Annual Report 2009

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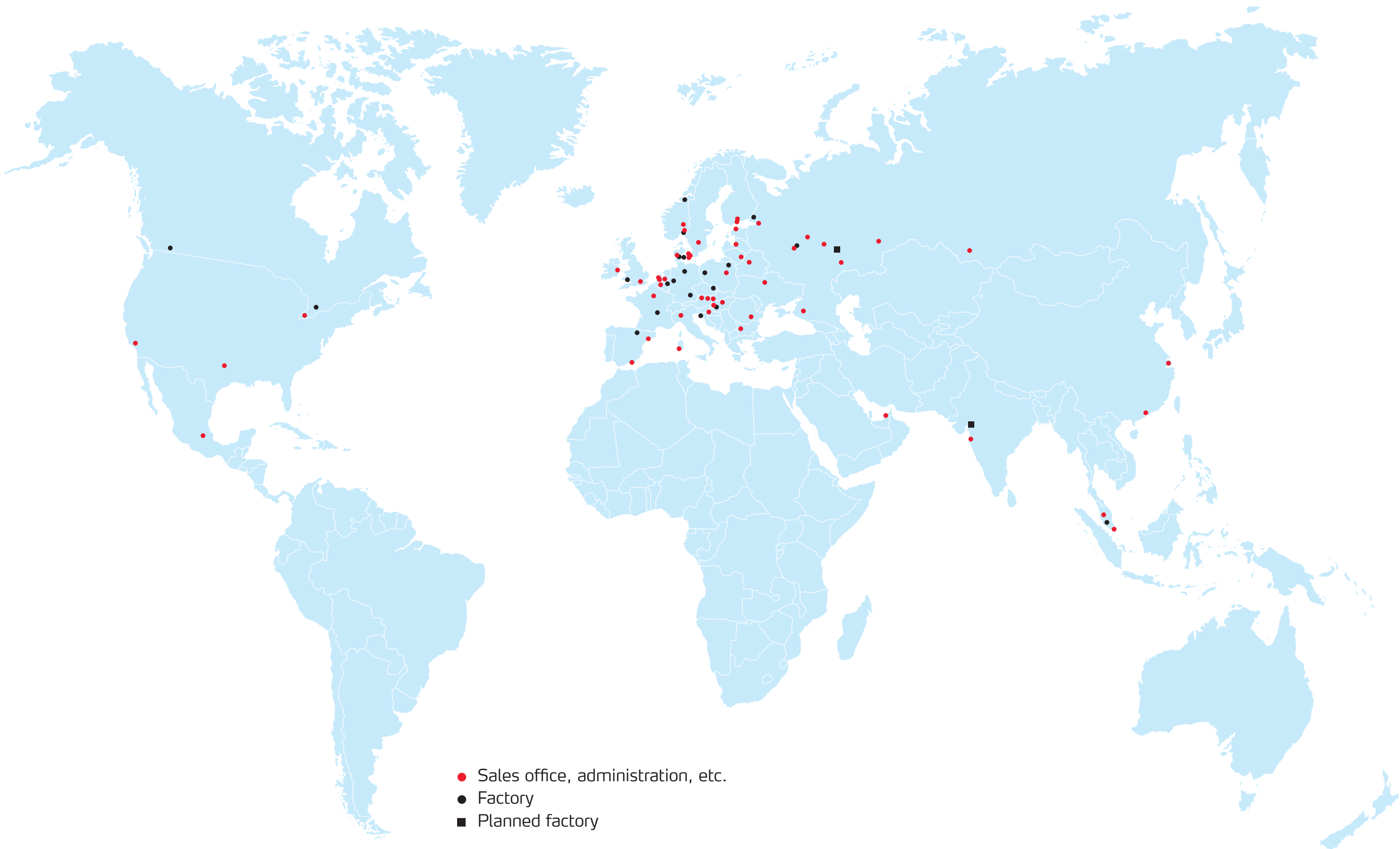
Front page: The renovation project in Rotterdam, Sleephellingstraat, won the Passive Building Award 2009 in the Netherlands. It is one example of a number of historic buildings which have been converted into highly energy efficient homes. Rockwool Benelux was a partner in this project, which illustrates how successfully it is possible to resolve the dilemma of energy efficient renovation while respecting the building's original architecture.

The Rockwool Group is the world's leading supplier of products and systems based on stone wool.

The Group is amongst the global leaders within the insulation industry. Together with other building-related products such as acoustic ceilings, cladding boards and the BuildDesk consultancy business, the Group ensures energy efficient and firesafe buildings with good acoustics and a comfortable indoor climate. Business areas outside the building industry include substrates for the horticultural industry, special fibres for brake linings and gaskets, and noise and vibration control systems for railways and roads. In 2009 the Group generated sales of DKK 11,168 million.

The Group has more than 7,800 employees and has its head office close to Copenhagen. The company is listed on the NASDAQ OMX Nordic Exchange Copenhagen.

ROCKWOOL LOCATIONS



The Group's operations are concentrated in Europe but it also has production, sales and service activities in North 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.

	2009	2008	2007	2006	2005
Income statement items in DKK million					
Net sales	11,168	13,700	13,908	11,537	10,024
EBITDA	1,529	2,373	3,391	2,122	1,500
Depreciation, amortisation and write-downs	953	871	685	717	615
EBIT	576	1,502	2,706	1,405	885
Financial items	-42	8	21	-34	-43
Profit before tax	556	1,545	2,760	1,401	870
Profit for the year after minority interests	322	1,004	1,966	950	574
Balance sheet items in DKK million					
Non-current assets	8,117	7,755	6,425	5,291	5,188
Current assets	3,209	3,888	4,469	3,320	2,813
Total assets	11,326	11,643	10,894	8,611	8,001
Equity	8,228	7,964	7,777	6,033	5,075
Non-current liabilities	1,196	1,626	977	775	1,156
Current liabilities	1,902	2,053	2,140	1,803	1,771
Others					
Cash flow (from operating activities)	1,950	1,507	2,480	1,810	1,103
Investments and acquisitions	1,170	2,642	1,621	1,004	944
Free cash flow	780	-1,135	859	805	160
Net interest-bearing debt	-141	446	-1,144	-595	212
Research and development costs	260	210	252	188	169
Number of employees					
Number of employees	7,843	8,552	8,559	8,017	7,525
Ratios:					
Profit ratio	5%	11%	20%	12%	9%
Profit per share of DKK 10	15	46	91	44	27
Dividend per share of DKK 10	9.6	9.6	14.4	9.6	4.8
Cash earnings per share of DKK 10	90	70	113	84	51
Book value per share	362	351	345	274	235
Return on invested capital	7%	20%	45%	27%	18%
Return on equity	4%	13%	29%	17%	12%
Equity ratio	73%	68%	71%	70%	63%
Financial gearing	-0.02	0.06	-0.15	-0.10	0.04
Main figures in EUR million					
Net sales	1,501	1,837	1,865	1,547	1,344
Profit before tax	75	207	370	188	117
Profit for the year after minority interests	43	134	264	127	77
Total assets	1,522	1,563	1,461	1,155	1,073
Equity	1,106	1,068	1,043	809	680
Investments and acquisitions	157	355	217	135	127
Depreciation, amortisation and write-downs	128	117	92	96	82
Exchange rate (year end rates)	7.44	7.45	7.46	7.46	7.46

For definitions of ratios, see page 46.

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.

Eelco van Heel
CEO of the Rockwool Group

TRIMMING FOR FUTURE GROWTH

The past year turned out to be just as tough as anticipated and hopefully we have now seen the first signs that the economic downturn is reaching the bottom. However, we must be aware that a double-dip crisis has been seen before in history. We still need to be cautious and hold on to the achievements which efficient crisis management brought us.

In 2008, our quick response - including trimming of our organisation and cost basis - was the first step to get back on track and prepare for the future. In 2009, we made one of the largest and most important reorganisations in several years including the introduction of a new Group Business Development function. Also in 2009, we split the Group Technology function into smaller, separate functions. Our aim with this change is to stimulate dynamism and entrepreneurship and to complement our general move towards a more customer and market driven business approach.

On the longer term, several things help us to maintain our strong believe in a positive development for our industry. One of them is the increasing awareness of how much energy can be saved if we made our buildings more energy efficient.

Both up to, during - and now after - the United Nations climate summit COP15 in Copenhagen, the Rockwool Group was and is heavily involved in drawing the world's attention to the fact that heating and cooling of our buildings account for some 40% of the energy consumed in modern society – and that most of this energy can be saved, especially if we insulate our buildings better.

The heads of state were not able to reach an ambitious climate agreement at the Copenhagen summit. But for sure the global media and hundreds, if not thousands, of delegates got a much stronger awareness of what improved energy efficiency in buildings can do for us and our planet in terms of savings on energy costs, reduction of CO_2 emissions and creation of jobs.

In the Rockwool Group, we strongly believe that a common sense of urgency regarding saving energy in buildings will continue to spread. With or without a climate agreement.

"For sure the global media and hundreds, if not thousands, of COP15 delegates got a much stronger awareness of what improved energy efficiency in buildings can do for us and our planet."

Eelco van Heel

ENERGY AND ENVIRONMENT

Following the UN Climate Change Conference, COP15, in Copenhagen, parliaments and governments will now have to change gear as regards saving energy resources and stopping climate degradation. Insulation is increasingly recognised as one of the most effective climate solutions. Energy efficient buildings can save 20% of the world's total energy consumption. More than a million green jobs can be created.

Insulation abates climate change and energy crises
Today, the majority of buildings in the world have poor energy standards and are cooled or heated using fossil fuels. Buildings account for some 40% of the world's energy consumption. According to the UN Intergovernmental Panel on Climate Change (IPCC), CO_2 emissions from buildings will intensify by more than 50% over the next two decades if no action is taken. Security of energy supply is also vulnerable as reserves of fossil fuels are dwindling.

Energy efficient buildings can make a huge contribution to reaching CO_2 emission reduction targets and to improving energy security. 75% of all energy consumption in buildings can be saved, according to new findings from the International Energy Agency (IEA). This equals a reduction of the world's total energy consumption by approximately 20%. Insulation is the most cost-efficient solution for ensuring higher energy efficiency standards in buildings.

COP15: Stop local warming
Insulation is an efficient solution. This message won stronger political recognition in 2009. At COP15 in Copenhagen in December, representatives from the International Energy Agency and the environmental organisation WWF International made a unanimous appeal: Action is urgently needed now to cut today's massive waste of energy from buildings all over the world. It will be good for the economy, it will be good for the quality of life, it will be the most efficient climate policy instrument – and the technologies are at hand to do it. What are we waiting for?

COP15 gave rise to considerable media interest in energy efficiency in buildings. Many journalists visited low energy buildings during the conference.

The umbrella for the Group's climate and energy efficiency activities in 2009 was our campaign slogan "Stop Local Warming". The objective was to emphasise the fact that the fight against climate change starts locally, in our local homes and buildings.

EU will boost efficiency of buildings
On 17 November 2009, an agreement was reached on the recast of the EU's Energy Performance of Buildings Directive (EPBD). The recast contains these highlights for the Rockwool Group:

- By 31 December 2020, all new buildings shall be nearly zero energy buildings and, after 31 December 2018, public authorities that occupy and own a new building shall ensure that the building is a nearly zero energy building.
- Minimum energy performance requirements in case of major renovations will be valid for almost all buildings. In the previous directive, retrofit to minimum energy performance requirements was only mandatory for buildings larger than 1,000 m^2.
- Minimum energy performance requirements for components will be set with a goal to achieve a cost-optimal level for building components when they are replaced.
- Governments must set up control functions to ensure compliance.

The Directive will take effect when enshrined in national law in the member states, probably at the beginning of 2014.

Financial crisis spurs retrofit
Higher energy standards in both new and existing buildings are becoming a key priority all over the world. More than a million green jobs can be generated. Some targeted stimulus packages do spur energy modernisations, providing green jobs and at the same time reducing the

"We know very well how we get the building stock that complies with the requirements of a low-carbon society. What are we waiting for?" said the Rockwool Group's CEO, Eelco van Heel, at the Group's side event at the United Nations Climate Change Conference, COP15, in Copenhagen.

negative effect the financial crisis is having on building activities.

Many countries have important refurbishment programmes. France will retrofit 400,000 old houses and dwellings per year and all public buildings must have been renovated by 2012. Before 2020 all social housing with high energy consumption must have been renovated. Grants, zero-interest loans and tax credits help provide financial means. The Netherlands will improve energy efficiency by at least 30% in 200-300,000 buildings per year. The UK is doubling saving targets. Spain and Belgium have ambitious renovation programmes. The Russian government also has high ambitions. Energy consumption in Russia should be reduced by 40% in 2020 compared to 2007. Federal laws on economic stimulus and mechanisms

were completed on 27 November 2009. In the US, the American Recovery and Investment Act is allocating USD 16.8 billion to energy efficiency and renewable energy. This covers grants, improvement of federal buildings and other programmes to cut energy bills for low-income families.

The German programme was laurelled the most effective climate change policy measure in a recent analysis by the consultancy company Ecofys. The programme consists of initiatives to stimulate energy renovation of public and private buildings – including grants and low-interest loans.

Carbon disclosure

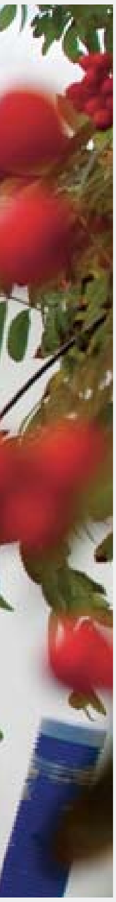
Rockwool insulation products typically save more than a hundredfold more CO_2 during their lifetime than is emitted while producing them. Insulation products manufactured in 2009 will save more than 200 million tonnes of CO_2 in their lifetime after having been taken into use in buildings or industrial processes.

In 2009 the Rockwool Group joined the Carbon Disclosure Project (CDP) in order to support transparency in carbon reporting. The Rockwool score was 68 out of 100 points. This was deemed "exceptionally high for a first-time reporter", according to CDP. In 2008 (which is the year of data covered by CDP in 2009) the Rockwool Group's production units recorded Scope 1 CO_2 emissions (generated from production) of 1.17 million tonnes. Scope 2 CO_2 emissions (generated from electricity consumed, but produced off-site) were less than 270,000 tonnes. At present the Rockwool Group does not have a need to buy CO_2 allowances in order to fulfil its EU ETS commitments.

The Group will take part in the CDP again in 2010.

For more information about the Carbon Disclosure Project, visit **www.cdproject.net**

For more information about energy efficiency and insulation, visit **www.rockwool.com/energy+efficiency**



In Hjørring, Denmark, local enthusiast and entrepreneur Jul Hørlyk attracted media attention for his three renovation projects, which demonstrate that also older houses can be turned profitably into passive houses.

Energy and CO_2 efficiency performance

Energy audits have reduced energy consumption in the Group's production facilities equivalent to a saving of EUR 3.4 million per year compared to the average consumption over the past five years. Yet after many years of energy efficiency improvements, the financial crisis is now causing under-utilisation of our production capacity to a degree that is pulling our energy and CO_2 efficiency in a negative direction.

Energy and CO_2 saving measures are being prepared and implemented for many of our office buildings.

Environmental investments

The Group invested EUR 5 million in environmental technologies in 2009 to further enhance our environmental performance. This figure does not include investments that have both environmental and economic benefits. In 2010, the environmental investments will total EUR 25-30 million.

The Group is currently not involved in environmental litigation other than in a case with the authorities in Croatia. Environmental lawsuits are exceptional for the Rockwool Group.

For more information about the Group's environmental performance, visit
www.rockwool.com/environment/environment+reports

Up to and during COP15, our "Stop Local Warming" campaign was an important vehicle for increasing general awareness of the untapped potential in buildings for savings on energy and CO_2 emissions.

REVIEW OF THE YEAR 2009

- Sales declined by 18.5% and reached DKK 11,168 million.
- EBITDA fell by 35.6% and reached DKK 1,529 million.
- Profit after minority interests declined by 67.9% and totalled DKK 322 million.
- This year's investments totalled DKK 1,170 million.
- Cash flow from operations amounted to DKK 1,950 million, up 29.4% on 2008.
- For 2010, we expect sales decline of 5-10% and a profit after minority interests of around DKK 300 million. The investment level excluding acquisitions will be around DKK 1,000 million.
- The proposed dividend is maintained at DKK 9.60 per share.

Sales
The sharp downturn in the world economy had a severe impact on all the major markets in which the Rockwool Group operates. The construction markets, where more than 90% of the Group turnover is generated, saw drastic reductions in activity, with the newbuild segments particularly affected. As a consequence, Group net sales declined by 18.5% and reached 11,168 million at actual rates and 14.9% at comparable rates.

From a geographical perspective, Central and Eastern Europe – which accounts for 16% of Group sales – was hardest hit, with construction market contraction reaching 30-40% in several markets. The important Russian market was amongst the most troubled, whereas the Polish market has shown good resilience. After reaching a peak during 2007-2008, sales prices underwent a correction in the first half of the year and have stabilised during the last quarter.

In Western Europe, construction markets showed a more varied picture, with markets such as Spain and the UK demonstrating declines in the magnitude of Eastern Europe. Other markets such as Germany and France were more resilient, and prices held up reasonably well in this area.

In the markets outside Europe, the picture was mixed, with a fairly well performing Asian economy, whereas the North American markets (especially the US) went through the toughest recession since the 1930s. However, the Rockwool operations in North America managed to perform well. In total, sales outside Europe fell by 3.5% reaching DKK 1,195 million.

In several countries, stimulus packages were launched to compensate for the economic downturn. In some countries these packages where designed to attain the triple goal of stimulating the economy, creating jobs and reducing energy consumption and CO_2 emissions. Renovation of old building stock, particularly in the public sector, gave positive support to insulation activities.

Sales of insulation products declined by 20.2% and reached DKK 9,108 million. The decline is smaller than that witnessed by most other building materials manufacturers, emphasising the positive effect from a greater focus on reducing the energy consumption of buildings as well as the Group's relatively large exposure to building renovation.

Sales in the Systems Segment performed significantly better than the insulation activities, partly as a result of a different market mix with less exposure to both the private newbuild sector as well as the hard hit markets in Central and Eastern Europe. Sales in the Rockfon business – the European market leader in the premium segment of the suspended ceilings market – did particularly well. As part of the expansion strategy a successful entry was made into the fledgling Russian market.

In order to increase customer orientation and market focus, a major reorganisation took place in top management, which among other things included the establishment of a central function responsible for new business initiatives, branding and communication. Together with efficiency initiatives and cost reduction programmes executed through the year, we believe that the Rockwool Group has strengthened its position and potential for future profitable growth.

Production
In order to balance the effect of declining sales volumes, the Group has taken the necessary measures to optimize

Germany is one of the Rockwool Group's biggest markets and performed well in 2009. Deutsche Rockwool delivered thermal insulation for the roof of the spectacular building called "Wal" (whale), an indoor playground located in Friedrichskoog, a holiday resort in Northern Germany.

its production. Further to the closure of our Gogánfa factory in Hungary, the Group discontinued the Iglesias factory in Italy. Some lines were temporarily taken out of operation.

The effects of lower raw material costs also set in during the year. However, the most important variable cost item – coke – was unfortunately still at a high average level, as a substantial amount of coke was contracted in 2008. Going forward, the full effect of more reasonable coke prices will be positive for our business.

During 2009, the finalisation of the new production lines in Toronto, Canada and Pencoed, UK kept the investment level high, reaching DKK 1,170 million. The construction of a new factory in India – a joint-venture project with KAEFER Punj Lloyd Group India – got off to a good start in the second half of 2009. From the beginning of 2011, we expect this factory to be a bridgehead for the fast growing Indian market for technical insulation as well as for export into the Gulf region.

Profit for the year

In 2009, the Group generated EBITDA of DKK 1,529 million, 35.6% less than in 2008. EBITDA was 13.7% of net sales, which is 4% lower than the average level for the last five years. EBITDA for the fourth quarter has improved, reaching DKK 519 million and a ratio of 16.4%, as the Group is getting higher benefit from its cost reduction programme, lower input costs and better capacity utilisation. EBIT amounted to DKK 576 million, a decrease of DKK 926 million or 61.7%.

Net financial costs ended at DKK 42 million, which is DKK 50 million more than in 2008. The increase is primarily due to costs for new committed credit facilities and less capitalised interest costs.

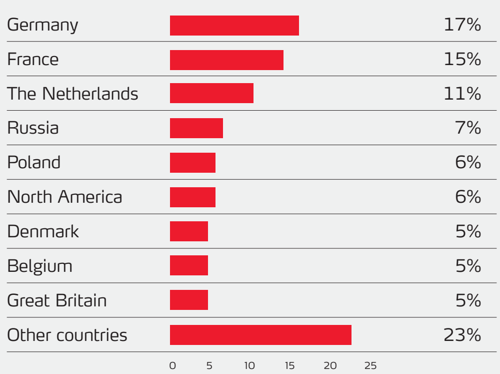
The effective tax rate for the year was 37.0% equivalent to a tax amount for the year of DKK 206 million. The effective tax rate was 6.9 percentage points higher than last year as a result of lower earnings in countries with lower taxes and non-deductibility of some losses in specific countries.

Profit after tax and minority interests was DKK 322 million, a decrease of DKK 682 million and is in line with the latest expectations. The result was affected by net costs and provisions for restructuring and reorganising the Group amounting to DKK 90 million net of tax.

Investments and cash flow

Cash flow from operations amounted to DKK 1,950 million, an increase of 29.4% despite a large decline in profits. The increase was primarily attributable to a strong positive development in working capital and lower tax payments. The change in working capital of DKK 598 million was primarily caused by a decrease in inventories of raw materials and finished goods and less trade receivables.

SALES DISTRIBUTED ON COUNTRIES



Not only private homes but also airports need to be energy efficient and provide a comfortable indoor climate. For the Changi airport in Singapore, the Rockwool Group has provided products for the roof to improve the acoustic and thermal comfort, and for firesafe protection of the ducts.

Investments in 2009 reached DKK 1,170 million, including acquisitions of DKK 31 million, and are down 55.7% on last year. The investments are primarily related to finalisation of new production lines in the UK and in Canada. Other investments were kept at a relative low level of around DKK 536 million.

Free cash flow amounted to DKK 780 million, up DKK 1,915 million on last year, primarily due to lower investments and a positive effect from working capital.

Balance sheet

At the end of 2009 total assets amounted to DKK 11,326 million, a decrease of DKK 317 million compared to the end of 2008, coming primarily from a decrease in inventory of DKK 522 million and a decrease in receivables of DKK 446 million. Average debtor days have decreased by 0.7 days compared to the end of 2008. The decrease in inventories and receivables was partly set off by an increase in tangible assets and increased cash. Available cash at the end of 2009 amounted to DKK 733 million.

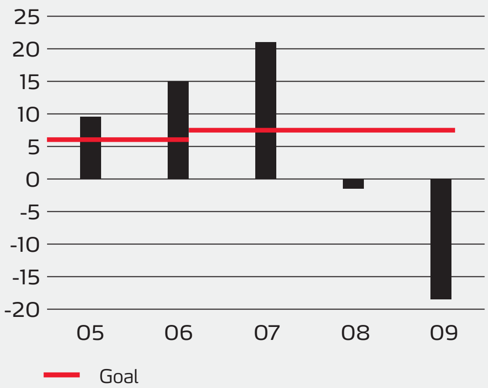
Equity at the end of 2009 amounted to DKK 8,228 million, corresponding to an equity ratio of 72.6%. A better cash flow in 2009 reduced the interest-bearing debt during the year. At the end of 2009, net interest bearing debt amounted to DKK -141 million, down DKK 587 million on last year. By the end of the year the Group had unused committed credit facilities of DKK 3,323 million.

Expectations

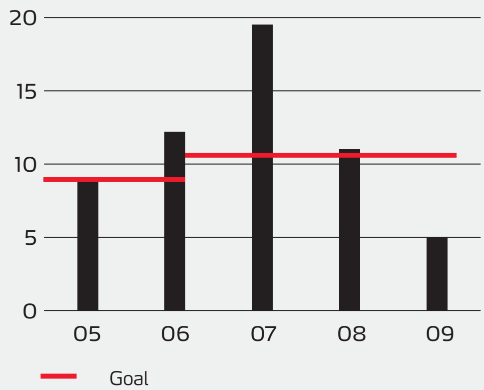
The global economic crisis and its strong negative impact on the level of construction activities have severely affected most of the markets in which the Group operates. In March 2010, we do not see any signs of a market recovery.

FINANCIAL GOALS FOR THE ROCKWOOL GROUP

Average sales growth of 8%



Profit ratio of 11% of turnover



In Grimstad, Norway, Rockwool Scandinavia is involved in the construction of two terraced Passiv Houses. Despite having access to low price energy from both oil and hydropower, the Norwegians are showing increasing interest in developing low energy buildings.

In the Netherlands new, innovative products were launched, including Fastfixx, a product for pitched roofs.

Difficult weather conditions during the first quarter 2010 have reduced visibility even further. The market decline in 2009 has been most severe in Eastern Europe as well as in the non-residential segment. No significant improvements are expected here during 2010. The residential segment in Western Europe is improving, carried by a strong level of refurbishment activity. The Group anticipates the effect from governmental support packages in 2010 to be higher than in 2009.

The Group expects net sales in 2010 to decrease by 5-10% compared to 2009.

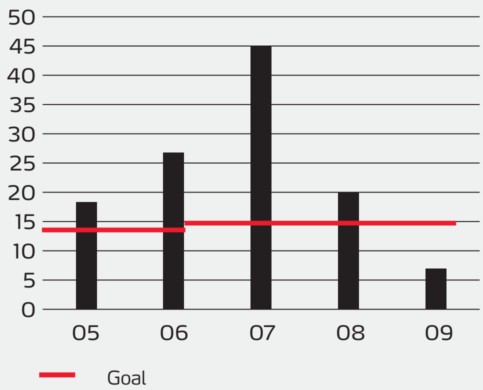
The Group has in 2009 successfully implemented a major cost reduction programme which will show its full benefit in 2010 giving an additional DKK 100 million in savings on top of the DKK 400 million achieved in 2009. In addition, we will also benefit from lower input costs primarily due to much lower coke prices after the Group has hedged a significant part of its 2010 needs.

The Group confirms its expectation for a net result after minority interests of DKK 300 million.

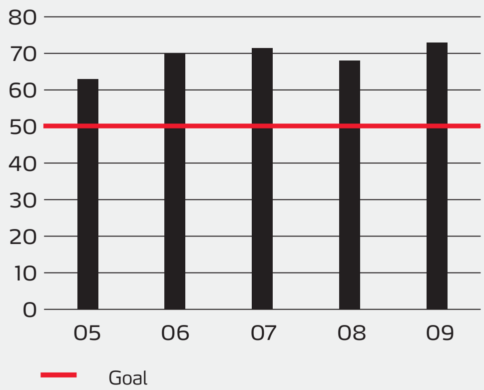
The tax rate is expected to stay at 37% as a result of a profit distribution pattern between countries similar to 2009.

Investment expenditure excluding acquisitions is expected at DKK 1,000 million including the finalisation of the Indian factory with a start planned for beginning of 2011 and the continuation of the project for a new factory in the Volga region in Russia. Other investments will reach a level around DKK 650 million.

Return on invested capital of 15%



Equity ratio of min. 50% of the assets



INSULATION SEGMENT

The Rockwool Group is the world's second largest producer of insulation. Insulation is by far the Group's biggest business area, accounting for 81.6% of sales. Most of the products and systems are sold to the construction sector, but special insulation for power plants, the process industry and ships are also important areas. The insulation segment involves sales and marketing of products from the Group's 21 stone wool factories – 18 in Europe, 2 in North America and 1 in Asia.

Building insulation
The European building insulation market showed the biggest decline in several decades as the economic crisis hit the construction industry with full impact. The portfolio of private building projects which had been developed, financed and decided ahead of the crisis was significantly reduced during the year and the importance of publicly financed activities grew. In general, the renovation market performed much better than the newbuild activities. The market decline slowed towards the end of the year.

External net sales of the insulation activities decreased by 20.2% to DKK 9,108 million with EBIT of DKK 544 million.

Market development was best in Western Europe, although with markets such as France and Germany still showing a decline. Other important Western European markets such as Italy and Benelux also held up reasonably well, whereas the UK, Spain – and to a lesser extent Scandinavia – saw dramatic declines in building activity. In Central and Eastern Europe, the important Russian market fell dramatically, as did Hungary and the Czech and Slovak Republics, whereas Poland performed better. Despite the crisis in the US construction sector, the Rockwool Group's sales in North America continued to show growth due to the limited exposure to the US newbuild sector as well as the fact that the Canadian market continued to perform well.

The markets for general building insulation products such as rolls, slabs and granulate showed a downward sales trend, reflecting the general decline in the residential segment. In some countries – e.g. the important German market – sales were stimulated by stimulus packages aimed at making energy efficient building renovations both for private homes and public buildings.

The market for flat roof insulation is of significant importance and the Rockwool Group holds the leading position in Europe. Most buildings with flat roofs are non-residential, like logistics centres, supermarkets, factories and airports. Sales in this area declined considerably in 2009, reflecting the low investment levels for industrial and commercial buildings. The market for sandwich panels – consisting of two sheets of metal with an insulation core – was also hit hard by this trend.

Technical insulation
The Rockwool Group maintained its position as a leading supplier to this market. The technical insulation business deals with, for example, insulation for pipes and boilers in heavy industry, at power stations and in the process industry, as well as insulation for pipe installations and ventilation ducts mainly in non-residential buildings. The Rockwool Group also supplies fire protection of steel constructions, pipe penetrations and ventilation ducts and other applications for these buildings.

INSULATION SEGMENT

DKK million	2009	2008
Profit		
External net sales	9,108	11,413
Internal net sales	1,165	1,130
EBITDA	1,351	1,957
Depreciation	807	795
EBIT	544	1,162

The Sail at Marina Bay is Singapore's tallest apartment building and, with its 70-storey tower, it is one of the current top ten tallest apartment buildings in the world. The Rockwool Group has delivered products for internal partitioning for acoustic purposes, thereby also helping to protect against fire.

Energy efficiency is also increasingly becoming a focus area in connection with the renovation of classical buildings. Here, the theatre in Tyumen, Russia, where the Rockwool Group provided insulation for the facade and roof.

The marine and offshore segments showed a relatively positive trend in 2009.

In 2009, the economic crisis also impacted the activity level of the technical insulation market. The declining construction activity, modest investment levels in the process industry, as well as the low number of power plant projects in our key markets, all contributed to this. The best performing markets were Scandinavia and Central Europe including Poland, whereas Southeast Europe and many other markets showed the highest decrease.

A special segment of technical insulation is the offshore and shipbuilding industry, where the firesafe and acoustic properties of stone wool insulation solutions are important. Despite the general crisis in the marine sector, sales went well in marine and offshore in most markets.

BUILDDESK GROUP

The BuildDesk Group is the Group's consultancy activity focused on improving energy efficiency and sustainability in buildings and their environment. The BuildDesk Group offers its services to all levels of authorities, professional building owners, developers and energy companies, with four key areas:

- policy development and climate change consultancy
- renewable energy supply and utilisation strategies
- building optimisation and sustainable building consultancy
- software solutions for energy efficiency optimisations

The BuildDesk Group executes projects such as the Program Management role for climate change, for instance for the city region of Rotterdam (16 communities) and for the environmental service in the South-West Holland region.

The in-house developed 'road maps to carbon neutrality' are sold to dozens of local communities. These road maps put energy saving projects and renewable energy initiatives high on the agenda of local politicians, and the BuildDesk Group is already running several of these follow-up projects.

Professional building owners are becoming more convinced that energy efficiency and sustainability increase the value of their buildings, and the BuildDesk Group is servicing these organisations with actual knowledge.

The Rockwool Group has delivered insulation products as part of making the Crowne Plaza Copenhagen Towers a landmark in modern sustainable high-rise buildings: a well-insulated building combined with a huge amount of building-integrated photovoltaic elements and advanced groundwater-based cooling and heating systems.

In Austria, the BuildDesk Group was selected as the business partner for making energy optimisation surveys for organisations such as energy providers, pension funds and local banks.

The BuildDesk Group has achieved prominent positions in energy certification software and design software in Denmark, the Netherlands, Belgium, Austria and Poland, and the recast of the EPBD (see page 6) will further strengthen these positions.

In the Netherlands, the BuildDesk Group is continuing its commercial promotion of the company's services to enable buildings and cities to become more sustainable. "A logical question requires a clear answer".

SYSTEMS SEGMENT

The Systems Segment covers the non-insulation business areas of the Rockwool Group: Rockfon ceilings, Grodan crop management solutions, Rockpanel facade panels, Lapinus Fibres engineered reinforcement fibres, and RockDelta outdoor noise and vibration control solutions. The segment accounts for 18.4% of the Group's net sales.

The Systems Segment's external net sales decreased by 10.1% to DKK 2,049 million with EBIT of DKK 239 million. However, market conditions did not worsen as much as for the insulation business.

Rockfon ceiling solutions

The Rockfon Group develops and markets integrated ceiling solutions that actively improve the acoustic performance, indoor environment and internal design of buildings. The Group is a leading company in the European market for suspended ceilings. Rockfon ceilings are produced at factories in the Netherlands, France and Poland.

In 2009, the Rockfon Group continued the positive development by maintaining the volume in the decreasing European market, thereby increasing market share significantly. Expansion into new areas, such as Russia, was carried out successfully. Sales and profits have developed very satisfactorily under the circumstances.

Grodan crop management solutions

The Grodan Group develops and supplies sustainable solutions for greenhouse cultivation of crops based on hydroponic systems that are independent of soil - solutions that enable growers to produce safe, healthy and tasty crops like tomatoes, cucumbers and peppers. The Group's main markets are in Europe and North America. Grodan products are manufactured at our factories in the Netherlands, Denmark and Poland.

SYSTEMS SEGMENT

DKK million	2009	2008
Profit		
External net sales	2,049	2,280
Internal net sales	26	1
EBITDA	242	336
Depreciation	3	4
EBIT	239	332

Continued low crop prices have had a negative impact on the profitability of growers. In the important Dutch market, the government and banks have introduced a support package for the industry. The demand for safe, healthy and high quality produce continues to grow, but it remains a big challenge for the horticulture industry to meet this in a profitable way.

In 2009 the Grodan Group kept its focus on the new generation of products that were introduced in 2008. The new products enable better root zone management and have been very well received in the market. Sales and profits have developed satisfactorily, taking external conditions into consideration.

Rockpanel facade solutions

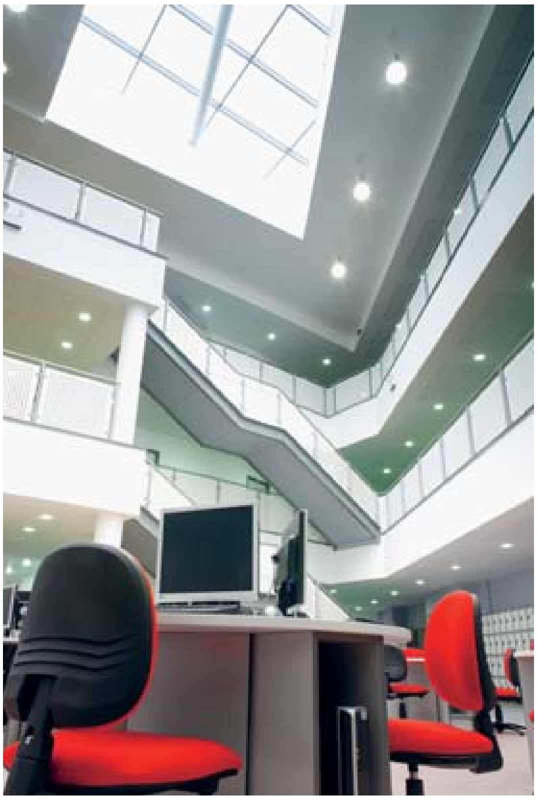
The Rockpanel company markets decorative boards for various applications on facades of buildings. The boards are used for detailing and cladding of facades where durable solutions, attractive design and only a minimum of maintenance are required. Rockpanel products have easy workability comparable to that of wood, combined with high durability and low maintenance. Rockpanel production takes place in Roermond in the Netherlands.

The main markets are the Benelux countries, Germany, the UK and Denmark, targeting both the residential and non-residential sector.

The Rockpanel company was unable to continue the positive development in sales and profits from 2008 due to the decline in the building industry. However, despite the difficult market environment, sales improved in some of the main markets. Profit development was satisfactory, given the circumstances. The Rockpanel company will continue focusing on growth.

Lapinus Fibres - intelligent fibres for reinforcement

The Lapinus Fibres company develops and markets engineered stone wool fibres for reinforcement of friction materials, gaskets and other special industrial applications. The company's core competence is material formulation know-how combined with the engineered fibres, providing innovative, high-performing and cost-effective solutions for customers. Production takes place in the Netherlands.



▲ In Lincoln, UK, where World War II tanks were once produced, innovative companies are now located. Hence the name "Think Tank" and the chosen design of a tank-inspired building clad with Rockpanel Chameleon panels. The building has received a BREEAM Excellent score for the sustainable cladding.

▲ In spite of very difficult conditions for the growers, the Grodan Group's substrate business developed well in 2009.

◀ To some extent supported by an increased activity level for renovation of public buildings like schools and hospitals in several countries, the noise reducing active ceilings from the Rockfon Group had a good year. Here at Smith's Wood Sports College in Solihull, UK, the "Koral" product line is mounted.

The decline of the global automotive industry continued in 2009. Being highly exposed to this market, the Lapinus Fibres company was severely affected, with sales volumes in the friction and gasket segments being hard hit. The realised result was not satisfactory.

RockDelta solutions for vibration and noise control

The RockDelta company provides solutions for control of vibrations from railway traffic and noise from roads. The products are vibration absorbing materials mounted underneath railway tracks in various forms, and noise barriers for homeowners in residential areas with heavy traffic. Production takes place in Denmark and Poland.

The development of net sales and profit has continued to be satisfactory in 2009, due to the continuous penetration of our solutions in the railway market and the good evolution of our sales in the residential noise barriers segment.

Corporate Social Responsibility

For many years, the Rockwool Group has been known for its strong social commitment. The company's social vision and values are stated in its Social Charter. The close involvement of the Rockwool Foundation in scientific analysis related to the current problems faced by modern society emphasizes that social responsibility is a central part of the Rockwool culture.

The Rockwool Group has always been managed on the basis of strong values stimulating trustworthy and decent behaviour of the company and its employees. This has over the years resulted in the development of a number of specific and operational policies, manuals and instructions as well as implementation of monitoring and auditing processes of some aspects.

Good performance
For 2009, the Rockwool Group publishes a mandatory 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 four central areas of corporate social responsibility (CSR): Human rights, labour standards, environment and anti-corruption.

The general conclusion of the report is that the Rockwool Group is performing well in all the addressed areas and that it is maintaining the necessary internal and external dialogue on these issues in the Group's day-to-day operations. The Group supports the United Nations Universal Declaration of Human Rights and the International Chamber of Commerce's Business Charter for Sustainable Development and has in other areas developed its own policies and procedures which assure implementation and adherence to good corporate social responsibility throughout the company.

Continues to monitor initiatives
In the environmental area in particular, the Group has long experience and over the years has developed an extensive system for managing and auditing production processes and assuring that all environmental regulations and standards are met or exceeded. The company was among the front-runners in the industry when 15 years ago it published its first dedicated environmental report covering all factories.

In the CSR report, the Rockwool Group states that the company considers its CSR performance satisfactory and intends to maintain this position. The Group will continue to monitor its performance to ensure that initiatives meet internal and external requirements.

The complete report is available at **www.rockwool.com/about+the+group/social+responsibility/csr+reports**

For the Rockwool Group's Social Charter, see **www.rockwool.com/about+the+group/social+responsibility/social+charter**

The Rockwool Foundation has in cooperation with Cross Cultures Project Association (CCPA) developed a project that through football seeks to promote peaceful coexistence between various groups in Lebanon and to stimulate the development of an active civil society. To make the football clubs sustainable, it is vital to include the parents and the local community in the activities.

THE ROCKWOOL FOUNDATION

The Rockwool Foundation was founded in 1981 as a non-profit organisation with the objective of supporting scientific, humanitarian, artistic and social activities, as well as contributing to improving environmental conditions and development in society.

The Foundation was established 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, when he succeeded his father Claus Kähler, also previously CEO and Chairman of the Board of Rockwool International A/S.

Dividends spent on social projects and research
The Rockwool Foundation is the biggest shareholder of Rockwool International A/S with 23% of the shares. This means that almost one fourth of the dividend paid out by the Rockwool Group is spent on projects and research in Denmark and other countries.

The research funded by the Rockwool Foundation is mainly focused on socio-economic issues and current problems faced by modern western society. The aim is to improve the knowledge base and the quality of the public debate and to provide a good basis for decisions to be taken by politicians. Research is carried out by The Rockwool Foundation Research Unit (established in 1987) and by external researchers and experts in four broad areas: migration and integration, undeclared work, work and the welfare state, and families and children. The independent research attracts much media attention. Research is carried out mainly in Denmark but also in other European countries such as Germany, Poland and Italy.

Social entrepreneurship and the principle of help for self help are key elements in the Foundation's projects aimed at achieving lasting and sustainable improvements in poor as well as rich societies within selected programme areas: food security and poverty alleviation, social capacity building, and international peace building. Individuals and communities in mainly 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 its annual report 2009 which – together with much more information – can be found in English at
www.rockwoolfonden.dk

Human Capital

The Group effort to maintain and develop its employees' professional and personal skills made further progress – including both a strong focus on training of production staff (here at the Roermond factory in the Netherlands) and introducing a global programme for talent management.

The global economic downturn and the dramatic measures which have been taken in the Rockwool Group to address it have been challenging. In spite of these tough conditions, employee motivation and satisfaction are at a high level. The Rockwool Group continues to see development of the company's employees as crucial for not only managing a crisis, but to assure future development and success.

Group Employee Perception Survey

In 2009, a Group Employee Perception Survey was carried out for the fourth time. This comprehensive study is conducted every 1-2 years. More than 2,800 employees responded to the survey, showing very high commitment and a positive perception of how the Rockwool Group is managed. A Group result of 3.9 (unchanged from the previous survey in 2007) on a 1 to 5 scale shows a well functioning company – but still with room for improvement.

Training and talent management

Already in 2008, training activities for production staff under the auspices of the Rockwool University were enhanced. In 2009, in line with this focus on professional and personal development, a global, enhanced talent management system was initiated. This involves all Rockwool companies who will all be required to develop strategies and plans for talent management. The plans will assure that talent-spotting and subsequent individual development will be integrated in the company's general plan for development of its human capital.

Supplementary to initiatives taken on Group level, various activities in the operational companies took place, aimed at developing employees' personal and professional skills according to local needs.

New focus – new challenges

Over the year a number of organisational changes have taken place in order to revitalise the innovation processes and strengthen the company's market and customer orientation.

As one of the first initiatives, a programme in Group Research and Development aimed at increasing creativity and efficiency in the development process has been implemented – acknowledging that to maintain and develop the Rockwool Group's position as a world leader in the area of stone wool solutions, a combination of highly professional skills, creativity and strong internal and external networks is needed.

KEY FIGURES	2009	2008	2007	2006	2005
Absenteeism, indirect personnel	2.6%	2.0%	2.0%	1.9%	1.8%
Absenteeism, direct personnel	4.2%	4.2%	4.2%	4.0%	4.4%
Training days per employee, indirect	2.2	4.5	4.5	3.2	3.1
Training days, direct personnel	2.6	3.1	2.2	1.8	1.7
Staff turnover, indirect personnel	3.5%	7.2%	6.4%	6.6%	5.5%
Frequency of accidents, direct personnel[1]	10.8	11.4	14.9	11.8	16.2
Research and development (DKK million)	260	210	252	188	169
Patents granted in the year	133	106	195	143	144[2]

[1]Per million working hours, [2]Excl. Deutsche Rockwool.

Corporate Governance

Rockwool International A/S' (RI) corporate governance charter consists of a framework of principles and rules, including the Articles of Association, Business Procedures for the Board of Directors, and Management Instructions for the Management Board, and is in accordance with the more general values and business rules used in the Group, called People & Brands, the Rockwool Values, and Principles of Leadership.

Pursuant to the provisions of the Danish Companies Act and RI's Articles of Association, the supervision and management of RI is divided among the Group Management, the Board of Directors (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 six other executives - four Danes, one Dutchman, one German and one Frenchman. Two executives including the CEO are registered as the Management Board according to Danish law.

The Board appoints Group Management members and determines their remuneration. 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 appointed by the General Meeting currently comprise six persons - five Danes and one Dutchman. Board members must step down at the first General Meeting following their 70th birthday. Additional members - currently three persons - are elected by employees in accordance with Danish legislation.

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

The Board has established two committees: an Audit Committee and a Compensation Committee. In accordance with new legislation for audit committees in Denmark, the Board has appointed Jan W. Hillege as the member of the Audit Committee who is independent and possesses the required insight concerning auditing.

General Meeting and shareholders

The company's share capital is made up of two classes of share: A shares (59.5% of the capital) carrying ten votes each, and B shares (40.5% 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. RI Board member Tom Kähler and one of the three employee-elected members, Connie Enghus Theisen, are also members of the Board of the Rockwool Foundation.

As mentioned in the Prospectus from 1995, 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 OMX Nordic Exchange Copenhagen, visit
www.rockwool.com/investor/corporate+governance

For 2009, the Rockwool Group publishes a mandatory statement on management governance according to the Danish Financial Statements Act, Art. 107b.

The mandatory statement is available at
www.rockwool.com/investor/corporate+governance

(from left)

Steen Riisgaard
Second Deputy Chairman.
Born in 1951, nationality: Danish.
Other positions related to the company: Member of the Compensation Committee.
Positions in other Danish public limited companies: President and CEO of Novozymes A/S. Vice Chairman of the Board of Egmont International Holding A/S.

Lars Elmekilde Hansen
Elected by employees.
Born in 1960, nationality: Danish.
Other positions related to the company: Project Manager, Rockwool International A/S

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

Jan W. Hillege
Born in 1941, nationality: Dutch.
Other positions related to the company: Member of the Audit Committee.

Tom Kähler
Chairman.
Born in 1943, nationality: Danish.
Other positions related to the company: Member of the Audit Committee. Member of 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.

Michaeel Emborg
Elected by employees.
Born in 1966, nationality: Danish.
Other positions related to the company: Research and Development Technician, Rockwool International A/S.

Connie Enghus Theisen
Elected by employees.
Born in 1960, nationality: Danish.
Other positions related to the company: International Business Manager, Rockwool International A/S. Member of the Board of the Rockwool Foundation.

Bjørn Høi Jensen
Born in 1961, nationality: Danish.
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 boards of DOVISTA A/S and Gyldendalske Boghandel, Nordisk Forlag A/S.

Henrik Nyegaard
First Deputy Chairman.
Born in 1940, nationality: Danish.
Other positions related to the company: Member of the Compensation Committee.
Positions in other Danish public limited companies: Chairman of the board of Gyldendal A/S. Vice Chairman of the boards of VELUX A/S and VKR Holding A/S. Member of the Board of DOVISTA A/S.

Further information on other positions, educational background, etc. is available at
www.rockwool.com/about+the+group/board+of+directors

(from left)

Henrik Frank Nielsen
Division Managing Director,
Systems Division.
Born in 1961, nationality: Danish.

Gilles Maria
Senior Vice President,
Group Finance, CFO.
Born in 1958, nationality: French.

Bo Rygaard
Senior Vice President,
Group Business Development.
Born in 1965, nationality: Danish.
Positions in other Danish public limited companies: Board member of Kavi Invest A/S.
Other positions: Board member of Dreyers Fond.

Klaus Franz
Division Managing Director, West Division.
Born in 1953, nationality: German.
Other positions related to the company: Member of the Board of the Rockwool Foundation.
Other positions: Board member of Gelsenwasser AG and Stadtwerke Bochum GmbH.

Jakob Sørensen
Senior Vice President,
Group Corporate Affairs.
Born 1952, nationality: Danish.
Positions in other Danish public limited companies: Board member of Ingeniørfirmaet Lytzen A/S and Ingeniørfirmaet Lytzen Holding A/S.

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

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

Management's report

Today the Board of Directors and Management have discussed and approved the Annual Report of Rockwool International A/S for the financial year ended 31 December 2009.

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 2009 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 fair review about the development in the parent company's and the Group's operations and economical conditions, the results for the year and the Group's and the parent company's financial position as well as a review of the more significant risks and uncertainty the parent company and the Group face.

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

Hedehusene, 10 March 2010

Management

Eelco van Heel	Gilles Maria

Board

Tom Kähler	Henrik Nyegaard	Steen Riisgaard
Michaeel Emborg	Lars Elmekilde Hansen	Jan W. Hillege
Bjørn Høi Jensen	Thomas Kähler	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 ended 31 December 2009, which comprise income statement, statement of recognised income and expenses, balance sheet, statement of changes in equity, cash flow statement and notes for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

Board of Directors' and Management's Responsibility for the Consolidated Financial Statement and parent company Financial Statement

The Board of Directors and Management are responsible for the presentation and 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. This responsibility includes; designing, implementing and maintaining internal control relevant for the presentation and preparation of consolidated financial statements and parent company financial statements that give a true and fair view, free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Basis of Opinion

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 Danish Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated parent company financial statements and the 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 in the parent company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatements in 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 presentation and preparation of consolidated financial statements and parent company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors and the 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 opinion.

The 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 parent company's financial position at 31 December 2009 and of the results of the Group's and the parent company's operations and cash flow for the financial year ended 31 December 2009 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

The Board of Directors and Management are also responsible for the preparation of a Management's review that includes a fair review in accordance with the Danish disclosure requirements for listed companies.

The audit has not included the Management's review. Pursuant to the Danish Financial Statements Act we have however 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, 10 March 2010

Ernst & Young
Godkendt Revisionspartnerselskab

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

DKK million	Note	Group		Parent company	
		2009	2008	2009	2008
Net sales		11,168	13,700	756	1,397
Other operating income	1	194	251	498	541
Operating income		**11,362**	**13,951**	**1,254**	**1,938**
Raw material costs and production material costs		3,884	4,766	637	1,221
Delivery costs and indirect costs		1,757	2,260	87	55
Other external costs		1,221	1,380	308	311
Personnel costs	2	2,971	3,172	254	257
Depreciation, amortisation and write-downs	3	953	871	126	42
Operating costs		**10,786**	**12,449**	**1,412**	**1,886**
Operating profit before financial items		**576**	**1,502**	**-158**	**52**
Income from investments in subsidiaries	4	0	0	643	1,185
Income from investments in associated companies after tax		22	35	10	16
Financial income	5,7	175	221	136	140
Financial expenses	6,7	217	213	118	78
Profit before tax		**556**	**1,545**	**513**	**1,315**
Tax on profit for the year	8	206	465	-96	7
Profit for the year		**350**	**1,080**	**609**	**1,308**
Minority interests		28	76		
Profit for the year after minority interests		**322**	**1,004**		
Distributed as follows:					
Dividend		207	207	207	207
Retained earnings		115	797	402	1,101
Minority interests		28	76	0	0
		350	**1,080**	**609**	**1,308**
Dividend per share of DKK 10				9.6	9.6
Profit per share of DKK 10	9	14.9	46.3		
Profit per share of DKK 10, diluted	9	14.9	46.1		

STATEMENT OF RECOGNISED INCOME AND EXPENSES 1 January - 31 December

DKK million	Note	Group		Parent company	
		2009	2008	2009	2008
Profit for the year		350	1,080	609	1,308
Exchange rate adjustments of foreign subsidiaries		119	-590	0	0
Hedging instruments, value adjustments		-50	34	0	0
Tax on hedging instruments, value adjustments		14	-8	0	0
Total income		**433**	**516**	**609**	**1,308**
Minority interests		18	38	0	0
Total income for the year after minority interests		**415**	**478**	**609**	**1,308**

DKK million	Note	Group 2009	Group 2008	Parent company 2009	Parent company 2008
Goodwill		44	44	0	0
Software		125	126	122	124
Other intangible assets		104	153	79	116
Intangible assets	10	**273**	**323**	**201**	**240**
Buildings and sites		3,037	2,487	53	56
Plant and machinery		3,886	3,315	0	0
Other operating equipment		128	147	27	37
Prepayments and assets in course of construction		289	1,040	0	0
Tangible assets	11	**7,340**	**6,989**	**80**	**93**
Shares in subsidiaries	12	0	0	4,570	4,310
Shares in associated companies	12	217	173	30	30
Loans to subsidiaries	12	0	0	506	642
Long term deposits and debtors		22	22	0	0
Deferred tax assets	19	265	248	0	0
Financial assets		**504**	**443**	**5,106**	**4,982**
Total non-current assets		**8,117**	**7,755**	**5,387**	**5,315**
Raw material and consumables		478	881	11	142
Work in progress		22	40	0	0
Finished goods and trade goods		301	402	0	0
Inventories	14	**801**	**1,323**	**11**	**142**
Work in progress		0	0	82	128
Trade receivables	15	1,299	1,471	0	0
Receivables from subsidiaries and associated companies	16, 29	10	11	2,011	2,309
Other receivables		229	400	41	58
Prepayments		53	63	12	17
Company tax	23	84	176	132	121
Receivables		**1,675**	**2,121**	**2,278**	**2,633**
Cash		**733**	**444**	**486**	**40**
Total current assets		**3,209**	**3,888**	**2,775**	**2,815**
Total assets		**11,326**	**11,643**	**8,162**	**8,130**

DKK million	Note	Group		Parent company	
		2009	2008	2009	2008
Share capital	17	220	220	220	220
Foreign currency translation		-398	-527	0	0
Proposed dividend		207	207	207	207
Retained earnings		7,939	7,791	5,863	5,442
Hedging		-9	27	0	0
Minority interests		269	246	0	0
Total equity		**8,228**	**7,964**	**6,290**	**5,869**
Deferred tax	19	361	491	185	281
Pension obligations	20	182	154	1	1
Other provisions	21	230	177	2	2
Bank loans	22	423	804	14	735
Non-current liabilities		**1,196**	**1,626**	**202**	**1,019**
Short-term portion of long-term debt	22	17	4	0	0
Bank debt		145	76	0	15
Trade payables		756	967	31	101
Payables to subsidiaries and associated companies		0	0	1,451	967
Other provisions	21	64	125	0	0
Other payables		920	881	188	159
Current liabilities		**1,902**	**2,053**	**1,670**	**1,242**
Liabilities		**3,098**	**3,679**	**1,872**	**2,261**
Total equity and liabilities		**11,326**	**11,643**	**8,162**	**8,130**

DKK million	Note	Group		Parent company	
		2009	2008	2009	2008
Operating profit for the year		576	1,502	-158	52
Adjustments for depreciation, amortisation and write-downs		953	871	116	39
Other adjustments	24	44	-23	798	1,314
Change in net working capital	25	598	-138	1,005	-1,245
Cash flow from operation before financial items and tax		**2,171**	**2,212**	**1,761**	**160**
Interest payments received		172	220	136	140
Interest payments etc. made		-153	-134	-118	-78
Taxes paid		-240	-791	-11	-64
Cash flow from operating activities		**1,950**	**1,507**	**1,768**	**158**
Purchase of tangible assets		-1,081	-2,470	-68	-23
Purchase of intangible assets		-58	-172	-61	-156
Acquisition of new activities		-31	0	0	0
Cash flow from investing activities		**-1,170**	**-2,642**	**-129**	**-179**
Cash flow from operating and investing activities (free cash flow)		**780**	**-1,135**	**1,639**	**-21**
Dividend paid		-207	-313	-207	-313
Sale and purchase of own shares		5	-72	5	-72
Additions of subsidiaries and associated companies		0	0	-444	-854
Disposals of subsidiaries and associated companies		0	0	189	85
Financing from minority interests		5	21	0	0
Change in non-current debtors		1	-20	0	0
Change in non-current debt		-374	765	-721	727
Cash flow from financing activities		**-570**	**381**	**-1,178**	**-427**
Changes in cash available		**210**	**-754**	**461**	**-448**
Cash available 1/1		368	1,188	25	473
Exchange rate adjustments		10	-66	0	0
Cash available 31/12	26	**588**	**368**	**486**	**25**
Unutilised, committed credit facilities 31/12		**3,323**	**726**	**3,323**	**726**

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.

Group

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Minority interests	Total
Equity 1/1 2009	**220**	**-527**	**207**	**7,791**	**27**	**246**	**7,964**
Total income		129	207	115	-36	18	433
Sale and purchase of own shares				5			5
Expensed value of options issued				28			28
Dividend paid to the shareholders			-207				-207
Addition/disposal of minority interests						5	5
Equity 31/12 2009	**220**	**-398**	**207**	**7,939**	**-9**	**269**	**8,228**
Equity 1/1 2008	**220**	**25**	**312**	**7,031**	**1**	**188**	**7,777**
Total income		-552	207	797	26	38	516
Sale and purchase of own shares				-72			-72
Expensed value of options issued				36			36
Dividend paid to the shareholders			-312	-1			-313
Addition/disposal of minority interests						20	20
Equity 31/12 2008	**220**	**-527**	**207**	**7,791**	**27**	**246**	**7,964**

Rockwool International A/S aims to pay a stable dividend taking into consideration the Group's profitability and development in equity. In 2008 a dividend at DKK 9.60 per share was decided. At the Annual General Meeting on 21 April 2010, the Board will propose a dividend of DKK 9.60 per share for the financial year 2009.

The Management asses the Group's capital requirement on an ongoing basis. The Group aims at having an equity ratio of min. 50% and at the end of 2009 the equity ratio was 73% (2008: 68%).

Parent company

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Total
Equity 1/1 2009	**220**	**0**	**207**	**5,442**	**0**	**5,869**
Total income			207	402		609
Sale and purchase of own shares				5		5
Expensed value of options issued				14		14
Dividend paid to the shareholders			-207			-207
Equity 31/12 2009	**220**	**0**	**207**	**5,863**	**0**	**6,290**
Equity 1/1 2008	**220**	**0**	**312**	**4,401**	**0**	**4,933**
Total income			207	1,101		1,308
Sale and purchase of own shares				-72		-72
Expensed value of options issued				13		13
Dividend paid to the shareholders			-312	-1		-313
Equity 31/12 2008	**220**	**0**	**207**	**5,442**	**0**	**5,869**

Business segments

DKK million	Insulation Segment 2009	Insulation Segment 2008	Systems Segment 2009	Systems Segment 2008	Group eliminations and holding companies 2009	Group eliminations and holding companies 2008	The Rockwool Group 2009	The Rockwool Group 2008
Income statement								
External net sales	9,108	11,413	2,049	2,280	11	7	11,168	13,700
Internal net sales	1,165	1,130	26	1	-1,191	-1,131	0	0
EBITDA	1,351	1,957	242	336	-64	80	1,529	2,373
Depreciation, amortisation and write-downs	807	795	3	4	143	72	953	871
EBIT	**544**	**1,162**	**239**	**332**	**-207**	**8**	**576**	**1,502**
Balance sheet - assets								
Non-current assets	7,598	7,110	28	27	491	618	8,117	7,755
Current assets	3,751	4,513	671	742	-1,213	-1,367	3,209	3,888
Total assets	**11,349**	**11,623**	**699**	**769**	**-722**	**-749**	**11,326**	**11,643**
Balance sheet - equity and liabilities								
Equity	6,001	6,002	255	372	1,972	1,590	8,228	7,964
Non-current liabilities	938	529	32	35	226	1,062	1,196	1,626
Current liabilities	4,410	5,092	412	362	-2,920	-3,401	1,902	2,053
Total equity and liabilities	**11,349**	**11,623**	**699**	**769**	**-722**	**-749**	**11,326**	**11,643**
Non-current asset investments	**994**	**2,502**	**5**	**6**	**171**	**134**	**1,170**	**2,642**

Geographical segments

DKK million	Intangible and tangible assets Group 2009	Intangible and tangible assets Group 2008	Net sales Group 2009	Net sales Group 2008
Western Europe	4,086	4,051	8,164	9,294
Central and Eastern Europe	2,335	2,442	1,809	3,168
Rest of the world	1,192	819	1,195	1,238
Total	**7,613**	**7,312**	**11,168**	**13,700**

1. Other operating income

	Group		Parent company	
DKK million	2009	2008	2009	2008
Plant and machinery produced by the Group	119	176	0	0
Royalties and others	75	75	498	541
Total	**194**	**251**	**498**	**541**

2. Personnel costs

	Group		Parent company	
DKK million	2009	2008	2009	2008
Wages and salaries	2,469	2,651	219	220
Expensed value of options issued	28	36	14	13
Pension contributions	159	153	20	22
Other social security costs	315	332	1	2
Total	**2,971**	**3,172**	**254**	**257**
Average number of employees	8,045	8,689	297	335
The above items include to Board and Management:				
Remuneration to Management	10	12	10	12
Pension contribution	1	1	1	1
Expensed value of options issued	6	5	6	5
Board's remuneration	3	3	3	3
Total	**20**	**21**	**20**	**21**

Share option programme

2009

Year	Agree-ments	Number of shares	Price	Exercise period
2004	34	41,250	277-283	1/1 2008-31/12 2010 *)
2005	85	92,700	563-579	1/1 2009-31/12 2011 *)
2007	105	106,400	1997-2071	1/11 2010-31/10 2013 *)
2008	126	109,700	827-862	1/8 2011-31/7 2014 *)
2009	139	109,150	421	1/11 2013-31/10 2016
	489	**459,200**		

Of which 50,900 to Board and Management and 408,300 to senior managers. The number of outstanding share options cannot be reconciled to the total number of own shares in note 13 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.

2008

Year	Agree-ments	Number of shares	Price	Exercise period
2003	9	11,200	222-227	1/1 2007-31/12 2009 *)
2004	40	47,400	277-283	1/1 2008-31/12 2010 *)
2005	87	94,100	563-579	1/1 2009-31/12 2011 *)
2007	107	108,800	1997-2071	1/11 2010-31/10 2013 *)
2008	126	109,700	827-862	1/8 2011-31/7 2014 *)
	369	**371,200**		

Of which 46,600 to Board and Management and 324,600 to senior managers.

Management and senior managers receive share options to retain them in the Rockwool Group. The share option schemes for retaining executives fulfil the criterias provided for in the Corporate Governance recommendations. The share options are exercisable between 3.0 and 4.3 years after the issue date and will expire between 6.0 and 7.3 years after. The exercise price is based on the market price of the Rockwool International share at the date of granting corrected for the estimated future dividend and interest costs.

*) 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.

2. Personnel costs (continued)

	2009		2008	
Share options	Number of shares	Average price	Number of shares	Average price
Options outstanding 1/1	371,200	1,014	315,050	960
Issued during the year	109,150	421	109,700	827
Exercised during the year	16,600	244	50,000	255
Cancelled during the year	4,550	1,272	3,550	1,068
Options outstanding 31/12	**459,200**	**899**	**371,200**	**1,014**

The value of share options issued but not exercised amounts to DKK 35 million (2008: DKK 4 million).

Share options issued during 2009 were, at the time they were issued, valued at DKK 21 million. Share options issued during 2008 were, at the time they were issued, valued at DKK 36 million.

The market value of the share options has been calculated using the Black-Scholes option pricing model with assumptions as shown below:

	2009	2008
Expected life of the option in years (average)	3	3
Expected volatlity	86%	63%
Expected dividend per share	9.6	14.4
Risk-free interest rate	2.8%	4.9%
Rockwool B share price at the date of grant	397	609

3. Depreciation, amortisation and write-downs

	Group		Parent company	
DKK million	2009	2008	2009	2008
Amortisation of intangible assets	50	31	41	24
Write-down of intangible assets	59	2	59	0
Depreciation of tangible assets	807	760	16	15
Write-down of tangible assets	22	41	0	0
Net profit and loss on sales/scrapping	15	37	10	3
Total	**953**	**871**	**126**	**42**

As a consequence of impairment tests and other assets evaluations the Group made write-downs in 2009 of some development projects and other intangible assets amounting to DKK 59 million. Furthermore some of the tangible assets in the Insulation Segment have been written down amounting to DKK 50 million (2008: DKK 60 million). In other companies in the Insulation Segment part of the write-down made in 2006/2008 has been reversed amounting to DKK 28 million (2008: DKK 19 million).

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 the 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 6-9% (2008: 8%). The average growth rate in the terminal period has been set at zero.

4. Income from investments in subsidiaries

	Parent company	
DKK million	2009	2008
Dividends received from subsidiaries	770	1,128
Additions and disposal of share in subsidiaries	0	129
Write-down of shares in subsidiaries	-128	-74
Interest on long-term loans	1	2
Total	**643**	**1,185**

5. Financial income

	Group		Parent company	
DKK million	2009	2008	2009	2008
Interest income	11	46	5	10
Interest income from subsidiaries	0	0	60	104
Exchange gains	164	175	71	26
Total	**175**	**221**	**136**	**140**

6. Financial expenses

	Group		Parent company	
DKK million	2009	2008	2009	2008
Interest expenses etc.	17	67	29	33
Interest expenses to subsidiaries	0	0	7	21
Exchange losses	200	146	82	24
Total	**217**	**213**	**118**	**78**

7. Net gain or loss on categories of financial assets and liabilities

	Group		Parent company	
DKK million	2009	2008	2009	2008
Net interests income and expenses	6	29	65	114
Net foreign exchange gains/losses	-34	58	-2	-2
Loans and receivables at amortised costs	**-28**	**87**	**63**	**112**
Net interests income and expenses	-27	-52	-36	-54
Net foreign exchange gains/losses	-1	-27	-1	3
Financial liabilities at amortised costs	**-28**	**-79**	**-37**	**-51**
Net exchange rate gains/losses from hedging activities	-3	-1	-12	1
Financial assets and liabilities at fair value	**-3**	**-1**	**-12**	**1**

8. Tax on profit for the year

	Group		Parent company	
DKK million	2009	2008	2009	2008
Current tax	238	349	-32	28
Adjustments to previous years	40	23	0	0
Change in deferred tax	-68	95	-64	-21
Other taxes	10	-10	0	0
Total	**220**	**457**	**-96**	**7**
Distributed between:				
Tax on profit for the year	**206**	**465**	**-96**	**7**
Tax on equity items	**14**	**-8**	**0**	**0**

Reconciliation of tax percentage	Group	
	2009	2008
Danish tax percentage	25.0%	25.0%
Deviation in non-Danish subsidiaries' tax compared to Danish tax percentage	20.3%	4.6%
Associated companies included after tax	-1.3%	-0.4%
Recognition of tax assets	-3.0%	-0.5%
Tax assets not recognised	5.4%	1.0%
Decrease of corporate income tax rate	0.0%	0.5%
Other deviations	-9.4%	-0.1%
Effective tax percentage	**37.0%**	**30.1%**

9. Profit per share

	Group	
DKK million	2009	2008
Profit for the year after minority interests	**322**	**1,004**
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	0.1
Diluted average number of outstanding shares (million)	**21.6**	**21.8**
Profit per share of DKK 10	14.9	46.3
Profit per share of DKK 10, diluted	14.9	46.1

10. Intangible assets

	Group				Parent company		
DKK million	**Goodwill**	**Software**	**Other**	**Total**	**Software**	**Other**	**Total**
2009							
Cost:							
Accumulated 1/1 2009	204	215	172	591	182	125	307
Exchange rate adjustment 1/1	0	0	0	0	0	0	0
Additions for the year	0	35	28	63	33	28	61
Disposals for the year	-2	-6	-5	-13	-7	0	-7
Accumulated 31/12 2009	**202**	**244**	**195**	**641**	**208**	**153**	**361**
The above costs include:							
Intangible assets under construction	0	17	32	49	17	32	49
Amortisation and write-downs:							
Accumulated 1/1 2009	160	89	19	268	58	9	67
Exchange rate adjustment 1/1	0	0	0	0	0	0	0
Amortisation for the year	0	37	13	50	35	6	41
Write-downs for the year	0	0	59	59	0	59	59
Disposals for the year	-2	-7	0	-9	-7	0	-7
Accumulated 31/12 2009	**158**	**119**	**91**	**368**	**86**	**74**	**160**
Net book value 31/12 2009	**44**	**125**	**104**	**273**	**122**	**79**	**201**
2008							
Cost:							
Accumulated 1/1 2008	262	162	55	479	129	22	151
Exchange rate adjustment 1/1	0	-1	0	-1	0	0	0
Additions for the year	1	55	117	173	53	103	156
Disposals for the year	-59	-1	0	-60	0	0	0
Accumulated 31/12 2008	**204**	**215**	**172**	**591**	**182**	**125**	**307**
The above costs include:							
Intangible assets under construction	0	55	72	127	55	72	127
Amortisation and write-downs:							
Accumulated 1/1 2008	217	69	9	295	39	4	43
Exchange rate adjustment 1/1	0	0	0	0	0	0	0
Amortisation for the year	0	21	10	31	19	5	24
Write-downs for the year	2	0	0	2	0	0	0
Disposals for the year	-59	-1	0	-60	0	0	0
Accumulated 31/12 2008	**160**	**89**	**19**	**268**	**58**	**9**	**67**
Net book value 31/12 2008	**44**	**126**	**153**	**323**	**124**	**116**	**240**

Goodwill is allocated to the business segment Insulation and has been impairment tested in 2009 and 2008, which did not lead to any impairment write-downs in 2009 and 2008.

Other intangible assets include development projects amounting to DKK 32 million (2008: DKK 72 million).

11. Tangible assets

DKK million	Buildings and sites	Plant and machinery	Other operating equipment	Prepayments and tangible assets under construction	Investment grants	Total
	Group					
2009						
Cost:						
Accumulated 1/1 2009	4,351	10,299	725	1,050	-598	15,827
Exchange rate adjustment 1/1	66	163	27	57	-4	309
Additions for the year	196	473	37	313	-7	1,012
Transfer of assets under construction	454	650	17	-1,121	0	0
Disposals for the year	-10	-103	-60	-8	4	-177
Accumulated 31/12 2009	**5,057**	**11,482**	**746**	**291**	**-605**	**16,971**
Depreciation and write-downs:						
Accumulated 1/1 2009	1,820	6,877	575	10	-444	8,838
Exchange rate adjustment 1/1	21	87	16	0	-2	122
Depreciation for the year	135	644	59	0	-31	807
Write-downs for the year	5	33	12	0	0	50
Reversal of write-downs	0	-28	0	0	0	-28
Disposals for the year	-7	-97	-47	-8	1	-158
Accumulated 31/12 2009	**1,974**	**7,516**	**615**	**2**	**-476**	**9,631**
Net book value 31/12 2009	**3,083**	**3,966**	**131**	**289**	**-129**	**7,340**
Investment grants	**-46**	**-80**	**-3**	**0**	**129**	**0**
Net book value after investment grants 31/12 2009	**3,037**	**3,886**	**128**	**289**	**0**	**7,340**
2008						
Cost:						
Accumulated 1/1 2008	3,927	9,655	764	805	-574	14,577
Exchange rate adjustment 1/1	-185	-460	-26	-131	15	-787
Additions for the year	164	384	73	1,791	-40	2,372
Transfer of assets under construction	470	926	16	-1,412	0	0
Disposals for the year	-25	-206	-102	-3	1	-335
Accumulated 31/12 2008	**4,351**	**10,299**	**725**	**1,050**	**-598**	**15,827**
Depreciation and write-downs:						
Accumulated 1/1 2008	1,771	6,772	626	0	-431	8,738
Exchange rate adjustment 1/1	-72	-323	-26	0	12	-409
Depreciation for the year	138	576	72	0	-26	760
Write-downs for the year	4	46	0	10	0	60
Reversal of write-downs	0	-19	0	0	0	-19
Disposals for the year	-21	-175	-97	0	1	-292
Accumulated 31/12 2008	**1,820**	**6,877**	**575**	**10**	**-444**	**8,838**
Net book value 31/12 2008	**2,531**	**3,422**	**150**	**1,040**	**-154**	**6,989**
Investment grants	**-44**	**-107**	**-3**	**0**	**154**	**0**
Net book value after investment grants 31/12 2008	**2,487**	**3,315**	**147**	**1,040**	**0**	**6,989**

Of the total net book value of buildings and sites, DKK 404 million (2008: DKK 366 million) represents sites not subject to depreciation. Building and machinery acquired as finance lease at DKK 48 million (2008: DKK 46 million) represents a net book value of DKK 24 million (2008: DKK 22 million).

Accumulated capitalised interests amounting to DKK 38 million (2008: DKK 27 million) are included in the cost of tangible assets. The range of interests rates used is 3%-7% (2008: 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 fullfilled 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 3.

11. Tangible assets (continued)

	Parent company					
DKK million	Buildings and sites	Plant and machinery	Other operating equipment	Prepayments and tangible assets under construction	Investment grants	Total
2009						
Cost:						
Accumulated 1/1 2009	133	0	98	0	0	231
Additions for the year	1	0	3	0	0	4
Disposals for the year	0	0	-5	0	0	-5
Accumulated 31/12 2009	**134**	**0**	**96**	**0**	**0**	**230**
Depreciation and write-downs:						
Accumulated 1/1 2009	77	0	61	0	0	138
Depreciation for the year	4	0	12	0	0	16
Disposals for the year	0	0	-4	0	0	-4
Accumulated 31/12 2009	**81**	**0**	**69**	**0**	**0**	**150**
Net book value 31/12 2009	**53**	**0**	**27**	**0**	**0**	**80**
Investment grants	**0**	**0**	**0**	**0**	**0**	**0**
Net book value after investment grants 31/12 2009	**53**	**0**	**27**	**0**	**0**	**80**
2008						
Cost:						
Accumulated 1/1 2008	133	0	77	0	0	210
Additions for the year	0	0	23	0	0	23
Disposals for the year	0	0	-2	0	0	-2
Accumulated 31/12 2008	**133**	**0**	**98**	**0**	**0**	**231**
Depreciation and write-downs:						
Accumulated 1/1 2008	73	0	51	0	0	124
Depreciation for the year	4	0	12	0	0	16
Disposals for the year	0	0	-2	0	0	-2
Accumulated 31/12 2008	**77**	**0**	**61**	**0**	**0**	**138**
Net book value 31/12 2008	**56**	**0**	**37**	**0**	**0**	**93**
Investment grants	**0**	**0**	**0**	**0**	**0**	**0**
Net book value after investment grants 31/12 2008	**56**	**0**	**37**	**0**	**0**	**93**

12. Financial assets

DKK million	Group: Shares in associated companies etc.	Parent company: Shares in subsidiaries	Parent company: Loans to subsidiaries	Parent company: Shares in associated companies	Parent company: Total
2009					
Cost:					
Accumulated 1/1 2009	30	4,997	696	30	5,723
Exchange rate adjustment 1/1	0	0	0	0	0
Additions for the year	32	444	0	0	444
Disposals/reductions for the year	0	-53	-136	0	-189
Accumulated 31/12 2009	**62**	**5,388**	**560**	**30**	**5,978**
Adjustments:					
Accumulated 1/1 2009	143	-687	-54	0	-741
Exchange rate adjustment 1/1	0	0	0	0	0
Profit for the year after tax	22	0	0	0	0
Dividend	-10	0	0	0	0
Write-down of financial assets	0	-128	0	0	-128
Adjustment	0	-3	0	0	-3
Accumulated 31/12 2009	**155**	**-818**	**-54**	**0**	**-872**
Net book value 31/12 2009	**217**	**4,570**	**506**	**30**	**5,106**
2008					
Cost:					
Accumulated 1/1 2008	30	4,720	204	30	4,954
Exchange rate adjustment 1/1	0	0	0	0	0
Additions for the year	0	354	500	0	854
Disposals/reductions for the year	0	-77	-8	0	-85
Accumulated 31/12 2008	**30**	**4,997**	**696**	**30**	**5,723**
Adjustments:					
Accumulated 1/1 2008	138	-580	-54	0	-634
Exchange rate adjustment 1/1	-14	0	0	0	0
Profit for the year after tax	35	0	0	0	0
Dividend	-16	0	0	0	0
Write-down of financial assets	0	-74	0	0	-74
Adjustment	0	-33	0	0	-33
Accumulated 31/12 2008	**143**	**-687**	**-54**	**0**	**-741**
Net book value 31/12 2008	**173**	**4,310**	**642**	**30**	**4,982**

Associated companies, main figures:	RESO SA	Flumroc AG	
Shares owned in the Group	**20%**	**42.3%**	
DKK million	**2009**	**2008**	**2007**
Net sales	695	425	430
Profit for the year	18	36	69
Total assets	297	612	568
Equity	71	496	414

In 'Loans to subsidiaries' the addition to the share investment amounts to DKK 376 million (2008: DKK 500 million). Reference is made to the Group overview. 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 1,551 million (2008: DKK 1,551 million).

13. Own shares (A and B shares)

	Group					
	2009			2008		
DKK million	**Number of shares**	**Share value**	**% of share capital**	**Number of shares**	**Share value**	**% of share capital**
Own shares 1/1	371,200	114	1.7	315,050	373	1.5
Purchase	19,206	10	0.1	207,917	134	0.9
Sale	37,606	18	-0.2	151,767	65	-0.7
Own shares 31/12	**352,800**	**215**	**1.6**	**371,200**	**114**	**1.7**

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

14. Inventories

	Group		Parent company	
DKK million	2009	2008	2009	2008
Inventories before write-downs	856	1,385	11	142
Write-downs 1/1	-62	-58	0	0
Movements during the year	7	-4	0	0
Write-downs 31/12	-55	-62	0	0
Inventories 31/12	**801**	**1,323**	**11**	**142**

15. Trade receivables

	Group	
DKK million	2009	2008
Trade receivables before write-downs	1,382	1,560
Write-downs 1/1	-89	-76
Movements during the year	-4	-23
Realised losses during the year	10	10
Write-downs 31/12	-83	-89
Trade receiveables 31/12	**1,299**	**1,471**

Trade receivables (gross) can be specified as follows:	Group	
DKK million	2009	2008
Not due	1,163	1,250
Overdue by:		
1-60 days	151	233
60-360 days	31	52
Older	37	25
Trade receivables before write-downs	**1,382**	**1,560**

16. Receivables from subsidiaries

Out of the receivables from subsidiaries DKK 1,274 million (2008: DKK 1,006 million) fall due more than 12 months from the year-end closing date.

17. Share capital

	Parent company	
DKK million	2009	2008
A shares - 13,072,800 shares of DKK 10 each	131	131
B shares - 8,902,123 shares of DKK 10 each	89	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.
Share capital has been unchanged for the last 11 years.

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

	2009		2008	
DKK million	Share capital	Votes	Share capital	Votes
Rockwool Foundation, DK-2640 Hedehusene	23%	31%	23%	31%
15th June Foundation, DK-1553 Copenhagen V.	10%	12%	0%	0%
The estate left by the deceased Elisabeth Kähler, DK-2900 Hellerup	0%	0%	11%	12%
Gustav Kähler, DK-2942 Skodsborg	7%	8%	7%	8%
Dorrit Eegholm Kähler, DK-2830 Virum		6%		6%

19. Specification of tax assets and deferred tax

	Group			
	2009		2008	
DKK million	Assets	Liabilities	Assets	Liabilities
Non-current assets	79	262	28	344
Current assets	40	11	56	20
Non-current liabilities	87	0	57	0
Current liabilities	20	0	51	2
Tax loss carried forward	141	0	199	5
Retaxable amounts	0	190	0	194
Others	0	0	0	69
Total	**367**	**463**	**391**	**634**
Set-off within legal tax entities and jurisdictions	-102	-102	-143	-143
Deferred tax year-end	**265**	**361**	**248**	**491**
The tax assets expire as follows:				
Within 1 year	1		11	
Between 1-5 years	14		2	
After 5 years	23		85	
Do not expire	227		150	
Total	**265**		**248**	

Tax assets not recognised amount to DKK 104 million (2008: DKK 68 million).

20. 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 in UK and Belgium and for small groups of employees in Norway, Germany and North America.

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.

	Group	
DKK million	2009	2008
Defined contribution plans		
Pension costs for the year, total	119	132
Defined benefit plans		
Pension costs	12	20
Interest costs	33	37
Expected return of plan assets	-25	-34
Change in actuarial gains and losses	20	-2
Changes in pension plans	0	0
Pension costs, total	40	21

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

	Group	
	2009	2008
Interest rate	3.5%	2.9%
Increase in salaries and wages	2.3%	2.5%
Discount rate	5.8%	6.4%
Expected return of plan assets	6.2%	6.6%

20. Pension obligations (continued)

Plan assets in major categories held as percentage of total plan assets:

DKK million	Group 2009	Group 2008
Equities	59%	62%
Bonds	34%	31%
Cash	1%	1%
Property	1%	1%
Other	5%	5%

Development in the present value of the defined benefit obligation:

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Balance 1/1	510	707	1	1
Exchange rate adjustments 1/1	30	-133	0	0
Pension costs	13	17	0	0
Interests costs	32	32	0	0
Actuarial gains/losses	102	-95	0	0
Benefits paid	-25	-20	0	0
Other adjustments	7	2	0	0
Total 31/12	**669**	**510**	**1**	**1**

Development in the fair value of the plan assets:

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Balance 1/1	359	561	0	0
Exchange rate adjustments 1/1	27	-125	0	0
Expected return on plan assets	26	28	0	0
Actuarial gains/losses	48	-102	0	0
Employer's contribution	16	11	0	0
Benefits paid	-19	-14	0	0
Other adjustments	0	0	0	0
Total 31/12	**457**	**359**	**0**	**0**

Net value of pension plans:		Group	
DKK million	**2009**	**2008**	**2007**
Present value of pension liabilities	669	510	707
Value of plan assets	-457	-359	-561
Actuarial gains and losses not included	-30	3	5
Net value of pension plans 31/12	**182**	**154**	**151**

21. Other provisions

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Provision for employees 1/1	109	109	2	3
Exchange rate adjustments 1/1	1	-6	0	0
Additions for the year	12	11	0	0
Used during the year	-3	-5	0	-1
Reversed during the year	-2	0	0	0
Total 31/12	**117**	**109**	**2**	**2**

21. Other provisions (continued)

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Provisions for claims and legal proceedings 1/1	54	62	0	0
Exchange rate adjustments 1/1	0	-2	0	0
Additions for the year	24	21	0	0
Used during the year	-19	-20	0	0
Reversed during the year	-21	-7	0	0
Total 31/12	**38**	**54**	**0**	**0**
Other provisions 1/1	139	205	0	0
Exchange rate adjustments 1/1	1	-14	0	0
Additions for the year	72	10	0	0
Used during the year	-56	-33	0	0
Reversed during the year	-17	-29	0	0
Total 31/12	**139**	**139**	**0**	**0**
Total other provisions	**294**	**302**	**2**	**2**
Specification of other provisions:				
Non-current liabilities	230	177	2	2
Current liabilities	64	125	0	0
Total other provisions	**294**	**302**	**2**	**2**

As at 31 December 2009 other provisions include a provision of DKK 81 million (2008: DKK 116 million) for restructuring measures.

22. Bank loans

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Redemption				
Redemption within 1 year	**17**	**4**	**0**	**0**
Redemption between 1 and 3 years	326	738	6	724
Redemption between 3 and 5 years	93	15	4	7
Falling due after 5 years	4	51	4	4
Total	**423**	**804**	**14**	**735**
Interest assessment time				
Reassessed under 3 months	1	726	0	724
Reassessed between 3 and 6 months	65	0	0	0
Reassessed between 6 and 12 months	0	0	0	0
Reassessed after more than 12 months or are fixed-interest	357	78	14	11
Total	**423**	**804**	**14**	**735**
Yield				
Under 4%	402	731	0	670
Between 4% and 6%	15	10	14	11
Between 6% and 8%	6	63	0	54
Total	**423**	**804**	**14**	**735**

Of the total debt DKK 13 million (2008: DKK 15 million) comprise capitalised finance lease commitment.

23. Company tax

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Balance 1/1	-176	164	-121	-68
Exchange rate adjustment 1/1	2	-29	0	0
Adjustment of deferred tax previous years	0	0	0	11
Tax paid during the year	-240	-763	-11	-92
Current tax provided in the year	326	432	0	28
Other taxes provided in the year	4	20	0	0
Total 31/12	**-84**	**-176**	**-132**	**-121**

24. Adjustments

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Provisions	16	-49	0	-1
Expensed value of options issued	28	36	14	13
Adjustments of subsidiaires	0	0	784	1,302
Exchange adjustments	0	-10	0	0
Adjustments	**44**	**-23**	**798**	**1,314**

25. Change in net working capital

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Change in inventories	534	-125	131	-34
Change in trade receivables	184	-29	0	0
Change in other receivables	193	-51	366	-870
Change in trade payables	-150	28	-70	-9
Change in other debt	-163	38	578	-332
Change in net working capital	**598**	**-138**	**1,005**	**-1,245**

26. Cash available

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Cash	733	444	486	40
Bank debts	-145	-76	0	-15
Cash available 31/12	**588**	**368**	**486**	**25**

27. 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 the Management.

27. Financial risks and instruments (continued)

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. Financial derivatives are used only to hedge commercial risks. Exchange-rate risks are hedged in the individual companies. Fair value hedging is primarily used to hedge debtors and creditors while cash flow hedging is used to cover net sales, expenditure and interests.

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 agreeements, currency loans 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 due to the international diverdity of the Group's activities.

A sensitivity analysis showing the exchange rate effect on 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 year end equity without taking any hedging activity into consideration.

Sensitivity analysis	Effect on result	Effect on equity
DKK million	**2009**	**2009**
CAD +/- 12%	+/- 7	+/- 49
RUB +/- 11%	+/- 61	+/- 111
USD +/- 13%	+/- 16	+/- 4
PLN +/- 14%	+/- 21	+/- 136

DKK million	**2008**	**2008**
CAD +/- 6%	+/- 16	+/- 17
RUB +/- 4%	+/- 40	+/- 37
USD +/- 9%	+/- 18	+/- 2

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 effected 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.

27. Financial risks and instruments (continued)

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 22 for further specification of the external loans.

Guarantees are provided for credit facilities on a minor scale, while the parent company has issued ownership clauses and/or withdrawal declarations in connection with the establishment of loans in the Group's companies which are equivalent to the equity.

The parent company ensures on an ongoing basis that flexible, unutilised committed credit facilities of an adequate size are established with major sound 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. 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. Please refer to note 15 for an analysis of the credit risk.

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.

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Financial instruments for hedging of future cash flows	3	51	0	8
Fair value hedges	6	0	0	0
Financial assets at fair value	**9**	**51**	**0**	**8**
Trade receivables	1,299	1,471	0	0
Other receivables	220	298	41	50
Cash	733	444	486	40
Receivables at amortised costs	**2,252**	**2,213**	**527**	**90**

27. Financial risks and instruments (continued)

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Financial instruments for hedging of future cash flows	15	10	0	0
Fair value hedges	28	0	28	0
Financial liabilities at fair value	**43**	**10**	**28**	**0**
Bank loans incl. short term	440	804	14	735
Bank debt	145	76	0	15
Trade payables	756	967	31	101
Other payables	877	871	160	159
Financial liabilities at amortised costs	**2,218**	**2,718**	**205**	**1,010**

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

28. Auditors fee

Fees to auditors elected by the Annual General Meeting consists of:

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Statutory audit	8	8	1	1
Other opinions	1	1	0	0
Tax consultancy	3	2	1	0
Other services	1	2	0	1
Total	**13**	**13**	**2**	**2**

29. Commitments and contingent liabilities

For the Group, commitments comprise DKK 43 million (2008: DKK 42 million). Contingent liabilities do not exceed DKK 59 million (2008: DKK 185 million.), and includes contractual obligations for purchase of investments DKK 47 million (2008: DKK 171 million).

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

	Group		Parent company	
DKK million	**2009**	**2008**	**2009**	**2008**
Within 1 year	85	80	0	0
Between 1 and 5 years	144	112	5	4
After 5 years	11	17	0	0
Total	**240**	**209**	**5**	**4**

Lease costs amounting to DKK 100 million (2008: DKK 102 million) are included in the income statement.

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 2009 (as well as at 31 December 2008).

For certain loans provided by the parent company amounting to DKK 1,341 million (2008: DKK 729 million) deeds of postponement have been given.

30. Related parties

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 of Directors and Management.

Agains a fee the Company lets premises to and provides administrative functions for related parties, mainly the Rockwool Foundation, calculated according to market terms.

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 etc. - and financing.

All transactions are carried out on market terms.

31. 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.

The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures and are unchanged compared to 2008.

The following EU adopted IFRS standards and interpretations with relevance for the Group were implemented with effect from 1 January 2009:

- IAS 1 (revised) "Presentation of Financial Statements"
- IAS 23 (revised) "Borrowing Costs"
- IAS 27 (revised) "Consolidated and separate Financial Statements (Amendments)"
- IFRS 7 (revised) "Financial Instruments: Disclosures"
- IFRS 8 "Operating segments"

Implementation of these standards has not resulted in significant changes in accounting policies applied, but primarily in the disclosure of additional information. The Group's accounting policies have already included capitalising of interests for several years why the implementation of IAS 23 has no effect.

The following IFRS standards and interpretations not yet entered into force or not yet adopted by EU have not been implemented by the Group:

- IAS 39 (revised) "Financial instruments"
- IFRS 3 (revised) "Business Combinations"

Implementation of these standards will not result in significant changes in accounting policies applied, but primarily in the disclosure of additional information. IFRS 3 will however result in changes in the accounting policies for future acquisitions and disvestments.

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.

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.

Acquisition and divestment of companies

Newly acquired or newly established enterprises are recognised in the consolidated financial statements at the time such enterprises are taken 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 acquisition of new enterprises, the newly acquired enterprises' identifiable assets and liabilities are recognised in the balance sheet at fair values at the date of acquisition. 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.

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:

Write-down of assets. 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 and future investments.

Expected lifetime for non-current assets. The expected lifetime for intangible assets, plant and machinery 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 judgement is made annually and is based on budgets and expectations for the coming years.

Pension obligations. The value of the Group's pension obligations is based primarily on valuations from external actuaries.

Provisions and contingencies. The provisions and contingencies are assessed on an ongoing basis. In assessing the likely outcome of legal proceedings external legal assistance is sometime used. In connection with restructuring timing is also assessed and reflected in the Annual Report.

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

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 total 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.

Changes to the fair value of derivative financial instruments which meets the conditions for hedging future cash flow are recognised in total income provided the hedge has been effective. The accumulated value adjustment related to these hedge transactions is transferred from total 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.

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 Directors 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.

Segmented accounts

Segment data is stated for business segment and geographical segment. The division by business areas is in accordance with the Group's internal reporting and areas of responsibility. The segment data is presented according to the same principle as the consolidated financial statements. Segment assets and liabilities are defined as operationally attached to the segment. The segment profit before financial items includes revenue and expenditure operationally related to the segment.

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.

Investment grants

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

Research and development activities

Costs of research activities are carried as expenditure in the year in which they are incurred. Costs of development projects which are clearly defined and identifiable, and of which the potential 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, realised and unrealised foreign exchange gains and losses and fees.

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 total income is recognised directly in total income.

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 international joint taxation. Deferred tax concerning capital investments in subsidiaries is stated in a note to the financial statements.

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.

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:

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

Goodwill arisen from acquisition of enterprises and activities are stated at cost less write-downs as a result of permanent decreases in the earning capacity of the enterprises in question.

Acquired CO_2 rights are capitalised under intangible fixed assets. The consumption here of is provided for on an ongoing bases as a liability and expensed in the production costs. Granted CO_2 rights are not capitalised.

Tangible assets

Tangible assets are stated at cost less accumulated depreciation and write-downs.

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.

Write-down of assets

Goodwill is tested annually for impairment and the book value of other non-current 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 higher.

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

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 associated enterprises 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.

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 earning 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.

The reserve for hedging consists of adjustments in derivative financial instruments.

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.

Pension

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. Changes due to the actuarial assessments are recognised according to the corridor approach. The actuarial assessment is carried out at least every third 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 at least every third year.

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.

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.

Cash flow statement

The cash flow statement is presented using the indirect method on the basis of EBIT. 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 EBIT 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 non-current 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.

Ratios

The ratios have been calculated in accordance with "Anbefalinger & Nøgletal 2005" (Recommendations & Ratios 2005) issued by the Danish Society of Financial Analysts. The ratios mentioned in the five-year summary are calculated as described in the notes.

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

LIST OF GROUP COMPANIES

	Country	Shares owned (%)
Parent company		
Rockwool International A/S	Denmark	
Subsidiaries		
Insulation Segment		
Rockwool Handelsgesellschaft m.b.H.	Austria	100
Rockwool Belgium N.V.	Belgium	100
Rockwool Technical Insulation N.V.	Belgium	100
Charles Wille et Co.	Belgium	100
Rockwool Bulgaria EOOD	Bulgaria	100
Roxul Inc.	Canada	100
Roxul Shanghai Firesafe Insulation	China	100
Rockwool Adriatic d.o.o.	Croatia	100
Rockkwool Hrvatska d.o.o.	Croatia	100
Rockwool a.s.	Czech Republic	100
Rockwool A/S	Denmark	100
Rockwool EE Oü	Estonia	100
Rockwool Finland OY	Finland	100
Rockwool France S.A.S	France	100
Deutsche Rockwool Mineralwolle GmbH & Co. OHG	Germany	100
Rockwool Mineralwolle GmbH Flechtingen	Germany	100
Rockwool Limited	Great Britain	100
Rockwool Hungary Kft.	Hungary	100
Roxul Rockwool Insulation India Ltd.	India	75
Rockwool Ltd.	Ireland	100
Rockwool Italia S.p.A.	Italy	100
SIA Rockwool	Latvia	100
Rockwool UAB	Lithuania	100
Roxul Asia Sdn. Bhd.	Malaysia	60
Alért B.V.	Netherlands	100
Rockwool Benelux B.V.	Netherlands	100
Rockwool Lapinus Productie B.V.	Netherlands	100
Rockwool Technical Insulation B.V.	Netherlands	100
A/S Rockwool	Norway	100
Malkinia Sp.z.o.o.	Poland	100
Rockwool Polska Sp.z.o.o.	Poland	100
Rockwool Romania s.r.l.	Romania	100
Rockwool North	Russia	78
Rockwool Russia	Russia	78
LLC Rockwool Volga	Russia	78
LLC Tatinsulation	Russia	78
Rockwool Slovensko s.r.o.	Slovakia	100
Rockwool Peninsular S.A.	Spain	100
Rockwool AB	Sweden	100
LLC Rockwool Ukraine	Ukraine	100
LLC Rockwool Ukraine Production	Ukraine	100

	Country	Shares owned (%)
Systems Segment		
Rockwool Rockfon N.V.	Belgium	100
Grodan Inc.	Canada	100
Rockwool Rockfon GmbH	Germany	100
Rockfon Limited	Great Britain	100
Grodan S. de R.L de C.V.	Mexico	100
Grodan B.V.	Netherlands	100
Lapinus Fibers B.V.	Netherlands	100
Rockwool Rockfon B.V.	Netherlands	100
Rockwool Rockpanel B.V.	Netherlands	100
Rockfon Sp.z.o.o.	Poland	100
Fortalan Asesores S.L.	Spain	100
Grodan MED S.A.	Spain	100
Grodan Inc.	USA	100
BuildDesk Group		
Ecotech Bauphysik & Energietechnik Software GmbH	Austria	100
BuildDesk A/S	Denmark	100
BuildDesk GmbH	Germany	100
BuildDesk Limited	Great Britain	100
BuildDesk Benelux B.V.	Netherlands	100
BuildDesk Polska Sp. Z.O.O	Poland	100
Other subsidiaries		
Rockwool LAT S.A.S.	France	100
Rockwool Beteiligungs GmbH	Germany	100
Rockwool.com GmbH	Germany	100
Rockwool Benelux Holding B.V.	Netherlands	100
Associated companies		
RESO SA	France	20
Substratus Korea Co., Ltd.	South Korea	34
Flumroc AG	Switzerland	42

Contact information regarding the companies can be found at
www.rockwool.com : Find us

Photos: (cover + 2) Renovation to Passive House in Rotterdam, the Netherlands / Procomm; (5) CEO Eelco van Heel / Magnus Klitten; (7) CEO Eelco van Heel at COP15 side event / Peter Clausen, Mastermedia; (8) Jul Hørlyk / Michael Rasmussen, Baghuset; (9) Renovation to Passive House in Hjørring, Denmark / Bjerg Arkitektur; (11) Indoor playground 'Wal' Friedrichskoog, Germany / Lars Behrend; (12) Changi airport Terminal 3, Singapore / Roxul Asia; (13 from left) Passive House newbuild in Grimstad, Norway / Bengt Michaelsen; Fastfixx product / Douglas Moors; (15) The Sail, the tallest apartment building in Singapore / Roxul Asia; (16 from left) Theatre in Tyumen, Russia / Konstantin Pakshin; Drilling rig / Remontowa Shipyard; (17 from top) Crowne Plaza Copenhagen Towers, Copenhagen, Denmark / Kristian Linnemann, Polfoto; (19 from top) 'Think Tank' in Lincoln, UK clad in Rockpanel Chameleon boards / Douglas Moors; Sports college with Rockfon Koral modular ceilings / BAM Construction; Greenhouse using Grodan substrates / Joop van Reeken; (20) The Shibuya District in Tokyo, Japan / Rudy Sulgan, Scanpix; (21) Cross Cultures Project Association Popular Clubs here in Kfair, Lebanon / Jens Juul Petersen; (22) Rockwool staff at work at the Roermond factory, the Netherlands / Hans van der Beele; (24) Board of Directors / Karel Bingen; (25) Group Management / Magnus Klitten.

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