool Group

Key figures

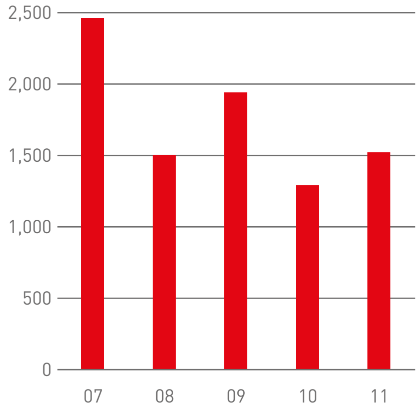
Net sales (DKK million)



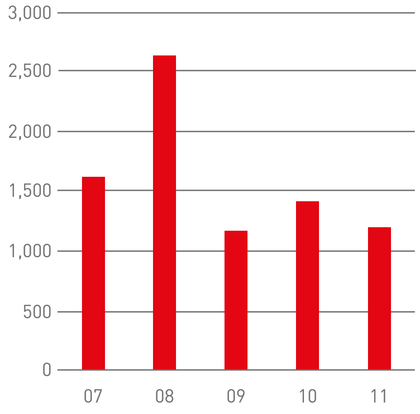
Profit for the year after minority interests (DKK million)



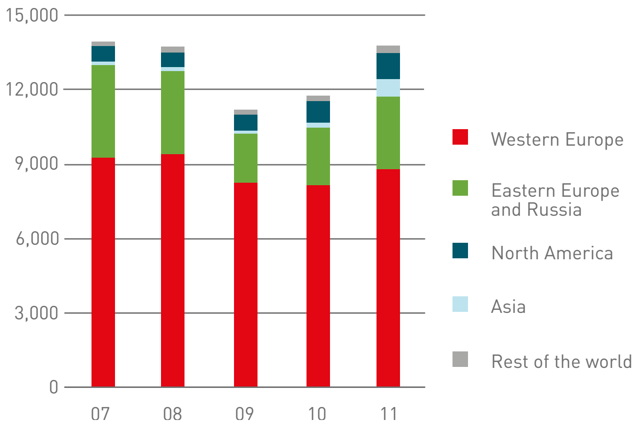
Cash flow from operating activities (DKK million)



Investments and acquisitions (DKK million)



Net sales by geographical segment (DKK million)



Employees by region

Five-year summary

Income statement items in DKK million	2011	2010	2009	2008	2007
Net sales	13,748	11,732	11,168	13,700	13,908
EBITDA	1,821	1,782	1,529	2,373	3,391
Depreciation, amortisation and write-downs	917	989	953	871	685
EBIT	904	793	576	1,502	2,706
Financial items	-47	-17	-42	8	21
Profit before tax	899	812	556	1,545	2,760
Profit for the year after minority interests	640	512	322	1,004	1,966
Balance sheet items in DKK million					
Non-current assets	9,377	9,103	8,117	7,755	6,425
Current assets	3,301	3,133	3,209	3,888	4,469
Total assets	12,678	12,236	11,326	11,643	10,894
Equity	8,635	8,775	8,205	7,964	7,777
Non-current liabilities	1,368	1,200	1,196	1,626	977
Current liabilities	2,675	2,261	1,902	2,053	2,140
Others in DKK million					
Cash flow from operating activities	1,527	1,285	1,950	1,507	2,480
Investments and acquisitions	1,200	1,412	1,170	2,642	1,621
Free cash flow	327	-127	780	-1,135	859
Net interest-bearing debt	550	426	-141	446	-1,144
Research and development costs	213	210	260	210	252
Exchange rate (year-end rates)	7.43	7.45	7.44	7.45	7.46
Number of employees					
Number of employees at year-end	9,368	8,808	7,843	8,552	8,559
Ratios					
Profit ratio	7%	7%	5%	11%	19%
Earnings per share of DKK 10	30	24	15	46	91
Dividend per share of DKK 10	9.6	9.6	9.6	9.6	14.4
Payout ratio	32%	40%	64%	21%	16%
Cash earnings per share of DKK 10	71	59	90	70	113
Book value per share of DKK 10	392	390	362	351	345
Return on invested capital	10%	9%	7%	20%	45%
Return on equity	7%	6%	4%	13%	29%
Equity ratio	68%	72%	73%	68%	71%
Financial gearing	0.06	0.05	-0.02	0.06	-0.15
Stock market information					
Share capital (DKK million)	220	220	220	220	220
Price per A share (DKK)	458	726	651	316	1,182
Price per B share (DKK)	461	700	652	300	1,188
Number of A shares (10 votes)	11,231,627	13,072,800	13,072,800	13,072,800	13,072,800
Number of B shares (1 vote)	10,743,296	8,902,123	8,902,123	8,902,123	8,902,123

For definitions of ratios see page 57. For main figures in EUR see page 53.

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.

Insulation – the profitable way to energy efficient society

Achieving an energy efficient low-carbon society is the goal, but how to progress? An obvious way to make a breakthrough would be to ensure that all existing buildings in Europe and North America are properly insulated. In addition there is necessity to enforce energy efficiency requirements for buildings in the fast urbanising Asian economies where most of today's construction is taking place. The proper insulation of power plants and hot industrial processes is also a priority for action. These are just some of the most urgent and profitable ways to improve energy security and cut energy costs, carbon emissions and a number of other air pollutants emanating from fuel combustion. At the same time, thousands of green jobs will be created.

According to the International Energy Agency, energy efficiency is the most important key to a low-carbon society. In Europe and North America, buildings account for some 40% of energy consumption. Meanwhile, in developing economies with mass urbanisation, the amount of energy used for cooling and heating is growing rapidly. Worldwide it is estimated that a reduction of more than 80% in the energy consumption of buildings is possible longer term – according to research from the University of Cambridge, UK.

Further, many energy efficiency improvement measures come with impressive energy cost savings and emission reductions. According to CO_2 abatement studies, for instance by McKinsey, insulation is among the lowest hanging fruits; giving some of the highest financial gains for every tonne of CO_2 it saves.

EU leads on energy efficiency legislation

In the EU, it will become mandatory for new buildings occupied and owned by public authorities to be nearly-zero energy buildings by the end of 2018. Two years later, nearly-zero energy

More transparent real estate market

High energy prices are helping to increase interest in better insulation standards for real estate. Cutting energy bills has become even more important. According to a 2011 report from the Danish real estate agent EDC, a home in energy class C now earns an 11% sales premium compared to a similar house in the poorest class G. In an upmarket neighbourhood, this can mean a difference of more than EUR 65,000. Energy labels are now mandatory throughout the EU for all buildings being sold, rented or that have public access. This will make it easier to judge insulation standards – and act accordingly.

Insulation requirements on the rise

Nearly zero-energy buildings – with high levels of insulation – will be the requirement for all new EU houses in less than 9 years. To reach this target, governments are already tightening energy efficiency requirements in their building codes – improvements of 25% or even 30% are not unusual.

will also apply to all new private homes. Such well insulated buildings will in general be more than twice as energy efficient compared to the building code requirements valid today.

In the EU, constructing highly energy efficient new buildings is not in itself enough to cut energy import dependency and CO_2 emissions to the desired level. The EU has, for example, committed itself to reduce CO_2 emissions by 80-95% by 2050, compared to 1990 levels. Most of the building stock of 2050 has already been erected. To address this situation, a new EU Directive on Energy Efficiency is being prepared. In particular, it will advance the thorough energy modernisation of buildings and calls – in its present draft – for a significant energy renovation of 3% of public buildings annually (doubling the current rate). Furthermore, the directive proposes to introduce obligations for energy providers to help their customers become, on average, 1.5% more energy efficient per year. Utility companies who fail to do this will face penalties. The directive is expected to be finalised in 2012 and will be implemented as of 2013 or 2014.

Underneath the umbrella of EU legislation, important national programmes are being launched. For many years, the Rockwool Group's largest market – Germany – has taken the lead in thorough energy modernisation of existing buildings, creating more than 100,000 green jobs annually alongside vast savings in CO_2 emissions and energy imports. An ambitious energy modernisation project can attract a considerable subsidy or up to EUR 75,000 in low interest loans. According to the Jülich Research Centre, for every EUR 1 spent by the public authorities on implementing energy efficient construction and refurbishment in Germany, EUR 4-5 in revenue were generated. After the Fukushima accident in 2011, Germany decided to abolish nuclear power by 2022, making energy efficiency in buildings even more important.

A strong carbon footprint

A typical Rockwool product used for insulating a building saves approximately 100 times the energy used during its lifecycle. The energy saving and CO_2 balances generally become positive in less than 6 months. Insulation products for

One of the most positive net carbon footprints

During the lifetime of all the Rockwool insulation being sold this year, more than 4,000 million tonnes of CO_2 emissions will be saved from buildings and industrial processes worldwide. With a sales growth target of 8% per year, this figure could grow to 7,600 million tonnes of lifetime savings in 2020 for the insulation installed in just one year.

Better learning environments

Adults and children often spend hours in draughty public buildings with expensive energy bills. The EU Commission wants public building owners to carry out thorough energy modernisation of at least 3% of their building stock every year. The child care centre of Vejtoften, in the award-winning Danish municipality of Høje-Taastrup, is one such glowing example. The building energy upgrades have meant saying 'goodbye' to cold feet and excessive energy bills, and 'hello' to green jobs and economic savings of approximately EUR 30,000.

industrial purposes, where often high temperatures are involved, have an even more positive energy and CO_2 balance. Over its lifetime, this insulation application saves on average 20,000 times the CO_2 emitted during its lifecycle – with the energy and CO_2 balances already positive after less than one day!

For more information about the sustainability profile of the Rockwool Group, please visit:
www.rockwool.com/environment
www.rockwool.com/energy+efficiency

Transparency: among the Top 10 Nordic climate reporters

In 2011 the Rockwool Group was among the 10 leading Nordic climate reporters in the Carbon Disclosure Project (CDP), scoring 86 out of 100 points. This is an improvement of 8 points compared to 2010. The purpose of the CDP is to provide more transparency to international investors trying to understand the CO_2 profile of listed companies. At present the Group has sufficient CO_2 quotas in the EU emission trading scheme and does not need to buy allowances. The current EU plan is for free allowances to be phased out completely by 2027. In 2010 the Group's CO_2 efficiency was improved by 5% for Scope 1 (from energy combustion at our plants) and by 10% for Scope 2 (electricity from external suppliers). Further initiatives will be undertaken to reduce our carbon intensity.

See our complete CDP report: www.cdproject.net

Committed to society

The Corporate Social Responsibility approach of the Rockwool Group reflects the desire to contribute to positive social development as stated in the Group's Social Charter. A testament to this is the substantial energy and CO_2 emission reductions and the safer constructions which are at the core of our insulation solutions. However our ambitions cover all aspects of interaction with global and local society.

We conduct our business according to modern standards for responsible and reliable business conduct. The Rockwool values – honesty, responsibility, efficiency, passion and entrepreneurship – are described further on our corporate website.

The Rockwool Group publishes a full progress report on Corporate Social Responsibility according to the Danish Financial Statements Act, art. 99a. The report gives an overview of the company's performance within the central areas of human rights, labour standards, environment and anti-corruption.

During 2011, the Rockwool Group's sourcing and procurement department has introduced a supplier evaluation process. This process will further strengthen the Group's control with suppliers of key raw materials – especially with focus on ISO and environmental certifications as well as compliance with the Group's code of conduct for suppliers.

The Corporate Social Responsibility report
www.rockwool.com/csr+reports

The Rockwool Group's Social Charter
www.rockwool.com/social+charter

In 2011 a new Rockwool plant opened in India. As part of our community approach, the Rockwool Group has entered into partnership with the government of the state of Gujarat to establish a demo-project where a public building is renovated to expand the awareness of energy efficiency locally.

The Rockwool Foundation

Part of Rockwool International A/S's dividend is spent on social research and interventions

The Rockwool Foundation was established in 1981 as a non-profit organisation by six members of the Kähler family. Tom Kähler, former CEO and now Chairman of the Board of Rockwool International A/S, has been the Chairman since 1991.

The Foundation is the biggest shareholder of Rockwool International A/S with 23% of the shares. This implicates that almost a quarter of the Group's dividend is spent on social research and society related interventions.

Youth for peace

Peaceful coexistence is a prerequisite for development and prosperity in any society. Due to violent conflicts during the last decade, families in Soroti District in north-eastern Uganda were forced to flee their homes when their communities were raided with brutality beyond imagination. The years spent in camps undermined the traditional institutions that previously resolved disagreements peacefully and fairly – and also created a communication gap between young people and their elders. The villagers, who have now resettled, had to build their societies completely anew.

A project launched by the Rockwool Foundation through the organisation Caritas Denmark engages Soroti youth in special clubs to promote peaceful coexistence through role play and open dialogue. It encourages participants to get involved in local decision making and development planning.

'Fit for Kids'

In 2011, the Rockwool Foundation started a project 'Fit for Kids' to enable better targeting of the efforts to help obese children. The project aims at giving better tools for the nearly 200 schools participating in the Healthy Schools Network (SundSkoleNettet.dk).

The purpose is to identify and understand how a multifactorial holistic approach can help overweight and inactive families. In particular the project aims to contribute factual information about how physical activity and diet affect children's hormone levels and metabolic rate.

The intervention tackles the problems associated with obesity from several angles simultaneously, and involves the child's family more intensely than has been done previously. The project is evaluated by the Rockwool Foundation Research Unit in cooperation with Professor MD DMSc Bente Klarlund Pedersen.

The research is mainly focused on socio-economic issues and the current problems faced by contemporary society. The aim is to improve the knowledge base and quality of public debate so that politicians can make informed decisions. Research is carried out in four broad areas: migration and integration, undeclared work, work and the welfare state, families and children.

Social entrepreneurship and the principle of self-help support are key elements in the Foundation's interventions. These are aimed at achieving lasting and sustainable improvements within three selected programme areas: food security and poverty alleviation, strengthening social engagement, and international peace building. Individuals and communities, mainly in Africa and the Middle East, benefit from these programmes. In a fourth programme, the focus is on improved health for Danish children.

Read more about the Rockwool Foundation (in English) at
www.rockwoolfonden.dk

Bright dedicated people and an inspiring working environment

The strength and competitiveness of the Rockwool Group is closely linked to our ability to attract and retain bright dedicated people and to create inspiring workplace environments which motivate all to give the very best performance. A number of key areas have been identified to achieve this:

Innovation at heart

It is the aim of our corporate strategy Rock the Globe to strengthen the company's innovative capacity advancing a culture that passionately nurtures technical skill, sales excellence, education and entrepreneurship. 2011 saw good momentum on the new product front with several launches including the aerogel-based insulation board Aerorock, the low-energy load-bearing wall system RockShell and super low-energy window components combining wood and stone wool. The Rockwool values of Entrepreneurship and Passion are an integral part of our leadership programme and serve to foster innovation in all parts of the organisation. As an example, the Rockwool University launched its sales excellence activities, cultivating a new sales approach towards architects and consulting engineers. By the end of 2011, 16% of our total sales force had completed the training and the 2012 goal is for more than 60% to pass the course.

The right people all around the world

It is a cornerstone of Rock the Globe that we create a global organisation matching our ambitions for international growth. One important element concerns the mobility of our employees. The classical posting abroad can be supplemented with more flexible working patterns where international managers and experts are able to participate in projects on a commuting basis. This will increase global understanding and help us to transfer knowledge and best practice worldwide across the organisation.

Rockwool insulation inside

Senior Project Manager Kristian Skovgaard Jørgensen at one of our new product launches in 2011 – a Rockwool core for window frames making windows more energy efficient. Increasing our capacity for innovation is a cornerstone in the corporate strategy.

As project manager, Kristian Skovgaard Jørgensen is responsible for putting together a strong innovative team, taking advantage of the skills of his colleagues in the Group's many locations across the world.

We see diversity as both an opportunity and a learning process. Over the coming years, we will continue to take advantage of the Group's extraordinarily strong national and cultural diversity in support of our international business. Besides cultural differences, like many companies in the global construction business, we have an uneven gender balance. To harvest the full potential of society's skills, we are eager both to recruit and to progress our present female talent in the Rockwool Group.

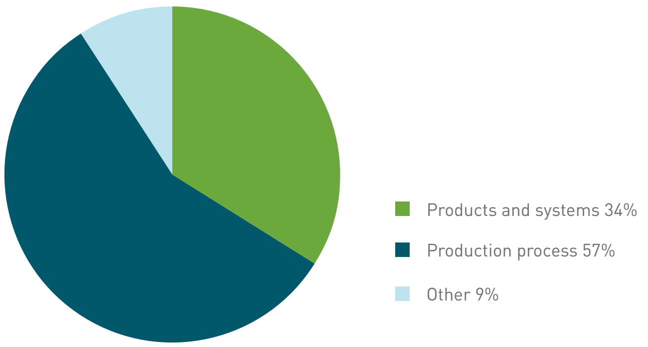
A performance-oriented organisation

Efficiency is a Rockwool value at the heart of our performance-based culture. Our performance management system focuses on clear goal setting, achieving results as well as improvement of competencies and behaviour. A new Group Performance management system was rolled out in 2011 which, in combination with our Group Employee Perception Survey (carried out since 2006), allows us to track progress and make improvements where necessary. In 2011 our survey of 3,000 employees paid special attention to the perception and understanding of the business strategy – which is fundamental for us to meet global challenges and for growth.

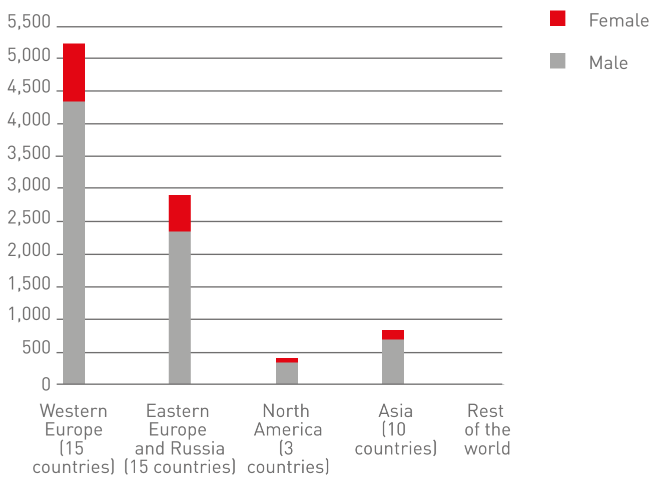
Key indicators

	2011	2010	2009	2008	2007
Turnover rate, office staff	4.4%	4.2%	3.5%	7.2%	6.4%
Training days per employee, office staff	3.2	3.3	2.2	4.5	4.5
Training days per employee, production staff	3.1	2.4	2.6	3.1	2.2
Patents granted in the year	121	66	133	106	195

Research & Development activities 2011



Gender by region 2011



“The Rockwool Group’s strong position within the market for energy efficiency in buildings secured solid sales growth”

Sales, markets and performance

Highlights

- Sales increased by 17.2% and reached DKK 13,748 million
- EBITDA increased by 2.2% and reached DKK 1,821 million
- Profit after minority interests increased by 25.0% and totalled DKK 640 million
- Investments totalled DKK 1,200 million
- Cash flow from operations amounted to DKK 1,527 million – an increase of 18.8% on 2010
- 2012 sales are expected to increase by 5% with profit after minority interests of more than DKK 600 million
- 2012 investment level excluding acquisitions is expected to be around DKK 1,400 million
- The proposed dividend is maintained at DKK 9.60 per share

The Rockwool Group's strong position within the market for energy efficiency in buildings secured solid sales growth, despite the otherwise troubled macro-economic environment. Sales increased by 17% reaching DKK 13,748 million of which 13% was organic and 4% came from the acquisition of the Asian insulation activities of the Australian conglomerate CSR. Our key markets in Western Europe showed a healthy performance with sales up 8% led by Germany and France, and well supported by dynamic government incentives for energy efficiency in existing buildings. Eastern Europe including Russia also performed well with sales up by 26%, thanks to a strong performance in the Russian market. Markets outside Europe including acquisitions showed solid growth of 58%. The positive development in sales volume and increased prices in the second half of the year mitigated the negative effect of rising inflationary pressure which eased in the fourth quarter. This, together with a trimmed cost base, was the main reason for the Group's ability to show a profit of

Airport of tomorrow

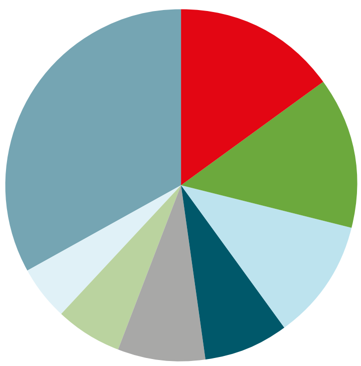
Combining high energy-efficiency with the architect's passion for aesthetic design is a key priority, as seen here at the new international airport at Berlin, Germany, where the Rockwool Group has insulated more than 118,000 m^2 roof.

Asian growth

The impressive Marina Bay Sands hotel is an icon in Singapore. The Group's insulation helps to keep the cooling bill as low as possible.

DKK 640 million after tax and minority interests – up 25% on the previous year and better than the forecast announced in January 2012.

Net sales per country



Business areas

Insulation

Sales in our insulation business (82% of net sales) showed a solid growth trend throughout the year. Sales grew by 20% and reached DKK 11,266 million, predominantly due to larger volumes. In the first half of 2011, it was especially difficult to pass on the increasing raw material costs to customers. This situation eased in the second half of the year, with better pricing in most of the Group's markets.

Key figures Insulation segment

DKK million	2011	2010
External net sales	11,266	9,390
Internal net sales	1,370	1,245
EBITDA	1,445	1,369
Depreciation, amortisation and write-downs	894	859
EBIT	551	510

The healthy increase in volume during 2011 was, to a large extent, driven by renovation markets which represented an important part of the Group's insulation sales in Europe and North America. In certain countries, such as Germany and France, modernisation projects are being strongly stimulated by public programmes aimed at reducing energy consumption in buildings. The same is the case in Russia which showed an outstanding sales performance over the year with sales up 45%. The strong demand could only be met by massive imports, especially from our Polish factories which – due to import tax and transport costs – only contributed modestly to profits. To support our solid position in this fast growing market, our fourth Russian factory will be opened in the Kazan region in March 2012. In North America, our sales were significantly better than the general insulation market, thanks to strong penetration of the Do-It-Yourself (DIY) home renovation sector. An important agreement was signed with one of the leading DIY chains – Lowe's – giving access to more than 200 stores in north-eastern US. In view of the Group's success in some important segments of the North American market, we are now planning additional capacity.

New construction activities were at a low level both in Europe and North America where the building sector has not yet recovered from the 2008 economic crisis. In Asia, however, construction projects are still at a high level and the Group sees itself playing an important role ensuring that these new buildings are erected in a sustainable way, addressing the need for energy efficiency and fire safety. The Group saw a strong surge in demand for fire-safe insulation in China, after the authorities highlighted the rules for the use of non-combustible building materials in high-rise buildings. With the production capacity from a recently acquired local factory already being fully sold out, we have started to ship insulation from Europe to China. Longer term, the Group needs to find a more efficient set-up to service the Chinese market and we have therefore started exploring the possibility of establishing a new plant in northern China.

Outside the building sector, the activities within industrial and technical insulation showed mixed development with sales in North America and especially in Asia growing steadily, whereas the European market was more subdued. The Group sees potential for healthy growth within the market for industrial and technical insulation and continues to expand the production platform. In 2011, new facilities were established at the recently acquired factory in Troitsk, Russia, and additional equipment was installed in our North American subsidiary. Finally, a new plant specialising in industrial and technical insulation opened in north-western India.

Deadly fires are increasing the public demand for fire-safe solutions

The usage of non-combustible insulation in facades, roofs, and sandwich panels is low in some countries where use of plastic foam insulation is common. Rockwool stone wool is non-combustible and cannot burn while plastic insulation is combustible. If insufficiently protected, combustible insulation may add to the speed and power of the spread of fire in a building.

Systems segment

Our systems segment (18% of net sales) comprises those business areas other than insulation. With a sales increase of 6% and a rise in EBIT of 5%, the segment showed solid performance despite challenging environments.

Key figures Systems segment

DKK million	2011	2010
External net sales	2,482	2,341
Internal net sales	0	0
EBITDA	355	339
Depreciation, amortisation and write-downs	2	3
EBIT	353	336

The Rockfon Group – one of the leading providers of **ceiling** solutions in Europe – continued to grow strongly. The demand for high-quality ceilings contributing to a pleasant indoor climate, with good acoustics and aesthetic design, continues to rise. Renovations of public buildings, such as schools and hospitals, often include improved ceiling solutions and this has contributed significantly to growth in our traditional Western European markets. In our new markets in Central and Eastern Europe, sales growth was substantial and the Group was running at full capacity at its production sites in Poland, France and the Netherlands. To meet the strong demand, especially from the rapidly growing Russian market, a new production facility is being started at our stone wool plant in Vyborg close to St. Petersburg.

The Rockpanel business performed well despite a challenging environment in several key Western European countries. Both a stronger marketing effort and entry into more countries in Europe helped secure double digit sales growth and a satisfactory profit level. The durable and aesthetic Rockpanel **cladding** boards and roof linings are becoming increasingly popular with architects and building owners. The global trend towards lightweight facade constructions also benefits our Rockpanel business.

Acquiring key technologies

In 2011, the Rockwool Group acquired the Polish system holder FAST. FAST possesses a number of key technologies complementing our existing facade solutions. Increasingly the renovation of existing buildings, as here in Nieuwkuijk, the Netherlands, is carried out by adding an extra layer of insulation to the facade.

The ceiling success continues

Rockfon ceilings improve the indoor climate in more and more buildings in Europe. Sales in Russia began in 2010 and developed rapidly in 2011. Spring 2012 will see the start of production in the St. Petersburg region.

The Grodan Group, the world leader in **horticultural** substrates for professional growers, was again challenged by tough competition in the key Benelux market. The Spanish market was also under pressure. Sales in North America and Eastern Europe increased well. All in all, Grodan sales remained at almost the same level as the year before.

Sales of **engineered fibres** for, among others, brake linings, paints and gaskets, performed well during most of 2011. However, towards the end of the year some segments within the automotive industry showed signs of a considerable slowdown due to the difficult economic conditions. Overall, we saw an increase in sales compared to 2010.

The RockDelta business for **vibration** control targeted at rail-borne traffic, as well as the **noise** abatement solutions for private households experienced lower sales due to tough market conditions in 2011.

Financial performance

Profit for the year

In 2011, the Group generated an EBITDA of DKK 1,821 million which is at the same level as 2010. EBITDA ratio to net sales was 13% which is 2 percentage points lower than the previous year. EBITDA for the fourth quarter was at the same level as in third quarter, reaching DKK 515 million and showed a ratio of 14%. The positive effect of higher volumes and increasing sales prices seen in third quarter continued in fourth quarter.

EBIT amounted to DKK 904 million, an increase of DKK 111 million or 14% compared to 2010. The increase in sales prices for 2011 only partly offset the high inflation that the Group faced in 2011, causing the profit ratio for the year to decrease from 6.8% in 2010 to 6.6%. The personnel costs for the year increased compared to the previous year, primarily due to the full effect of the CSR acquisition made in December 2010.

Net financial costs ended at DKK 47 million which is DKK 30 million more than in 2010, primarily due to an increase in the level of borrowing.

The effective tax rate was 30.7%, equivalent to a tax amount for the year of DKK 276 million. The effective tax rate was 3 percentage points lower than 2010, primarily due to higher earnings in countries with lower tax rates.

Group profit after tax was DKK 623 million, an increase of DKK 86 million. Profit after tax for the parent company totalled DKK 724 million, an increase of DKK 39 million compared to 2010, primarily due to lower depreciation impacted by a reversal of a previous write-down in intangible assets.

Investments and cash flow

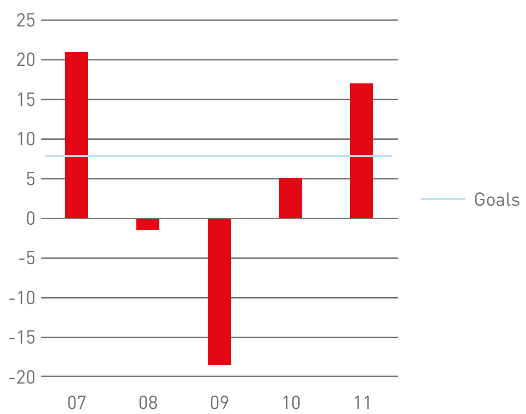
Cash flow from operating activities amounted to DKK 1,527 million, an increase of 19% mostly due to the positive impact of increased operational results. Working capital for the year was stable compared to 2010. Investments in 2011 reached DKK 1,200 million, including acquisitions of DKK 101 million, and decreased by DKK 212 million compared to the previous year. Investments excluding acquisitions increased by DKK 504 million compared to 2010, of which DKK 481 million was for the continued expansion of capacity in India and Russia. Free cash flow improved by DKK 454 million primarily due to better results and lower investments.

Balance sheet

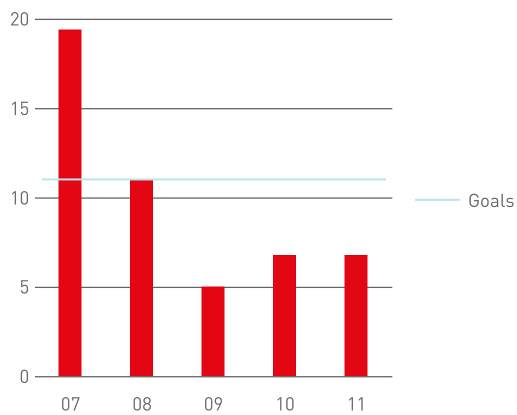
At the end of 2011, total assets amounted to DKK 12,678 million, an increase of DKK 442 million compared to year-end 2010. The increase came primarily from acquisitions which accounted for some DKK 163 million, plus an increase in inventory and trade receivables of DKK 205 million. Average 'debtor days' have decreased by 0.6 days, compared to the end of 2010.

Financial goals for the Rockwool Group

Average sales growth of 8%



Profit ratio of 11% of net sales



Available cash at the end of 2011 amounted to DKK -128 million, a decrease of DKK 260 million compared to 2010. Equity at the close of 2011 amounted to DKK 8,635 million, corresponding to an equity ratio of 68%. At year-end 2011, net interest-bearing debt amounted to DKK 550 million, an increase of DKK 124 million compared to 2010. By the end of the 2011 the Group had unused committed credit facilities of DKK 3,450 million.

Expectations

The Group experienced positive sales developments in 2011, fuelled by general increased demand, growth in emerging regions, and by refurbishment markets in Europe. The consequences of the current public debt crisis are still unclear but we anticipate that the European construction sector will continue to be affected negatively which may reduce new build activity even further.

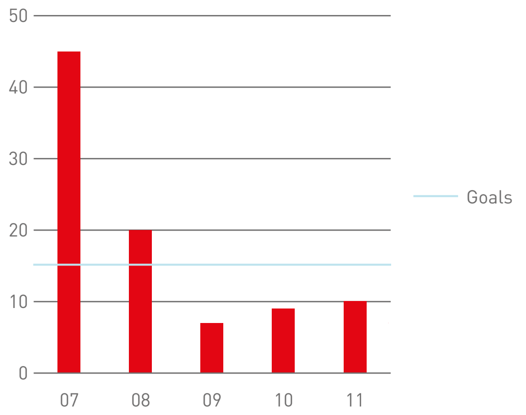
Commitments from European countries to reduce CO_2 emissions are favouring energy efficiency measures in existing buildings through government incentives and stricter regulations. The Group expects such measures to improve refurbishment activity in Europe, mitigating the foreseeable decrease in new build.

In growth markets and emerging regions, the Group expects a continuation of our 2011 sales development. We will be focusing on China and North America where there is significant potential for growth in coming years. Market growth in Russia is expected to normalise after an exceptional year in 2011. We expect our 2012 sales to grow by 5%.

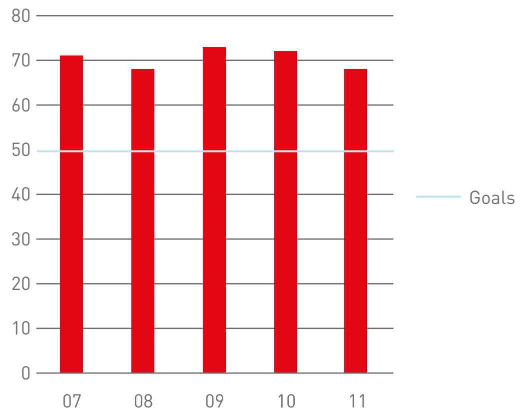
The slight decrease on some raw material costs towards the end of 2011 is expected to continue somewhat during 2012, but is unlikely to offset incoming inflation from other areas. Fixed costs will be carefully managed and increases will primarily be allocated to further expansion in growth markets and businesses.

Profit for 2012 after minority interests is forecast at more than DKK 600 million. Investment expenditure excluding acquisitions is expected to be DKK 1,400 million. Of this, DKK 500 million is earmarked to be spent on capacity expansion – including the new insulation and Rockfon production facilities in Russia.

Return on invested capital of 15%



Equity ratio of min. 50% of the assets



Board

From left:

Claus Bugge Garn
Born in 1962, nationality: Danish
Elected by employees
Vice President, Group Public Affairs, Rockwool International A/S.
Other positions:
Member of the Board of The Alliance for a Fire Safe Europe. Member of the FM Approvals Advisory Council.

Thomas Kähler
Born in 1970, nationality: Danish
Managing Director of Rockwool Scandinavia
Other positions related to the company:
Member of the Kähler Family Meeting.

Heinz-Jürgen Bertram
Born in 1958, nationality: German
CEO of Symrise AG
Other positions:
Member of the Regional Board Nord/LB-Holzminden and member of the Board of Deutsche Bank – Region Hannover.

Connie Enghus Theisen
Born in 1960, nationality: Danish
Elected by employees
International Segment Manager, Rockwool International A/S.

Carsten Bjerg
Born in 1959, nationality: Danish
CEO and Group President of Grundfos Management A/S
Other positions related to the company:
Member of the Compensation Committee.
Positions in other Danish public limited companies:
Member of the Board of Vestas Wind Systems A/S.
Other postions:
Chairman of the Boards of Grundfos Holding AG (Switzerland), Grundfos New Business A/S, Grundfos China Holding Co., Ltd. (China) and Grundfos Pumps (Shanghai) Co., Ltd. (China). Member of the Board of Grundfos Finance A/S. Chairman of the Board of the Business Innovation Fund. Member of the General Council of the Confederation of Danish Industries. Board member of the Federation of Employers in the Provincial Industry.

Tom Kähler, Chairman
Born in 1943, nationality: Danish
Former President and CEO of Rockwool International A/S
Other positions related to the company:
Member of the Audit Committee and the Compensation Committee. Chairman of the Board of the Rockwool Foundation. General Manager of the Kähler Family Meeting.
Positions in other Danish public limited companies:
Chairman of the Board of A/S Saltbækvig.
Other positions:
Member of the Board of A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal.

Bjørn Høi Jensen
Born in 1961, nationality: Danish
Non-Executive Director at EQT
Other positions related to the company:
Member of the Audit Committee.
Positions in other Danish public limited companies:
Vice Chairman of the Board of Erhvervsinvest Management A/S. Member of the Board of Gyldendalske Boghandel, Nordisk Forlag A/S.
Other positions:
Member of the Board of CEPOS.

Dorthe Lybye
Born in 1972, nationality: Danish
Elected by employees
Senior Project Manager, Group R&D, Rockwool International A/S
Other positions related to the company:
Member of the Board of the Rockwool Foundation.

Jan W. Hillege
Born in 1941, nationality: Dutch
Former President and CEO of Grontmij NV
Other positions related to the company:
Member of the Audit Committee.
Other positions:
Member of the Boards of Plasticon and Enza. Member of the Audit Committee of Enza.

Steen Riisgaard, Deputy Chairman
Born in 1951, nationality: Danish
President & CEO of Novozymes A/S
Other positions related to the company:
Member of the Compensation Committee.
Positions in other Danish public limited companies:
Vice Chairman of the Board of Egmont International Holding A/S. Member of the Boards of the CAT Science Park A/S and ALK-Abelló A/S.
Other positions:
Chairman of the Board of WWF (World Wildlife Fund) Denmark. Vice Chairman of the Board of the Egmont Foundation.

Further information is available at:
www.rockwool.com/board

Group Management

From left:

Henrik Frank Nielsen
Division Managing Director, Europe Division
Born in 1961, nationality: Danish
Positions in other Danish public limited companies:
Member of the Board of Keflico A/S.

Klaus Franz
Senior Vice President, Innovation & Business Development
Born in 1953, nationality: German
Other positions related to the company:
Member of the Board of the Rockwool Foundation.
Other positions:
Member of the Boards of Gelsenwasser AG and Stadtwerke Bochum GmbH.

Gilles Maria
Senior Vice President and CFO, Group Finance & Corporate Affairs
Born in 1958, nationality: French

Eelco van Heel
President and CEO
Born in 1955, nationality: Danish

Herman Voortman
Division Managing Director, Systems Division
Born in 1962, nationality: Dutch.

Theo Kooij
Division Managing Director, East Division
Born in 1960, nationality: Dutch

Further information is available at:
www.rockwool.com/group+management

Corporate governance

Rockwool International A/S' corporate governance charter consists of a framework of principles and rules. This framework includes the Articles of Association, Business Procedure for the Board, and Management Instructions for the Management Board, and is in accordance with the more general values, Principles of Leadership and business rules used in the Rockwool Group.

Pursuant to the provisions of the Danish Companies Act and Rockwool International's Articles of Association, the supervision and management of Rockwool International is divided among the Group Management, the Board and the General Meeting of shareholders.

Group Management

Group Management is responsible for the day-to-day management of the company. The team consists of the CEO and five other executives – in total two Danes, two Dutch, one German and one French. Two executives including the CEO are registered as the Management Board according to Danish law.

The Board appoints Group Management members. The chairmanship – consisting of the chairman and one or two deputy chairmen, together with the CEO – identifies successors to executives who are then presented to the Board for approval.

The Board

The Board decides on matters of substantial importance for the Group's activities. These include decisions on strategic guidelines, approval of periodic plans and decisions on major investments and divestments.

An important part of the Board's work is monitoring the risk factors associated with the company's operations. The Boards and supervisory committees of all Rockwool companies are charged with gaining an overview of the main risks associated with their activities which once a year is consolidated into a Group risk profile for regular evaluation.

Members elected to the Board by the General Meeting are elected for a period of one year.

When members are elected to the Board, emphasis is given to candidates' ability to contribute to the Group's development.

The members of the Board elected by the General Meeting currently comprise seven persons – five Danes, one Dutch and one German. Further details about each member are available on the corporate website. Additional members – currently three persons – are elected by employees in accordance with Danish legislation. Board members must step down at the first General Meeting following their 70th birthday.

The Board appoints its chairman and one or two deputy chairmen among its members. All appointments are for one year at a time.

The Board has established two committees with a view to make preparations for decisions to be taken by the Board: an Audit Committee and a Compensation Committee.

In accordance with legislation for audit committees in Denmark, the Board has in connection with the General Meeting 2011 constituted itself with Jan W. Hillege as the member of the Audit Committee who is independent and possesses the required insight concerning auditing.

The Audit Committee (Tom Kähler, Jan W. Hillege and Bjørn Høi Jensen) deals with financial reporting and financial control, business risks, evaluation of the relationship to the external auditors of Rockwool International A/S and other Group companies, and evaluation of the auditing carried out.

The Compensation Committee (Tom Kähler, Steen Riisgaard and Carsten Bjerg) deals with all aspects of remuneration for executives who are placed in or above step 64 in Mercer's IPE system and approval of the same executives' acceptance of external directorships.

General Meeting and shareholders

The company's share capital is made up of two classes of shares: A shares (51.1% of the capital) carrying ten votes each, and B shares (48.9% of the capital) carrying one vote each. Removing the distinction between these share classes is not currently on the agenda. Given the capital intensive growth opportunities that the Group is set to encounter over the next few years, these two share classes provide a good platform for the long-term development that can best create lasting shareholder value.

The company's Board and Group Management are not aware of the existence of any shareholders' agreements containing pre-emption rights or restrictions in voting rights.

The Rockwool Foundation – the company's biggest shareholder with 23% of the share capital – works for the benefit of society, but also duly considers the long-term interests of the company. Rockwool International Board member Tom Kähler and one of the three employee-elected members, Dorthe Lybye, are also members of the Board of the Rockwool Foundation.

As mentioned in the Prospectus from 1996, an agreement exists between certain members of the Kähler family to the effect that they meet regularly to coordinate the family's interests in the company, including their voting strategy at the company's General Meetings, although the agreement in no way requires them to vote jointly. Tom Kähler and Thomas Kähler – both members of the Board – participate in these meetings.

For a detailed review of the Rockwool Group's compliance with the recommendations for corporate governance published by the NASDAQ OMX Nordic Exchange Copenhagen, visit
www.rockwool.com/corporate+governance+recommendations

For 2011, the Rockwool Group publishes a mandatory statement on management governance according to the Danish Financial Statements Act, Art. 107b.

The statement is available at
www.rockwool.com/management+governance

Management's report

Today the Board and Management Board have discussed and approved the Annual Report of Rockwool International A/S for the financial year ended 31 December 2011.

The Annual Report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

In our opinion the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2011 and of the results of the Group's and the parent company's operations and cash flows for the financial year then ended.

In our opinion the Management's review includes a true and fair review about the development in the parent company's and the Group's operations and financial matters, the results for the year and the Group's and the parent company's financial position and the position as a whole for the entities included in the consolidated financial statements, as well as a review of the more significant risks and uncertainties faced by the Group and the parent company.

We recommend that the Annual Report be approved at the Annual General Meeting.

Hedehusene, 1 March 2012

Management Board

Eelco van Heel   Gilles Maria

Board

Tom Kähler   Steen Riisgaard   Heinz-Jürgen Bertram   Carsten Bjerg   Claus Bugge Garn

Jan W. Hillege   Bjørn Høi Jensen   Thomas Kähler   Dorthe Lybye   Connie Enghus Theisen

Independent auditors' report

To the Shareholders of Rockwool International A/S

Report on Consolidated Financial Statement and parent company Financial Statement
We have audited the consolidated financial statements and the parent company financial statements of Rockwool International A/S for the financial year 1 January – 31 December 2011, which comprise an income statement, comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the group as well as the company. The consolidated financial statements and the parent company financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Management's Responsibility for the Consolidated Financial Statement and parent company Financial Statement
Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies. Further, management is responsible for such internal control as it determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with international standards on auditing and additional requirements according to Danish audit regulations. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements and parent company financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management as well as the overall presentation of the consolidated financial statements and the parent company financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the company's financial position at 31 December 2011 and of the results of the group's and the company's operations and cash flows for the financial year 1 January – 31 December 2011 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Statement on the Management's Review
In accordance with the Danish Financial Statements Act, we have read the management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 1 March 2012

Ernst & Young
Godkendt Revisionspartnerselskab

Svend Hagemann	Eskild Jakobsen
State Authorised Public Accountant	State Authorised Public Accountant

Income statement

1 January - 31 December

		Group		Parent Company	
DKK million	Note	2011	2010	2011	2010
Net sales		13,748	11,732	339	297
Other operating income	3	158	175	578	537
Operating income		**13,906**	**11,907**	**917**	**834**
Raw material costs and production material costs		5,365	4,158	232	188
Delivery costs and indirect costs		2,149	1,896	54	70
Other external costs		1,352	1,177	344	292
Personnel costs	4	3,219	2,894	267	221
Depreciation, amortisation and write-downs	5	917	989	27	127
Operating costs		**13,002**	**11,114**	**924**	**898**
Operating profit before financial items		**904**	**793**	**-7**	**-64**
Income from investments in subsidiaries	6	0	0	686	725
Income from investments in associated companies after tax		42	36	19	11
Financial income	7	120	109	75	86
Financial expenses	8	167	126	59	57
Profit before tax		**899**	**812**	**714**	**701**
Tax on profit for the year	9	276	275	-10	16
Profit for the year		**623**	**537**	**724**	**685**
Minority interests		-17	25		
Profit for the year after minority interests		**640**	**512**		
Dividend per share of DKK 10				9.6	9.6
Earnings per share of DKK 10	10	29.6	23.6		
Earnings per share of DKK 10, diluted	10	29.5	23.6		
Statement of comprehensive income					
Profit for the year		623	537	724	685
Other comprehensive income:					
Exchange rate adjustments of foreign subsidiaries		-185	249	0	0
Changes to accounting policy for pension obligations		-33	9	0	0
Hedging instruments, value adjustments		-9	-3	0	0
Tax on comprehensive income	9	9	-2	0	0
Other comprehensive income		**-218**	**253**	**0**	**0**
Total comprehensive income		**405**	**790**	**724**	**685**
Minority interests		-16	45	0	0
Total income for the year after minority interests		**421**	**745**	**724**	**685**

Balance sheet - Assets

As at 31 December

		Group		Parent Company	
DKK million	Note	2011	2010	2011	2010
Non-current assets					
Goodwill	11	133	117	0	0
Software	11	154	143	152	142
Customer relationships	11	174	129	0	0
Other intangible assets	11	98	62	183	108
Total intangible assets		**559**	**451**	**335**	**250**
Buildings and sites	12	3,315	3,385	47	50
Plant and machinery	12	3,729	3,903	0	0
Other operating equipment	12	106	122	16	23
Prepayments and assets in course of construction	12	952	617	0	0
Total tangible assets		**8,102**	**8,027**	**63**	**73**
Shares in subsidiaries	13	0	0	7,006	5,315
Shares in associated companies	13	334	285	35	35
Loans to subsidiaries	13, 28	0	0	1,823	1,818
Long term deposits and debtors		67	53	0	0
Deferred tax assets	18	315	287	0	0
Total financial assets		**716**	**625**	**8,864**	**7,168**
Total non-current assets		**9,377**	**9,103**	**9,262**	**7,491**
Current assets					
Inventories	15	1,110	1,007	6	11
Work in progress		0	0	86	70
Trade receivables	16	1,541	1,398	0	0
Receivables from subsidiaries and associated companies	28	12	11	807	868
Other receivables		204	251	23	18
Prepayments		60	57	19	6
Company tax	22	27	62	83	75
Cash		347	347	0	0
Total current assets		**3,301**	**3,133**	**1,024**	**1,048**
Total assets		**12,678**	**12,236**	**10,286**	**8,539**

Balance sheet - Equity and liabilities

As at 31 December

		Group		Parent Company	
DKK million	Note	2011	2010	2011	2010
Share capital	17	220	220	220	220
Foreign currency translation		-354	-169	0	0
Proposed dividend		207	207	207	207
Retained earnings		8,569	8,317	6,834	6,365
Hedging		-19	-12	0	0
Minority interests		12	212	0	0
Total equity		**8,635**	**8,775**	**7,261**	**6,792**
Non-current liabilities					
Deferred tax	18	464	420	194	178
Pension obligations	19	234	212	0	1
Other provisions	20	181	187	10	2
Loans from subsidiaries		0	0	863	294
Bank loans and other loans	21	489	381	111	14
Total non-current liabilities		**1,368**	**1,200**	**1,178**	**489**
Current liabilities					
Short-term portion of long-term debt	21	134	171	103	0
Bank debt		475	215	436	314
Trade payables		1,103	957	40	45
Payables to subsidiaries and associated companies		0	0	1,183	778
Other provisions	20	79	52	0	0
Other payables		884	866	85	121
Total current liabilities		**2,675**	**2,261**	**1,847**	**1,258**
Total liabilities		**4,043**	**3,461**	**3,025**	**1,747**
Total equity and liabilities		**12,678**	**12,236**	**10,286**	**8,539**

Cash flow statement

		Group		Parent Company	
DKK million	Note	2011	2010	2011	2010
Operating profit before financial items		904	793	-7	-64
Adjustments for depreciation, amortisation and write-downs		917	989	27	127
Other adjustments	23	41	-32	765	-525
Change in net working capital	24	-47	-84	396	739
Cash flow from operation before financial items and tax		**1,815**	**1,666**	**1,181**	**277**
Finance income etc. received		149	130	75	86
Finance costs etc. paid		-179	-239	-59	-57
Taxes paid		-258	-272	0	37
Cash flow from operating activities		**1,527**	**1,285**	**1,197**	**343**
Purchase of tangible assets		-999	-541	-6	-8
Purchase of intangible assets		-100	-54	-96	-117
Acquisition of new activities	30	-101	-817	0	0
Cash flow from investing activities		**-1,200**	**-1,412**	**-102**	**-125**
Cash flow from operating and investing activities (free cash flow)		**327**	**-127**	**1,095**	**218**
Dividend paid		-207	-259	-207	-207
Sale and purchase of own shares		-53	17	-54	17
Additions of subsidiaries and associated companies		0	0	-1,720	-975
Disposals of subsidiaries and associated companies		0	0	0	180
Purchase of minority interests		-100	0	0	0
Change in non-current debtors		-18	-28	-5	0
Change in non-current debt		-136	-49	769	-33
Cash flow from financing activities		**-514**	**-319**	**-1,217**	**-1,018**
Changes in cash available		-187	-446	-122	-800
Cash available 1/1		132	588	-314	486
Business combinations		-24	0	0	0
Exchange rate adjustments		-49	-10	0	0
Cash available 31/12	25	**-128**	**132**	**-436**	**-314**
Unutilised, committed credit facilities 31/12		**3,450**	**3,659**	**3,450**	**3,659**

Individual items in the cash flow statement cannot be directly deduced from the consolidated balance sheet, as balance sheet items of the foreign companies have been converted at average exchange rates for the year.

Statement of changes in equity

Group

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Minority interests	Total
Equity 1/1 2011	**220**	**-169**	**207**	**8,317**	**-12**	**212**	**8,775**
Total comprehensive income		-185	207	406	-7	-16	405
Sale and purchase of own shares				-53			-53
Expensed value of options issued				15			15
Dividend paid to the shareholders/minority interests			-207				-207
Addition/disposal of minority interests				-116		-184	-300
Equity 31/12 2011	**220**	**-354**	**207**	**8,569**	**-19**	**12**	**8,635**
Equity 1/1 2010	**220**	**-398**	**207**	**7,939**	**-9**	**269**	**8,228**
Changes in accounting policies				-23			-23
Equity 1/1 2010 (restated)	220	-398	207	7,916	-9	269	8,205
Total comprehensive income		229	207	312	-3	45	790
Sale and purchase of own shares				17			17
Expensed value of options issued				18			18
Dividend paid to the shareholders			-207			-52	-259
Addition/disposal of minority interests						4	4
Movements between majority and minority interests				54		-54	0
Equity 31/12 2010	**220**	**-169**	**207**	**8,317**	**-12**	**212**	**8,775**

Rockwool International A/S aims to pay a stable dividend taking into consideration the Group's profitability and development in equity. In 2010 a dividend at DKK 9.60 per share was decided. At the Annual General Meeting on 18th April 2012, the Board will propose a dividend of DKK 9.60 per share for the financial year 2011.

The Management assesses the Groups capital requirements on an ongoing basis. At the end of 2011 equity ratio was 68% (2010: 72%). The Group aims at having an equity ratio of min. 50%.

Parent Company

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Total
Equity 1/1 2011	**220**	**0**	**207**	**6,365**	**0**	**6,792**
Total comprehensive income			207	517		724
Sale and purchase of own shares				-54		-54
Expensed value of options issued				6		6
Dividend paid to the shareholders			-207			-207
Equity 31/12 2011	**220**	**0**	**207**	**6,834**	**0**	**7,261**
Equity 1/1 2010	**220**	**0**	**207**	**5,863**	**0**	**6,290**
Total comprehensive income			207	478		685
Sale and purchase of own shares				17		17
Expensed value of options issued				7		7
Dividend paid to the shareholders			-207			-207
Equity 31/12 2010	**220**	**0**	**207**	**6,365**	**0**	**6,792**

Notes

1. Accounting estimates and assumptions

In connection with the practical application of the accounting policies described, management must carry out estimates and set out assumptions affecting assets and liabilities as well as contingent liabilities. Management bases its estimates on historical experience and a number of other assumptions deemed reasonable under the given circumstances.

Estimates of importance for the financial reporting are made in the following:
Business Combinations. Management makes estimates of the fair value of acquired assets, liabilities and contingent liabilities. The determined fair value of an item may be associated with uncertainty and adjusted subsequently. The unallocated purchase price is recognised in the balance sheet as goodwill, which is allocated to the Group's cash-generating units. Management makes estimates of the acquired cash-generating units and the allocation of goodwill on an ongoing basis. Please refer to note 30.

Write-down of assets. When there is an indication of a reduction in the profitability of an asset an impairment test is performed for the assets in question and write-downs are made if necessary. In performing the impairment test the value is based on budgets, business plans and projections for 5 years. Key parameters are growth in sales, margin, future investments and capacity utilisation. Please refer to note 5.

Expected lifetime for assets. The expected lifetime for intangible and tangible assets are determined based on past experience and expectations for future use of the assets.

Deferred tax assets. A tax asset is recognised if it is assessed that the asset can be utilised in a foreseeable future. The judgment is made annually and is based on budgets and expectations for the coming 5-10 years and based on the Group's future tax planning. Please refer to note 18.

Trade receivables. Trade receivables are valued including write-down for non-collectable debtors. The write-downs are specific and are based on knowledge of the customers, the historical payments and the keeping of previous agreements. Please refer to note 16.

There are not any identified special areas in the accounting principles applied for the Group where the Management can choose alternative accounting principles.

2. Segmented accounts

Business segments

Group	Insulation Segment		Systems Segment		Group eliminations and holding companies		The Rockwool Group	
DKK million	2011	2010	2011	2010	2011	2010	2011	2010
Income statement								
External net sales	11,266	9,390	2,482	2,341	0	1	13,748	11,732
Internal net sales	1,370	1,245	0	0	-1,370	-1,245	0	0
EBITDA	1,445	1,369	355	339	21	74	1,821	1,782
Depreciation, amortisation and write-downs	894	859	2	3	21	127	917	989
EBIT	**551**	**510**	**353**	**336**	**0**	**-53**	**904**	**793**
Non-current asset investments	**1,023**	**1,278**	**75**	**9**	**102**	**125**	**1,200**	**1,412**

Geographical segments

Group	Intangible and tangible assets		Net sales	
DKK million	2011	2010	2011	2010
Western Europe	3,544	3,696	8,859	8,194
Eastern Europe and Russia	2,984	2,677	2,837	2,244
North America	1,260	1,270	1,044	875
Asia	873	835	691	182
Rest of the world	0	0	317	237
Total	**8,661**	**8,478**	**13,748**	**11,732**

Notes

3. Other operating income	Group		Parent Company	
DKK million	2011	2010	2011	2010
Plant and machinery produced by the Group	104	108	0	0
Royalties and others	54	67	578	537
Total	**158**	**175**	**578**	**537**

4. Personnel costs	Group		Parent Company	
DKK million	2011	2010	2011	2010
Wages and salaries	2,695	2,403	239	193
Expensed value of options issued	15	19	6	7
Pension contributions	145	137	21	19
Other social security costs	364	335	1	2
Total	**3,219**	**2,894**	**267**	**221**
Average number of employees	8,895	8,093	284	273
The above items include to Board and Management:				
Remuneration to Group Management	27	23	27	23
Pension contribution	3	3	3	3
Expensed value of options issued	2	2	2	2
Board's remuneration	4	4	4	4
Total	**36**	**32**	**36**	**32**
Hereof remuneration to Management Board	11	9	11	9
Hereof pension to Management Board	1	1	1	1
Total to Management Board	**12**	**10**	**12**	**10**

Share options programme

Management and senior managers receive share options to retain them in the Rockwool Group. The share option schemes for retaining executives fulfil the criteria provided for in the Corporate Governance recommendations. The share options are exercisable between 3 and 4 years after the issue date and will expire between 6 and 7 years after. The exercise price is based on the market price of the Rockwool International share at the date of grant corrected for the estimated future dividend and interest costs.

The vesting conditions for the share option programme are a minimum of 12 months service with the Rockwool Group at senior management level. There are no cash settlement alternatives and the Group does not have a past practice of cash settlements for these.

2011

Year	Agreements	Number of shares	Price	Exercise period
2007	99	102,200	1997-2071	1/11 2010-31/10 2013*
2008	119	106,050	827-862	1/8 2011-31/7 2014*
2009	135	107,300	421	1/11 2013-31/10 2016
2011	153	104,610	642-644-646	1/9 2014 - 31/8 2017
	506	**420,160**		

* Share options can be exercised by employees in the Group at the lower value in the beginning of the period and at the higher value at the end of the period.

Of the number of shares in 2011 53,620 belongs to Board and Management and 366,540 to senior managers. The number of outstanding share options cannot be reconciled to the total number of own shares in note 14 as the exercise of share options in the 2009 programme to a large extent only can be carried through if share options for the 2007 programme is not used.

4. Personnel costs (continued)

Share options programme

2010

Year	Agreements	Number of shares	Price	Exercise period
2005	74	85,000	563 - 579	1/1 2009-31/12 2011*
2007	102	104,300	1997 - 2071	1/11 2010-31/10 2013*
2008	122	107,700	827 - 862	1/8 2011-31/7 2014*
2009	138	108,800	421	1/11 2013-31/10 2016
	436	**405,800**		

* Share options can be exercised by employees in the Group at the lower value in the beginning of the period and at the higher value at the end of the period.

Of the number of shares in 2010 49,900 belongs to Board and Management and 355,900 to senior managers.

	2011		2010	
Share options	Number of shares	Average price	Number of shares	Average price
Options outstanding 1/1	405,800	965	459,200	899
Issued during the year	105,680	642	0	0
Exercised during the year	10,800	579	46,750	326
Cancelled during the year	80,520	620	6,650	1,026
Options outstanding 31/12	**420,160**	**971**	**405,800**	**965**

Share options issued during 2011 were, at the time they were issued, valued at DKK 57 million. No share options were issued during 2010. The market value of the share options has been calculated using the Black-Scholes option pricing model with assumptions as shown below:

	2011	2010
Expected life of the option in years (average)	3	-
Expected volatility	51%	-
Expected dividend per share	1.51%	-
Risk-free interest rate	1.84%	-
Rockwool B share price at the date of grant (DKK)	515	-

5. Depreciation, amortisation and write-downs

	Group		Parent Company	
DKK million	2011	2010	2011	2010
Amortisation of intangible assets	68	57	57	51
Write-down of intangible assets	0	29	0	17
Reversal of previous write-down of intangible assets	-46	0	-46	0
Depreciation of tangible assets	872	877	16	14
Write-down of tangible assets	6	73	0	0
Reversal of previous write-down of tangible assets	0	-42	0	0
Net profit and loss on sales/scrapping	17	-5	0	45
Total	**917**	**989**	**27**	**127**

The Group has in 2011 as a consequence of impairment tests and other assets evaluations reversed some of the previous write-downs of development projects due to improvement of performance in the specific projects. No significant write-downs were made in 2011.

In 2010 the Group made write-downs of some development projects and other intangible assets due to uncertain outlook for the projects in question. Also in 2010 some of the tangible assets in the Insulation segment have been written down and in other parts of the Insulation segments part of the write-down made in 08/09 has been reversed.

The impairment tests are calculated using the expected future cash flows. The assessment of future cash flows is based on a 5-year plan where the last year is used as a normalized terminal year. The expected future cash flows are discounted at a rate based on the interests level in the countries involved, including a risk premium. Discount rates range from 6%-8% (2010: 6%-8%). The average growth rate in the terminal period has been set at zero both this year and last year.

6. Income from investments in subsidiaries

	Parent Company	
DKK million	2011	2010
Dividends received from subsidiaries	715	729
Additions and disposals of share in subsidiaries	0	30
Write-down of shares in subsidiaries	-29	-35
Interest on long-term loans	0	1
Total	**686**	**725**

7. Financial income

	Group		Parent Company	
DKK million	2011	2010	2011	2010
Interest income	28	11	21	7
Interest income from subsidiaries	0	0	38	46
Exchange gains	92	98	16	33
Total	**120**	**109**	**75**	**86**
Net financial income on financial assets at amortised costs	29	15	22	15

Notes

8. Financial expenses	Group		Parent Company	
DKK million	2011	2010	2011	2010
Interest expenses etc.	49	31	29	23
Interest expenses to subsidiaries	0	0	5	8
Exchange losses	118	95	25	26
Total	**167**	**126**	**59**	**57**
Net financial expenses on financial liabilities at amortised costs	49	41	23	23

9. Tax on profit for the year	Group		Parent Company	
DKK million	2011	2010	2011	2010
Current tax	288	260	-8	3
Adjustments to previous years	-5	-29	-19	11
Change in deferred tax	-18	45	17	-7
Other taxes	2	1	0	9
Total	**267**	**277**	**-10**	**16**
Distributed between:				
Tax on profit for the year	276	275	-10	16
Tax on comprehensive income	-9	2	0	0

Reconciliation of tax percentage	Group	
	2011	2010
Danish tax percentage	25.0%	25.0%
Deviation in non-Danish subsidiaries' tax compared to Danish tax percentage	4.7%	11.4%
Associated companies included after tax	-1.4%	-1.1%
Adjustment to valuation of tax assets	1.9%	0.9%
Other deviations	0.5%	-2.3%
Effective tax percentage	30.7%	**33.9%**

10. Earnings per share	Group	
DKK million	2011	2010
Profit for the year after minority interests	**640**	**512**
Average number of shares (million)	22.0	22.0
Average number of own shares (million)	0.4	0.3
Average number of shares outstanding (million)	**21.6**	**21.7**
Dilution effect of share options	0.0	0.0
Diluted average number of outstanding shares (million)	**21.6**	**21.7**
Earnings per share of DKK 10	29.6	23.6
Earnings per share of DKK 10, diluted	29.5	23.6

11. Intangible assets

DKK million	Group					Parent Company		
2011	**Goodwill**	**Software**	**Customer relation-ships**	**Other**	**Total**	**Software**	**Other**	**Total**
Cost:								
Accumulated 1/1 2011	275	306	129	175	885	269	189	458
Exchange rate adjustment	1	-1	-5	-1	-6	0	0	0
Additions for the year	0	55	0	0	55	53	43	96
Business combinations	15	0	65	0	80	0	0	0
Disposals for the year	0	-2	0	0	-2	0	0	0
Accumulated 31/12 2011	**291**	**358**	**189**	**174**	**1,012**	**322**	**232**	**554**
The above costs include:								
Intangible assets under construction	0	40	0	0	40	40	0	40
Amortisation and write-downs:								
Accumulated 1/1 2011	158	163	0	113	434	127	81	208
Exchange rate adjustment	0	-1	0	0	-1	0	0	0
Amortisation for the year	0	44	15	9	68	43	14	57
Reversal of write-downs for the year	0	0	0	-46	-46	0	-46	-46
Disposals for the year	0	-2	0	0	-2	0	0	0
Accumulated 31/12 2011	**158**	**204**	**15**	**76**	**453**	**170**	**49**	**219**
Net book value 31/12 2011	**133**	**154**	**174**	**98**	**559**	**152**	**183**	**335**

2010	**Goodwill**	**Software**	**Customer relation-ships**	**Other**	**Total**	**Software**	**Other**	**Total**
Cost:								
Accumulated 1/1 2010	202	244	0	195	641	208	153	361
Exchange rate adjustment	-1	0	0	0	-1	0	0	0
Additions for the year	0	62	0	2	64	61	56	117
Business combinations	74	0	129	0	203	0	0	0
Disposals for the year	0	0	0	-22	-22	0	-20	-20
Accumulated 31/12 2010	**275**	**306**	**129**	**175**	**885**	**269**	**189**	**458**
The above costs include:								
Intangible assets under construction	0	57	0	72	129	57	72	129
Amortisation and write-downs:								
Accumulated 1/1 2010	158	119	0	91	368	86	74	160
Exchange rate adjustment	0	0	0	0	0	0	0	0
Amortisation for the year	0	44	0	13	57	41	10	51
Write-downs for the year	0	0	0	29	29	0	17	17
Disposals for the year	0	0	0	-20	-20	0	-20	-20
Accumulated 31/12 2010	**158**	**163**	**0**	**113**	**434**	**127**	**81**	**208**
Net book value 31/12 2010	**117**	**143**	**129**	**62**	**451**	**142**	**108**	**250**

Goodwill is allocated to the business segment Insulation and has been impairment tested in 2011 and 2010, which did not lead to any impairment write-downs. The impairment test of goodwill is based on current and future results for the identified cash generating units. Most of the goodwill in the Group is related to the acquisition of CSR in 2010 and this part of the Group is performing according to plan. For a description of impairment test on intangible assets please refer to note 5.

The net book value of other intangible assets includes development projects amounting to DKK 60 million (2010: DKK 12 million).

Notes

12. Tangible assets

DKK million	Group					
2011	Buildings and sites	Plant and machinery	Other operating equipment	Prepayments and tangible assets under construction	Investment grants	Total
Cost:						
Accumulated 1/1 2011	5,618	12,193	778	619	-575	18,633
Exchange rate adjustment	-76	-135	-8	-47	7	-259
Additions for the year	54	238	26	768	-43	1,043
Business combinations	10	17	3	10	0	40
Transfer of assets under construction	76	271	26	-373	0	0
Disposals for the year	-52	-281	-79	-23	2	-433
Accumulated 31/12 2011	**5,630**	**12,303**	**746**	**954**	**-609**	**19,024**
Depreciation and write-downs:						
Accumulated 1/1 2011	2,174	8,192	655	2	-417	10,606
Exchange rate adjustment	-27	-133	-7	0	0	-167
Depreciation for the year	152	684	54	0	-18	872
Write-downs for the year	1	5	0	0	0	6
Disposals for the year	-52	-281	-63	0	1	-395
Accumulated 31/12 2011	**2,248**	**8,467**	**639**	**2**	**-434**	**10,922**
Net book value 31/12 2011	**3,382**	**3,836**	**107**	**952**	**-175**	**8,102**
Investment grants	**-67**	**-107**	**-1**	**0**	**175**	**0**
Net book value after investment grants 31/12 2011	**3,315**	**3,729**	**106**	**952**	**0**	**8,102**
2010						
Cost:						
Accumulated 1/1 2010	5,057	11,482	746	291	-605	16,971
Exchange rate adjustment	169	289	17	1	-5	471
Additions for the year	40	84	10	473	-48	559
Business combinations	153	308	20	283	0	764
Transfer of assets under construction	199	214	13	-426	0	0
Disposals for the year	0	-184	-28	-3	83	-132
Accumulated 31/12 2010	**5,618**	**12,193**	**778**	**619**	**-575**	**18,633**
Depreciation and write downs:						
Accumulated 1/1 2010	1,974	7,516	615	2	-476	9,631
Exchange rate adjustment	37	142	12	0	-2	189
Depreciation for the year	145	696	54	0	-18	877
Write-downs for the year	18	55	0	0	0	73
Reversal of write-downs	0	-42	0	0	0	-42
Disposals for the year	0	-175	-26	0	79	-122
Accumulated 31/12 2010	**2,174**	**8,192**	**655**	**2**	**-417**	**10,606**
Net book value 31/12 2010	**3,444**	**4,001**	**123**	**617**	**-158**	**8,027**
Investment grants	**-59**	**-98**	**-1**	**0**	**158**	**0**
Net book value after investment grants 31/12 2010	**3,385**	**3,903**	**122**	**617**	**0**	**8,027**

12. Tangible assets (continued)

Of the total net book value of buildings and sites, DKK 510 million (2010: DKK 524 million) represents sites not subject to depreciation. Costs for building and machinery acquired as finance lease at DKK 46 million (2010: DKK 46 million) represents a net book value of DKK 31 million (2010: DKK 32 million).

Accumulated capitalised interests amounting to DKK 46 million (2010: DKK 43 million) are included in the cost of tangible assets. The range of interests rates used is 2%-9% (2010: 3%-7%).

For the recognised investment grants the attached conditions are fulfilled or are expected to be fulfilled. Some of the received investment grants are subject to repayment obligations provided that the attached conditions are not fulfilled within a number of years. The Group's investment grants are for the main part received in Poland, Spain, the UK and Germany. The investment grants are in most cases linked to expansion of the Group including the amount of investment in tangible assets and the creation of jobs - and is given as cash, tax holiday or loans.
For a description of impairment tests on tangible assets please see note 5.

DKK million	Parent Company					
2011	Buildings and sites	Plant and machinery	Other operating equipment	Prepayments and tangible assets under construction	Investment grants	Total
Cost:						
Accumulated 1/1 2011	134	0	103	0	0	237
Additions for the year	0	0	6	0	0	6
Disposals for the year	0	0	-10	0	0	-10
Accumulated 31/12 2011	**134**	**0**	**99**	**0**	**0**	**233**
Depreciation and write-downs:						
Accumulated 1/1 2011	84	0	80	0	0	164
Depreciation for the year	3	0	13	0	0	16
Disposals for the year	0	0	-10	0	0	-10
Accumulated 31/12 2011	**87**	**0**	**83**	**0**	**0**	**170**
Net book value 31/12 2011	**47**	**0**	**16**	**0**	**0**	**63**
Investment grants	**0**	**0**	**0**	**0**	**0**	**0**
Net book value after investment grants 31/12 2011	**47**	**0**	**16**	**0**	**0**	**63**
2010						
Cost:						
Accumulated 1/1 2010	134	0	96	0	0	230
Additions for the year	0	0	8	0	0	8
Disposals for the year	0	0	-1	0	0	-1
Accumulated 31/12 2010	**134**	**0**	**103**	**0**	**0**	**237**
Depreciation and write-downs:						
Accumulated 1/1 2010	81	0	69	0	0	150
Depreciation for the year	3	0	11	0	0	14
Disposals for the year	0	0	0	0	0	0
Accumulated 31/12 2010	**84**	**0**	**80**	**0**	**0**	**164**
Net book value 31/12 2010	**50**	**0**	**23**	**0**	**0**	**73**
Investment grants	**0**	**0**	**0**	**0**	**0**	**0**
Net book value after investment grants 31/12 2010	**50**	**0**	**23**	**0**	**0**	**73**

Notes

13. Financial assets

DKK million	Group	Parent Company			
2011	Shares in associated companies	Shares in subsidiaries	Loans to subsidiaries	Shares in associated companies	Total
Cost:					
Accumulated 1/1 2011	66	6,177	1,855	35	8,067
Exchange rate adjustment	0	0	0	0	0
Additions for the year	0	1,720	5	0	1,725
Accumulated 31/12 2011	**66**	**7,897**	**1,860**	**35**	**9,792**
Adjustments:					
Accumulated 1/1 2011	219	-862	-37	0	-899
Exchange rate adjustment	28	0	0	0	0
Profit for the year after tax	42	0	0	0	0
Dividend	-21	0	0	0	0
Write-downs of financial assets	0	-29	0	0	-29
Accumulated 31/12 2011	**268**	**-891**	**-37**	**0**	**-928**
Net book value 31/12 2011	**334**	**7,006**	**1,823**	**35**	**8,864**
2010					
Cost:					
Accumulated 1/1 2010	62	5,388	560	30	5,978
Exchange rate adjustment	0	0	0	0	0
Additions for the year	5	969	1,295	5	2,269
Disposals/reductions for the year	-1	-180	0	0	-180
Accumulated 31/12 2010	**66**	**6,177**	**1,855**	**35**	**8,067**
Adjustments:					
Accumulated 1/1 2010	155	-818	-54	0	-872
Exchange rate adjustment	40	0	0	0	0
Profit for the year after tax	36	0	0	0	0
Dividend	-12	0	0	0	0
Write-downs of financial assets	0	-44	17	0	-27
Accumulated 31/12 2010	**219**	**-862**	**-37**	**0**	**-899**
Net book value 31/12 2010	**285**	**5,315**	**1,818**	**35**	**7,168**

Associated companies, main figures	Transys		RESO SA		Flumroc AG	
Shares owned in the Group	**30%**		**20%**		**42.3%**	
DKK million	2011	2010	2011	2010	2010	2009
Net sales	26	14	765	703	547	522
Profit for the year	1	0	16	14	64	63
Total assets	11	9	316	292	919	871
Equity	5	3	78	75	750	701

In 'Loans to subsidiaries' the addition to the share investment amounts to DKK 117 million (2010: DKK 14 million). Reference is made to the Group overview.
In the parent company impairment tests have been made of the value of the shares in subsidiaries and the loans to subsidiaries. The calculated values of a few subsidiaries are close to the net book value. If the assumptions in these impairments were to change considerably for the sales prices, inflation or discount rate there would be a need for a write-down of the cost price of the shares in these subsidiaries or the loans. Such a write-down will not impact the Group's result.

In connection with the raising of loans and credit facilities, the parent company has accepted restrictions of its rights of disposal of the shares in subsidiaries representing a book value of DKK 2,648 million (2010: DKK 1,329 million).

Notes

14. Own shares (A and B shares)	Group					
DKK million	2011			2010		
	Number of shares	Share value	% of share capital	Number of shares	Share value	% of share capital
Own shares 1/1	303,000	211	1.4	352,800	215	1.6
Purchase	108,250	634	0.5	23,238	16	0.1
Sale	31,548	509	-0.2	73,038	33	-0.3
Own shares 31/12	**379,702**	**307**	**1.7**	**303,000**	**211**	**1.4**

Own shares are acquired and sold in connection with hedging of the Group's options programme, etc.

15. Inventories	Group		Parent Company	
DKK million	2011	2010	2011	2010
Inventory before write-downs	1,145	1,045	6	11
Write-downs 1/1	-38	-55	0	0
Movements in the year	3	17	0	0
Write-downs 31/12	-35	-38	0	0
Inventories 31/12	**1,110**	**1,007**	**6**	**11**

Specification of inventories	Group		Parent Company	
DKK million	2011	2010	2011	2010
Raw material and consumables	650	585	6	11
Work in progress	39	25	0	0
Finished goods	421	397	0	0
Inventories 31/12	**1,110**	**1,007**	**6**	**11**

16. Trade receivables	Group	
DKK million	2011	2010
Trade receivables before write-downs (maximum credit risk)	1,630	1,490
Write-downs 1/1	-92	-83
Movements during the year	-5	-15
Realised losses during the year	8	6
Write-downs 31/12	-89	-92
Trade receivables 31/12	**1,541**	**1,398**

Trade receivables (gross) can be specified as follows:	Group	
DKK million	2011	2010
Not due	1,353	1,218
Overdue by:		
1-60 days	194	196
60-360 days	41	40
Older	42	36
Trade receivables before write-downs	**1,630**	**1,490**

17. Share capital

DKK million	Parent Company 2011	2010
A shares - 11,231,627 shares of DKK 10 each (2010: 13,072,800 shares)	112	131
B shares - 10,743,296, shares of DKK 10 each (2010: 8,902,123 shares)	108	89
Total 31/12	**220**	**220**

Each A share of a nominal value of DKK 10 carries 10 votes, and each B share of a nominal value of DKK 10 carries 1 vote. The total share capital has been unchanged for the last 13 years.

On 14 January 2011 an extraordinary general meeting adopted the proposal to complete a partial merger of the company's class A and class B share capital by re-registering 1,841,173 class A shares to class B shares in the ration 1:1.

18. Specification of tax assets and deferred tax

	Group			
DKK million	2011		2010	
	Assets	Liabilities	Assets	Liabilities
Non-current assets	235	370	99	335
Current assets	11	19	29	1
Non-current liabilities	93	0	92	0
Current liabilities	18	65	32	3
Tax loss carried forward	133	0	142	0
Retaxable amounts	0	185		188
Total	**490**	**639**	**394**	**527**
Set-off within legal tax entities and jurisdictions	-175	-175	-107	-107
Deferred tax year-end	**315**	**464**	**287**	**420**
The tax assets expire as follows:				
Within 1 year of balance sheet date	2		7	
Within 1-5 years of balance sheet date	17		36	
After 5 years of balance sheet date	33		84	
Do not expire	263		160	
Total	**315**		**287**	

Tax assets not recognised amount to DKK 231 million (2010: DKK 283 million).

Deferred tax assets and liabilities are offset in the consolidated balance sheet if the Group has a legally enforceable right to set off current tax liabilities and the deferred tax assets and liabilities relate to the same legal tax entity/consolidation. Of the total deferred tax assets recognised, DKK 133 million (2010: DKK 142 million) relate to tax loss carry forwards, the utilisation of which depends on future positive taxable income exceeding the realised deferred tax liabilities.

19. Pension obligations

A number of the Group's employees and former employees are part of pension schemes. The pension schemes are primarily defined contribution plans. However, defined benefit plans are used for Belgium and for past services only in UK and for small groups of employees in Norway and Germany. In 2011 the pension plan in North America has been converted into a defined contribution plan.

The retirement benefit plans in the UK and Belgium have assets placed in independent pension funds. A number of plans in Germany and Norway are unfunded. For these plans the retirement benefit obligations amount to approximately 22% (2010: 22%) of the total gross liability.

Under a defined benefit plan the Group carries the risk associated with the future development in e.g. interest rates, inflation, salaries, mortality and disability.

Defined benefit plan typically guarantee the employees a retirement benefit based on the final salary at retirement.

	Group	
DKK million	2011	2010
Defined contribution plans		
Pension costs for the year, total	**131**	**121**
Defined benefit plans		
Pension costs	5	12
Interest costs	35	35
Expected return of plan assets	-25	-28
Change in actuarial gains and losses	-1	-3
Pension costs, total	**14**	**16**

The actuarial assessment of the pension obligation is based on assumptions specific to each country. The assumptions used are weighted average:

	Group	
DKK million	2011	2010
Interest rate	3.0%	3.4%
Increase in salaries and wages	2.8%	2.9%
Discount rate	4.9%	5.3%
Expected return of plan assets	4.9%	6.3%

Plan assets in major categories held as a percentage of total plan assets	Group	
DKK million	2011	2010
Equities	57%	60%
Bonds	39%	35%
Cash	0%	1%
Property	0%	0%
Other	4%	4%

Development in the present value of the defined benefit obligation	Group		Parent Company	
DKK million	2011	2010	2011	2010
Balance 1/1	700	669	1	1
Exchange rate adjustments	13	15	0	0
Pension costs	-4	15	0	0
Interests costs	36	37	0	0
Actuarial gains/losses	29	-16	0	0
Benefits paid	-28	-23	0	0
Other adjustments	-19	3	-1	0
Total 31/12	**727**	**700**	**0**	**1**

19. Pension obligations (continued)

Development in the fair value of the plan assets:	Group		Parent Company	
DKK million	2011	2010	2011	2010
Balance 1/1	488	457	0	0
Exchange rate adjustments	12	16	0	0
Expected return on plan assets	26	30	0	0
Actuarial gains/losses	-8	-8	0	0
Employer's contribution	4	8	0	0
Benefits paid	-29	-15	0	0
Total 31/12	**493**	**488**	**0**	**0**

Net value of pension plans	Group				
DKK million	2011	2010	2009	2008	2007
Present value of pension liabilities	727	700	669	510	707
Value of plan assets	-493	-488	-457	-356	-556
Net value of pension plans 31/12	**234**	**212**	**212**	**154**	**151**

20. Other provisions	Group		Parent Company	
DKK million	2011	2010	2011	2010
Provision for employees 1/1	144	130	2	2
Exchange rate adjustments	-3	1	0	0
Additions for the year	16	19	0	0
Used during the year	-14	-5	0	0
Reversed during the year	-11	-1	0	0
Total 31/12	**132**	**144**	**2**	**2**
Provisions for claims and legal proceedings 1/1	32	38	0	0
Exchange rate adjustments	0	0	0	0
Additions for the year	9	24	0	0
Used during the year	-2	-11	0	0
Reversed during the year	-14	-19	0	0
Total 31/12	**25**	**32**	**0**	**0**
Other provisions 1/1	63	126	0	0
Exchange rate adjustments	-1	1	0	0
Additions for the year	82	8	8	0
Used during the year	-26	-44	0	0
Reversed during the year	-15	-28	0	0
Total 31/12	**103**	**63**	**8**	**0**
Total provisions	**260**	**239**	**10**	**2**
Specification of provisions:				
Non-current liabilities	181	187	10	2
Current liabilities	79	52	0	0
Total provisions	**260**	**239**	**10**	**2**

Provisions relate primarily to employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.
As at 31 December 2011 other provisions include a provision of DKK 75 million (2010: DKK 30 million) for restructuring measures. These are expected to be utilized within 1-3 years.

21. Bank loans and other loans	Group		Parent Company	
DKK million	2011	2010	2011	2010
Redemption				
Redemption within 1 year	**134**	**171**	**103**	**0**
Redemption between 1 and 3 years	447	260	103	6
Redemption between 3 and 5 years	26	96	8	8
Falling due after 5 years	16	25	0	0
Total	**489**	**381**	**111**	**14**
Interest assessment time				
Reassessed less than 3 months	3	1	0	0
Reassessed between 3 and 6 months	0	47	0	0
Reassessed between 6 and 12 months	0	0	0	0
Reassessed after more than 12 months or is fixed-interest	486	333	111	14
Total	**489**	**381**	**111**	**14**
Yield				
Non-interests bearing	100	0	100	0
Below 4%	191	313	0	0
Between 4% and 6%	62	65	11	14
Between 6% and 8%	136	3	0	0
Total	**489**	**381**	**111**	**14**

Of the total debt DKK 7 million (2010: DKK 8 million) comprise capitalised finance lease commitment.

22. Company tax	Group		Parent Company	
DKK million	2011	2010	2011	2010
Balance 1/1	-62	-84	-75	-132
Exchange rate adjustment	3	-2	0	0
Adjustment of deferred tax previous years	1	4	0	9
Tax paid during the year	-260	-272	0	36
Current tax provided in the year	304	292	-8	3
Other taxes provided in the year	-13	0	0	9
Total 31/12	**-27**	**-62**	**-83**	**-75**

23. Adjustments	Group		Parent Company	
DKK million	2011	2010	2011	2010
Provisions	26	-51	25	0
Expensed value of options issued	15	19	6	7
Adjustments of subsidiaires	0	0	734	-532
Total adjustments	**41**	**-32**	**765**	**-525**

24. Change in net working capital	Group		Parent Company	
DKK million	2011	2010	2011	2010
Change in inventories	-103	-146	-11	0
Change in trade receivables	-139	6	0	0
Change in other receivables	-34	-10	43	1,139
Change in trade payables	148	177	-5	14
Change in other debt	81	-111	369	-414
Change in net working capital	**-47**	**-84**	**396**	**739**

25. Cash available	Group		Parent Company	
DKK million	2011	2010	2011	2010
Cash	347	347	0	0
Bank debts	-475	-215	-436	-314
Cash available 31/12	**-128**	**132**	**-436**	**-314**

26. Financial risks and instruments

As a consequence of the Rockwool Group's extensive international activities the Group's income statement and equity are subject to a number of financial risks. The Group manages these risks in the following categories:
• Exchange-rate risk
• Interest-rate risk
• Liquidity risk
• Credit risk

The Group's policy is to identify and hedge all significant financial risks on an ongoing basis. This is the responsibility of the individual companies in which financial risks might arise. The parent company continuously monitors the Group's financial risks in accordance with a framework determined by Group Management.

Exchange-rate risk

As a consequence of the Group's structure, net sales and expenditure in foreign currency are to a significant degree set off against each other, so that the Group is not exposed to major exchange-rate risks.

Commercial exchange-rate risks in the companies which cannot be set off are hedged on a continuous basis, to the extent that they may significantly affect the results of the individual company in a negative direction, using currency loans, currency deposits and/or financial derivatives. Exchange-rate risks are hedged in the individual companies.

The Group's policy is not to hedge Exchange-rate risks which are a consequence of long-term investments in subsidiaries

External investment loans and Group loans are, as a general rule, established in the local currency of the company involved, while cash at bank and in hand are placed in the local currency. In countries with ineffective financial markets loans can be raised and surplus liquidity placed in DKK, EUR or USD, subject to the approval of the parent company's finance function.

Group loans that are not established in DKK or EUR are hedged in the parent company via forward agreements, currency loans and cash pools or via the SWAP market.

The Group's net sales and expenditures will be subject to exchange-rate fluctuations on translation into to Danish Kroner; however, the risk is assessed to be limited.

A sensitivity analysis showing the exchange rate effect on the result and equity has been made. The sensitivity analysis of the result is based on the transaction risk during the year. The analysis is based on the volatility of the exchange rates on the net result and the end equity without taking any hedging activity into consideration.

26. Financial risks and instruments (continued)

Sensitivity analysis	Effect on Result	Effect on Equity
DKK million	2011	2011
CAD +/- 11%	+/-18	+/-50
RUB +/- 8%	+/-12	+/- 152
USD +/- 11%	+/-32	+/- 6
PLN +/- 10%	+/-29	+/-114
DKK million	2010	2010
CAD +/- 12%	+/- 10	+/- 51
RUB +/- 10%	+/- 6	+/- 171
USD +/- 12%	+/- 28	+/- 6
PLN +/- 14%	+/- 9	+/- 169

Interest-rate risk
The Group's interest-rate risk primarily comprises interest-bearing debt since the Group does not currently have significant interest-bearing assets of longer duration. The Group's policy is that necessary financing of investments should primarily be affected by raising 5 to 7 year loans at fixed or variable interest rates.

Drawings on credit facilities at variable interest rates generally match the liquid assets, and all Group loans are symmetrical in terms of interest rates. As a consequence, changes in interest rates will not have a significant effect on the result of the Group.

Liquidity risk
In order to ensure financial reserves of an acceptable size, investment loans can be raised on a continuous basis to partly cover new investments and to refinance existing loans. The parent company is only liable for the investment loans of subsidiaries to a limited extent and therefore it has not issued any securities, guarantees or similar for investment loans of significant amounts. Please refer to note 21 for further specification of the loans.

On a minor scale, guarantees are provided for credit facilities and loans, while the parent company has issued ownership clauses and/or deed of postponements in connection with intercompany loans.

The parent company ensures on an ongoing basis that flexible, unutilised committed credit facilities of an adequate size are established with major solid banks. The Group's financial reserves also consist of cash at bank and in hand, and unused overdraft facilities.

The current surplus and deficit liquidity in the Group's companies is set off, to the extent that this is profitable, via the parent company acting as intra-Group bank and via cash pool systems. When considered appropriate, underlying cash pool systems are established in foreign companies. To the extent that the financial reserves are of an appropriate size, the parent company also acts as lender to the companies in the Group.

Credit risk
As a consequence of the considerable customer spread in terms of geographical location and numbers the credit risk is fundamentally limited. To a minor degree, when considered necessary, insurance or bank guarantees are used to hedge outstanding debtors.

As a consequence of the international diversification of the Group's activities there are business relations with a number of different banks in Europe, North America and Asia. In order to minimise the credit risk on placement of liquid funds and on entering into agreements on derived financial instruments, only major sound financial institutions are used.

Categories of financial instruments
Financial assets and liabilities at fair value are related to foreign exchange forward contracts, foreign exchange rate swaps or interest rates swaps all of which has been valued using a valuation technique with market observable inputs.

26. Financial risks and instruments (continued)

	Group		Parent Company	
DKK million	2011	2010	2011	2010
Financial instruments for hedging of future cash flows	1	3	0	0
Fair value hedges	4	4	0	0
Financial assets at fair value	**5**	**7**	**0**	**0**
Trade receivables	1,541	1,398	0	0
Other receivables	204	251	23	18
Cash	347	347	0	0
Receivables at amortised cost	**2,092**	**1,996**	**23**	**18**
Financial instruments for hedging of future cash flows	14	17	0	0
Fair value hedges	4	0	0	0
Financial liabilities at fair value	**18**	**17**	**0**	**0**
Bank loans incl. short term	623	552	214	14
Bank debt	475	215	436	314
Trade payables	1,103	957	40	45
Other payables	884	866	85	121
Financial liabilities at amortised costs	**3,085**	**2,590**	**775**	**494**

The fair value of the Group's and the parent company's assets and liabilities are assessed not to deviate significantly from the book value in the balance sheet.

27. Auditors fee

Fees to auditors elected at the Annual General Meeting consist of:

	Group		Parent Company	
DKK million	2011	2010	2011	2010
Statutory audit	9	8	2	2
Other opinions	1	1	0	0
Tax consultancy	2	4	1	1
Other services	1	1	0	0
Total	**13**	**14**	**3**	**3**

28. Commitments and contingent liabilities

For the Group, commitments comprise DKK 154 million (2010: DKK 45 million). Contingent liabilities amounts to DKK 74 million (2010: DKK 52 million), and includes contractual obligations for purchase of investments DKK 63 million (2010: DKK 37 million). The Group is engaged in a few legal proceedings. It is expected that the outcome of these legal proceedings will not impact the Group's financial position in excess of what has been provided for in the balance sheet as at 31 December 2011 (as well as at 31 December 2010).

Operational lease commitments expiring within the following periods as from the balance sheet date:

	Group		Parent Company	
DKK million	2011	2010	2011	2010
Within 1 year	102	98	3	0
Between 1 and 5 years	173	136	1	4
After 5 years	28	5	0	0
Total	**303**	**239**	**4**	**4**

Lease costs amounting to DKK 110 million (2010: DKK 113 million) are included in the income statement.

For certain loans provided by the parent company amounting to DKK 1,695 million (2010: DKK 1,796 million) deeds of postponement have been given.

29. Related parties

Shareholders holding more than 5% of the share capital or the votes

Rockwool International A/S have registered the following shareholders holding more than 5% of the share capital or the votes

	2011		2010	
	Share capital	Votes	Share capital	Votes
Rockwool Foundation, DK-1360 Copenhagen K	23%	25%	23%	31%
15th June Foundation, DK-1553 Copenhagen K	6%	10%	6%	12%
Gustav Kähler, DK-2942 Skodsborg	7%	9%	7%	8%
Dorrit Eegholm Kähler, DK-2830 Virum	4%	6%	4%	6%
Jan Kähler, DK-2630 Taastrup	4%	6%		
Tom Kähler, DK-3540 Lynge	3%	5%		

Apart from dividends no transactions were carried out with the shareholders during the year.
The Company has no related parties with controlling interests.

The Company's related parties with substantial interests comprise the Company's shareholder the Rockwool Foundation, and the Company's Board and Management. Against a fee the Company provides administrative functions for related parties, mainly the Rockwool Foundation, calculated according to market terms. For transactions with the Board and Management please refer to note 4.

The parent company's related parties also include the subsidiaries and associated companies as listed in the group overview. Transactions with these companies include consultancy work - including support on establishing and expanding production capacity, use of know-how, use of central IT and procurement resources etc. - and financing.

The income statement and balance sheet include the following transactions with related parties:

	Parent Company	
DKK million	2011	2010
Income from the engineering business	104	108
Royalty	339	297
Dividend from subsidiaries and associated companies	734	740
Loans to subsidiaries	1,823	1,818
Receivables from subsidiaries	807	868
Loans from subsidiaries	863	294
Payables to subsidiaries	1,183	778

30. Acquisition of subsidiaries and activities

2011

The Group has in July 2011 taken over 100% of the company FAST sp. z o.o. in Poland. FAST is one of the leading system holders in the Polish market for external facade insulation systems also known as ETICS. In 2010, FAST generated a turnover of DKK 94 million and employed 90 persons. The acquisition took place in order to establish a position in the fast growing market for external facade insulation systems.

The total consideration was DKK 101 million, of which DKK 101 million was paid in cash. The assessment of the fair value of sites and buildings is based on an independent valuation by external appraisers. The machinery is revaluated to its original purchase price, since the machines are relatively new. The fair value of customer relationships is based on an excess earnings model with estimates for future cash flows and customer attrition rates etc. After recognition of identifiable assets and liabilities at fair value, goodwill was recognized with a fair value of DKK 15 million. Goodwill represents the value of employees and knowhow and expected synergies from the merger with Rockwool International A/S. The goodwill recognized is not tax deductible. The purchase price allocation is provisional.

In the acquisition, the Group had transaction costs amounting to DKK 4 million in 2011 relating to advisers which is recognised in operational costs in the income statement.

2010

Rockwool International A/S has 22 December 2010 gained control of a group of companies from CSR Ltd. The acquired companies produce insulation products of high quality. The acquisition is expected to increase Rockwool International A/S's market share in Southeast Asia and establish a bridgehead in China. The acquired companies' profitability in 2010 is at least equivalent to the Group's.

Furthermore, Rockwool International A/S has on 14 July 2010 taken over a stone wool factory in Troitsk in the Urals region. The factory has a production capacity of 30,000 tons per year and currently employees 270 people. The acquisition took place in order to benefit from the increased activity in the Russian construction and insulation market.

CSR Ltd.

The total consideration was DKK 561 million, of which DKK 534 million was paid in cash. The assessment of the fair value of sites and buildings is based on an independent valuation by external appraisers. The fair value of plant and machinery is based on an internal valuation and the fair value of customer relationships is based on an excess earnings model with estimates for future cash flows and customer attrition rates etc.
In the acquired assets accounts receivable are included with a fair value of DKK 97 million. Receivable constitutes a gross amount of DKK 97 million, of which DKK 0 were uncollectible at the acquisition date.

After recognition of identifiable assets and liabilities at fair value, goodwill was recognized with a fair value of DKK 74 million. Goodwill represents the value of employees and knowhow and expected synergies from the merger with Rockwool International A/S. The goodwill recognized is not tax deductible. In the acquisition Rockwool International A/S had transaction costs amounting to DKK 3 million relating to advisers which is recognized in operational costs in the income statement.

Troitsk

The total consideration was DKK 283 million, of which DKK 283 million was paid in cash. In the acquisition Rockwool International A/S had transaction costs amounting to DKK 2 million relating to advisers which is recognized in operational costs in the income statement.

The fair value of the acquired assets and liabilities at the acquisition date are:

	2011 FAST	2010 Troitsk	2010 CSR Ltd.
DKK million	Fair value at the acquisition date	Fair value at the acquisition date	Fair value at the acquisition date
Intangible assets	65	0	129
Tangible assets	40	283	481
Inventories	14	0	39
Receivables	28	0	97
Other current assets	3	0	0
Non-current liabilities	-18	0	-84
Current liabilities	-46	0	-202
Net assets	**86**	**283**	**460**
Goodwill	15	0	74
Paid in cash	**101**	**283**	**534**

Notes

31. Main figures in EUR

Main figures in EUR million	2011	2010	2009	2008	2007
Net sales	1,845	1,575	1,501	1,837	1,865
Profit before tax	121	109	75	207	370
Profit for the year after minorities' interest	86	69	43	134	264
Total assets	1,705	1,642	1,522	1,563	1,461
Equity	1,162	1,176	1,103	1,068	1,043
Investments and acquisitions	161	190	157	355	217
Depreciation, amortisation and write-down	123	133	128	117	92
Exchange rate (year end rates)	7.43	7.45	7.44	7.45	7.46

32. Accounting policies applied

The Annual Report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and Danish disclosure requirements for listed companies. Danish disclosure requirements for listed companies are those laid down by the statutory order on the adoption of IFRS issued pursuant to the Danish Financial Statements Act and the reporting requirements of NASDAQ OMX Copenhagen A/S for listed companies.

New and changed standards and interpretations
The Group has implemented all new IFRS standards, changes to existing standards and interpretations that are relevant for the Group and that has an impact on the Annual Report for 2011:

- IAS 24 (revised) "Related parties".
  The change causes a precision and to some degree an extension of the definition of related parties which might result in additional information related to transactions with related parties.
- Changes from the IASB improvement project in 2010.

The new and changed standards and interpretations has not impacted the recognition and measurement, besides the changes in accounting principles regarding pensions, and has only lead to additional information.

New and changed standards and interpretations not yet entered in to force
IASB has approved new standards and changes to existing standards and interpretations not yet entered in to force, but will come in to force in 2012 and later. Some of these standards and interpretations are relevant to the Group but is not expected to have an impact of the recognition and measurement. The effect of the future changes will only result in additional information in the notes.

Change in accounting policy
During the end of 2011 the Group voluntary determined that it would change its accounting policy for pensions as this gives more relevant information. The Group previously recognized only the net cumulative unrecognized actuarial gains or losses of the previous period which exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets in accordance with IAS 19 (the "corridor method"). Now the Group recognizes actuarial gains and losses in the period of which they occur in other comprehensive income. Changes have been applied retrospectively, resulting in the restatement of prior year financial information.

As a result of the accounting policy change, the following adjustments have been made to the financial statements:

DKK million	
As of 1 January 2010	
Increase in employee benefit liability	30
Increase in deferred tax assets	7
Net decrease in opening retained earnings	**23**
As of 31 December 2010	
Decrease in employee benefit liability	9
Decrease in deferred tax asset	2
Net income recognized in other comprehensive income	**7**
As of 31 December 2011	
Increase in employee benefit liability	33
Decrease in deferred tax liability	7
Net expense recognized in other comprehensive income	**26**
Total net expense recognized in other comprehensive income/retained earnings	**42**

The change in accounting policy for pensions has no income effect and no effect on earnings per share and diluted earnings per share.

There have been no other changes to accounting policies applied.

Group Accounts
The consolidated financial statements comprise Rockwool International A/S and the enterprises in which this company and its subsidiaries hold the majority of the voting rights.

The consolidated financial statements have been prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, determined according to the Group's accounting policies, and with elimination of dividends, internal revenue and expenditure items, internal profits as well as intercompany balances and intercompany shareholdings.

Besides shares, capital investments in subsidiaries include long-term loans to subsidiaries if such loans constitute an addition to the shareholding.
Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements at the time such enterprises are taken

32. Accounting policies applied (continued)

over. Divested or terminated enterprises are recognised in the consolidated income statement until the time of disposal. No adjustments are made to the comparative figures for newly acquired or divested enterprises.

On acquisitions of new enterprises the acquisition method is used. The newly acquired enterprises' identifiable assets and liabilities are recognised in the balance sheet at fair values at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right, and the fair value can be reliably measured. Deferred tax on revaluations is recognised.

The acquisition date is the date when the Rockwool Group effectively obtains control of the acquired subsidiary, enters the management of the joint venture or obtains significant influence over the associate. Acquisition costs are included in operating costs.

Minority interests are recognised as a relative share of the acquired enterprises identifiable assets and liabilities.

Any outstanding positive difference between the cost of the enterprise and the Group's share of the fair value of the identifiable assets and liabilities is goodwill and is recognised in the balance sheet. Goodwill is not amortised but is tested annually for impairment. The first impairment test is performed before the end of the acquisition year. Goodwill is allocated to the cash-generating units upon acquisition, which subsequently form the basis for the impairment test.

Are there any uncertainties regarding measurement of acquired identifiable assets, liabilities and contingent liabilities at the acquisition date, initial recognition will take place on the basis of preliminary fair values. Are identifiable assets, liabilities and contingent liabilities subsequently determined to have a different fair value at the acquisition date than that first assumed, goodwill is adjusted up until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and comparative figures are restated accordingly.

Minorities' interests

Minority interests are recognised at the minority's share of the net assets. Minority interests' share of the Group equity and profit are identified and entered as separate items of the equity and the Group income statement.

On acquisition of minority interests acquired net assets are not remeasured at fair value. The difference between the costs and the minority interests' share of the total carrying amount including goodwill is transferred from the minority interests' share of the equity to the equity belonging to the shareholders of Rockwool International A/S.

Translation of foreign currency

The Annual Report has been presented in Danish kroner (DKK), which is the parent company's functional currency. Each company in the Group determines its own functional currency.

Transactions in foreign currency are translated using the exchange rate at the transaction date or a hedged rate. Monetary items in foreign currency are translated using the exchange rates at the balance sheet date. Accounts of foreign subsidiaries are translated using the exchange rates at the balance sheet date for balance sheet items, and average exchange rates for items of the income statement.

All exchange rate adjustments are recognised in the income statement under financial items, apart from the exchange rate differences arising on:

- conversion of equity in subsidiaries at the beginning of the financial year using the exchange rates at the balance sheet date
- conversion of the profit for the year from average exchange rates to exchange rates at the balance sheet date
- conversion of long-term intercompany balances that constitute an addition to the holding of shares in subsidiaries
- conversion of the forward hedging of capital investments in subsidiaries
- conversion of capital investments in associated and other companies.
- profit and loss on effective derivative financial instruments used to hedge expected future transactions.

These value adjustments are recognised directly under other comprehensive income.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost price and are subsequently measured at fair value. Derivative financial instruments are recognised in other receivables and other debt.

Changes to the fair value of derivative financial instruments, which meets the conditions for hedging the fair value of a recognised asset or liability, are recognised in the income statement together with any changes in the fair value of the hedged asset or liability.

Changed to the fair value of derivative financial instruments, which meets the conditions for hedging future cash flow, are recognised in other comprehensive income provided the hedge has been effective. The accumulated value adjustment related to these hedge transactions is transferred from other comprehensive income when the position is realised, and is included in the value of the hedged position e.g. the adjustment follows the cash flow.

For derivative financial instruments, which do not qualify as hedging instruments, changes to the fair value are recognised on an ongoing basis in the income statement as financial income or financial expenses.

INCOME STATEMENT

Net sales

Net sales are recognised in the income statement provided that delivery and risk transition has taken place before year-end. Net sales are calculated excluding VAT, duties and sales discounts. Royalty and licence fees are recognised when earned according to the terms of the agreements.

Investment grants

Investment grants are recognised as income in step with the write-down against the equivalent tangible assets. Investment grants not yet recognised as income are set off against the assets to which the grant is related.

Research and development activities

The costs of research activities are carried as expenditure in the year in which they are incurred. The costs of development projects which are clearly defined and identifiable, and of which the potential

32. Accounting policies applied (continued)

technical and commercial exploitation is demonstrated, are capitalised to the extent that they are expected to generate future revenue. Other development costs are recognised on an ongoing basis in the income statement under operating costs.

Financial items

Financial income and expenses include interest, financial expenditure on finance lease, fair value adjustments and realised and unrealised foreign exchange gains and losses.
Dividends on capital investments in subsidiaries and associated enterprises are recognised as income in the parent company's income statement in the financial year in which the dividends are declared.

Tax

The parent company is taxed jointly with all Danish subsidiaries. Income subject to joint taxation is fully distributed.

Tax on the profit for the year, which includes current tax on the profit for the year as well as changes to deferred tax, is recognised in the income statement. Tax on changes in other comprehensive income is recognised directly under equity.

BALANCE

Intangible assets

Intangible assets, apart from goodwill, are stated at cost less accumulated amortisation and write-downs. Amortisation of the following intangible assets is made on a straight-line basis over the expected future lifetime of the assets, which is:

Development projects	2-10 years
Patents	up to 20 years
Software	2-4 years
Trademarks	up to 20 years
Customer relationships	15 years

Goodwill arisen from acquisition of enterprises and activities are stated at cost. The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

Acquired CO_2 rights are capitalised under intangible assets. Granted CO_2 rights are not capitalised.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and impairment losses.

The cost of technical plant and machinery manufactured by the Group comprises the acquisition cost, expenditure directly related to the acquisition, engineering hours, including indirect production costs and borrowing costs.

Financial leased assets are recognised in the balance sheet at market value at the date of acquisition, and are written off at depreciation rates equivalent to those for the same category of owned assets.

Depreciation is carried out on a straight-line basis, based on current assessment of their useful lives and scrap value. The expected lifetimes are:

Buildings	20-40 years
Technical plant and machinery	5-15 years
Operating equipment and fixtures and fittings	3-10 years

On sale or scrapping of assets, any losses or gains are included under depreciation for the year.

Capital investments in subsidiaries and associated enterprises

The parent company's shares in subsidiaries and associated enterprises are measured at cost less write-downs as a result of permanent decreases in the earning capacity of the enterprises in question.

Investments in associates are measured in the balance sheet of the Group at equity value in accordance with the Group's accounting principles applied after proportional elimination of intra group profit and losses.

The relative share of the associated enterprises' profit after tax is recognised in the Group income statement.

Impairment of assets

Goodwill is tested annually for impairment and the book value of other assets is reviewed on indications of impairment. When testing for impairment, the value is written down to the estimated net sales price or the useful value, if greater. Other assets are tested for impairment when there are indications of change in the structural profitability.

Write-downs of intangible and tangible assets are carried as expenditure under the same item as the related depreciation.

Inventories

Inventories are valued at the lowest value of historical cost calculated as a weighted average or the net realisation value. The cost of finished goods and work in progress include the direct costs of production materials and wages, as well as indirect production costs.

Receivables

Receivables are measured after deduction for write-downs to meet losses on the basis of an individual assessment.

Equity

Dividend is included as a liability at the time of adoption by the Annual General Meeting. Dividend that is expected to be paid for the year is shown separately in the equity.

Acquisition and sales prices as well as dividends on own shares are recognised under retained earnings in the equity.

The reserve for foreign currency translation consists of exchange rate differences that occur when translating the foreign subsidiaries' financial statements from their functional currency into DKK.

Hedging adjustments comprise changes in the fair value of hedging transactions that qualify for recognition as cash flow hedges and where the hedged transaction has not yet been realised.

Pension

Notes

32. Accounting policies applied (continued)

Pension payments concerning defined contribution plans are recognised on an ongoing basis in the income statement. Defined benefit plans are stated at the net present value at the balance sheet date and included in the consolidated financial statements. Adjustments of the plans are carried out on a regular basis in accordance with underlying actuarial assessments. Actuarial gains or losses for defined benefit plans are recognized in full in the period in which they occur in other comprehensive income. The actuarial assessment is carried out every year.

For certain defined benefit plans the related assets are placed in pension funds not included in the consolidated financial statements. The payments to the pension funds are based on the usual actuarial assessments and are recognised in the income statement after maturity. Provided that the actuarial assessments of pension obligations show noticeable excess solvency or insolvency in relation to the pension fund's assets, the difference is entered to the balance sheet and the future payments are adjusted accordingly. With regard to these schemes, the actuarial assessment is also carried out every year.

Share option programme

An equity-based share option programme has been established, which is offered to Management and senior managers. The share option programme is not considered as part of remuneration, as the Board of Rockwool International A/S will, from time to time, decide whether share options are to be offered.

On issuing of share options, the value of the allotted options is estimated in compliance with the formula of Black & Scholes at the time of allotment and is expensed under staff costs over the expected life of the option. The amount charged is set off against equity.

The effect of void options is adjusted continuously over the income statement and set off against equity, respectively.

Deferred tax

Provisions for deferred tax are calculated on all temporary differences between accounting and taxable values, calculated using the balance-sheet liability method. Deferred tax provisions are also made to cover the retaxation of losses in jointly taxed foreign companies previously included in the Danish joint taxation. Deferred tax assets are recognised when it is probable that the assets will reduce tax payments in coming years and they are assessed at the expected net realisable value.

Deferred tax is stated according to current tax regulations. Changes in deferred tax as a consequence of changes in tax rates are recognised in the income statement

Provisions

Liabilities are recognised if they are certain or probable at the balance sheet date, and if the size of the liability can be measured on a reliable basis. The liability is calculated as the amount expected to be paid.

Financial liabilities

Interest-bearing debt is valued at amortised cost measured on the basis of the effective interest rate at the time of borrowing. The proceeds from the loan are compiled less transaction costs.

Lease commitments

Lease commitments concerning finance lease are assessed at the current value of the remaining lease instalments, including any possible guaranteed residual value based on the internal interest rate of each lease agreement.

CASH FLOW STATEMENT

Cash flow statement

The cash flow statement is presented using the indirect method on the basis of operating profit before financial items. The cash flow statement shows cash flows for the year, as well as cash and cash equivalents at the beginning and at the end of the financial year. Cash flows from operating activities are calculated as operating profit before financial items adjusted for non-cash operating items and working capital changes. Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and other asset investments. Cash flows from financing activities comprise the raising of loans, instalments on loans, payment of dividends and increases of the share capital.

Cash and cash equivalents include cash and bonds less short-term bank debt.

SEGMENT ACCOUNTS

Segmental data

Segmental data is stated for business areas and geographical areas. The division by business areas is in accordance with the Group's internal reporting and areas of responsibility. The segmental data is presented according to the same principle as the consolidated financial statements. The segmental EBIT includes Net Sales and expenditure operationally related to the segment.

Ratios

The ratios have been calculated in accordance with "Anbefalinger & Nøgletal 2010" (Recommendations & Ratios 2010) issued by the Danish Society of Financial Analysts. The ratios mentioned in the five-year summary are calculated as described in the notes.

Definitions of key figures and ratios

EBIT	Profit before financial items and tax
EBITDA	Profit before depreciations, write-downs, amortisations, financial items and tax
Profit ratio (%)	$\frac{\text{Operating profit}}{\text{Net sales}} \times 100$
Earnings per share of DKK 10	$\frac{\text{Profit for the year after minority interests}}{\text{Average number of outstanding shares}}$
Diluted earnings per share of DKK 10	$\frac{\text{Profit for the year after minority interests}}{\text{Diluted average number of outstanding shares}}$
Cash earnings per share of DKK 10	$\frac{\text{Cash flows from operating activities}}{\text{Average number of outstanding shares}}$
Dividend per share of DKK 10	$\frac{\text{Dividend percentage} \times \text{nominal value of the share}}{100}$
Book value per share of DKK 10	$\frac{\text{Equity end of the year before minority interests}}{\text{Number of shares at the end of the year}}$
Return on invested capital (ROIC)	$\frac{\text{Operating profit}}{\text{Average invested assets}} \times 100$
Return on equity (%)	$\frac{\text{Profit for the year after minority interests}}{\text{Average equity excluding minority interests}} \times 100$
Equity ratio (%)	$\frac{\text{Equity end of the year}}{\text{Total equity and liabilities at the end of the year}} \times 100$
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity end of the year}} \times 100$
Payout ratio (%)	$\frac{\text{Dividend for the year}}{\text{Profit for the year after minority interests}} \times 100$

Group companies

	Country	Shares owned %
Parent company		
Rockwool International A/S	Denmark	
Subsidiaries		
Insulation		
Rockwool Handelsgesellschaft m.b.H.	Austria	100
Rockwool N.V.	Belgium	100
s.a. Etablissements n.v. Charles Wille & Co	Belgium	100
Roxul BrazilParts Ltda.	Brazil	100
Rockwool Bulgaria Ltd.	Bulgaria	100
Roxul Inc.	Canada	100
Rockwool Firesafe Insulation (Guangzhou) Co. Ltd.	China	100
Rockwool Firesafe Insulation (Shanghai) Co. Ltd.	China	100
Roxul Shanghai Firesafe Insulation Ltd.	China	100
Rockwool Adriatic d.o.o.	Croatia	100
Rockwool a.s.	Czech Republic	100
Rockwool A/S	Denmark	100
Roxul Rockwool Technical Insulation Middle East FZE	Dubai	100
Rockwool EE Oü	Estonia	100
Rockwool Finland OY	Finland	100
Rockwool France S.A.S	France	100
Deutsche Rockwool Mineralwoll GmbH & Co. OHG	Germany	100
Rockwool Mineralwolle GmbH Flechtingen	Germany	100
Rockwool Limited	Great Britain	100
Rockwool Building Materials Ltd.	Hong Kong	100
Rockwool Hungary Kft.	Hungary	100
Roxul Rockwool Insulation India Ltd.	India	75
Roxul Rockwool Technical Insulation India Pvt. Ltd.	India	100
Rockwool Ltd.	Ireland	100
Rockwool Italia S.p.A.	Italy	100
SIA Rockwool	Latvia	100
Rockwool UAB	Lithuania	100
Rockwool Malaysia Sdn. Bhd.	Malaysia	100
Rockwool Insulation Sdn. Bhd.	Malaysia	60
Alért B.V.	Netherlands	100

	Country	Shares owned %
Rockwool B.V.	Netherlands	100
A/S Rockwool	Norway	100
Malkinia Sp. z o.o.	Poland	100
Rockwool Polska Asset Management Sp. z o.o.	Poland	100
Rockwool Polska Sp. z o.o.	Poland	100
FAST Sp. z o.o.	Poland	100
CSJC Mineralnaya Vata	Russia	100
LLC Rockwool North	Russia	100
LLC Rockwool Ural	Russia	100
LLC Rockwool Volga	Russia	100
LLC Tatinsulation	Russia	100
Rockwool Building Materials (Singapore) Pte Ltd.	Singapore	100
Rockwool Slovensko s.r.o.	Slovakia	100
Rockwool Peninsular S.A.	Spain	100
Rockwool AB	Sweden	100
Rockwool Limited	Thailand	100
LLC Rockwool Ukraine	Ukraine	100
Systems Division		
Grodan Inc.	Canada	100
Rockwool Rockfon GmbH	Germany	100
Grodan S. de R.L de C.V.	Mexico	100
Rockfon Sp. z o.o. in iquidation	Poland	100
Fortalan Asesores S.L. in liquidation	Spain	100
Grodan MED S.A.	Spain	100
Grodan Inc.	USA	100
Other subsidiaries		
BuildDesk A/S	Denmark	100
Rockwool LAT S.A.S.	France	100
Rockwool Beteiligungs GmbH	Germany	100
Rockwool.com GmbH	Germany	100
BuildDesk Limited	Great Britain	100
BuildDesk Benelux B.V.	Netherlands	100
Rockwool Benelux Holding B.V.	Netherlands	100
BuildDesk Polska Sp. z o.o.	Poland	100
Associated companies		
Transys	Czech Republic	30
RESO SA	France	20
Flumroc AG	Switzerland	42

Contact information can be found at
www.rockwool.com > Find us

The Rockwool Group

The Rockwool Group is the world's leading supplier of innovative products and systems based on stone wool, improving the environment and the quality of life for millions of people.

The Group is amongst the global leaders within the insulation industry. Together with other building-related products such as acoustic ceilings, cladding boards and consultancy business, the Group ensures energy efficient and fire-safe buildings with good acoustics and a comfortable indoor climate. We create green solutions for the horticultural industry, inventive special fibres for industrial use, effective insulation for the process industry and marine & offshore as well as noise and vibration systems for modern infrastructure.

Our more than 9,300 employees in more than 40 countries cater for customers all over the world. The Group's head office is located close to Copenhagen. In 2011 the Group generated sales of DKK 13,748 million. The company is listed on the NASDAQ OMX Nordic Exchange Copenhagen.

The Group's operations have a main presence in Europe and we are expanding production, sales and service activities in North and South America and Asia. Together with a broad network of business partners, this ensures that the Group's products and systems reach almost every corner of the globe.

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