Annual Report 2010

ROCKWOOL®
FIRESAFE INSULATION

Contents

Colophon
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Photos: (cover + 2) Shanghai / Aly Song, Scanpix Denmark; (3) CEO Eelco van Heel / Magnus Klitten; (5) Denmark's first PassivePlus house / Steen Brogaard; (6) Electricity plant / Mark Gibson, Getty Images; (7) Rockwool employee / Niclas Jessen; (8) Schoolchildren being meassured as part of the Rockwool Foundation's HealthySchoolNetwork / Stig Stasig; (9) Malawi women participating in the project 'village banks' / Ole Dahl Rasmussen, DanChurchAid; (10) Rockwool employee / Niclas Jessen; (11) Rockwool employee; (12) CEO Eelco van Heel meets President of the Russian Federation Dmitry Medvedev 29 April 2010 / Confederation of Danish Industry; Moscow / Hubertus Blume, AGE, Scanpix Denmark; (13) Shanghai fire 15 November 2010 in a 30-storey residential building / Scanpix Denmark; (14) Rockfon ceiling solution at the Technical and Environmental Administration, Copenhagen / Anders Sune Berg; (15) Enexis head office / atelier Pro architecten bv, the Hague, Netherlands; (18) Board of Directors / Ivan Otis; (19) Group Management / Magnus Klitten; (21) Rockwool employees / Niclas Jessen.

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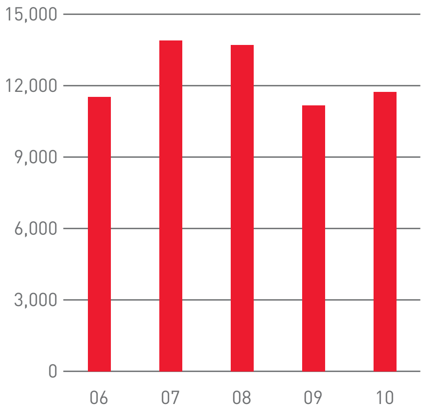
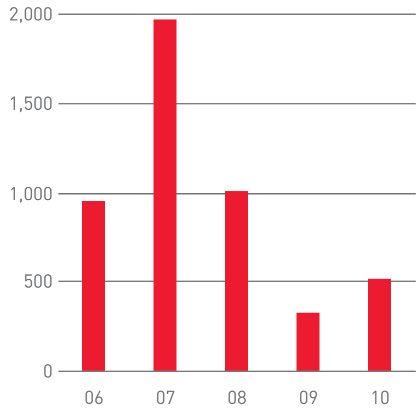
Key figures

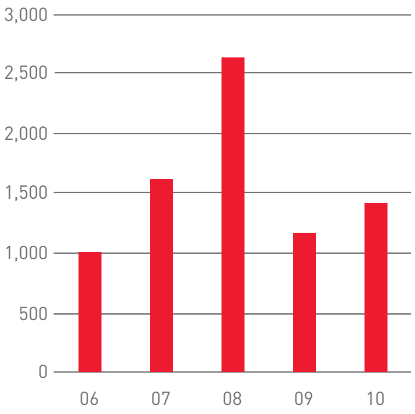
Net sales (DKK million)



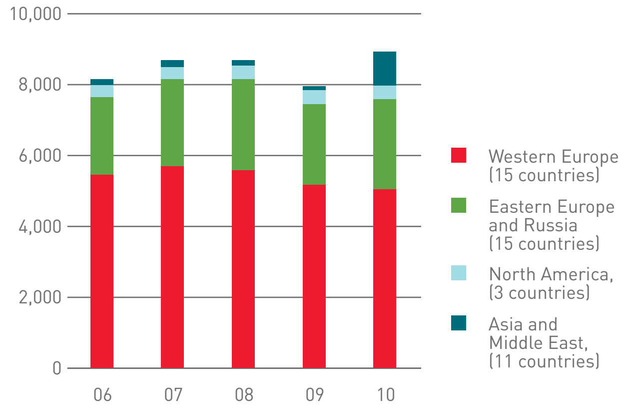
Profit for the year after minority interests (DKK million)



Investments and acquisitions (DKK million)



Employees by region



The world's fastest growing construction markets are in Asia. In 2010 the Rockwool Group acquired the Asian insulation activities of the Australian conglomerate CSR Ltd., significantly boosting our presence in the region.

“The global trend towards energy efficient buildings has only just started“

Ready to grow

Spring is slowly returning to the frozen landscapes of the construction world. The financial crisis which paralysed the US and Europe, and put a brake on new building projects, is receding and project activity is gradually being resumed. Our focus on the enduring needs of society in terms of energy efficient buildings has helped us during the crisis. The focus on energy renovation of existing buildings in countries like Germany and France meant that our products, systems and services, were in reasonable demand and our volume increased compared to the year before.

In the Rockwool Group, we have used the last few years as a time to trim both our organisation and our strategic ambitions. So now we are well prepared to reap the fruits of an upswing in construction activities. The global trend towards energy efficient buildings has only just started. We are tapping into this megatrend by establishing new positions outside our European home base. In North America we have recently doubled our production capacity and our sales are growing fast, despite a weak housing market. Meanwhile in Asia, the fastest growing market region for construction in the world, we have secured a foundation for further expansion by acquiring the Asian insulation operations of CSR Ltd., and by establishing a sales platform in India, supported by a new factory in the Gujarat region.

We firmly believe that we can develop the business based on superior materials and technologies, plus a clear understanding of our customers' needs. We have now accelerated our innovative efforts and are already introducing products and systems which address the sustainability needs of the building sector. Aerorock – the world's first insulation product based on a combination of stone wool and aerogel – sets a new standard for the lasting energy performance of building materials, and is perfectly suited for the growing number of energy renovation projects. Within the new build sector, our pioneering Rockshell system offers a novel shortcut to zero-energy houses.

The move towards low-energy buildings will revolutionise the global construction industry over the next decade. Together with our partners in the building industry, we look forward to playing an active part in this exciting and challenging global marketplace.

Eelco van Heel
CEO of the Rockwool Group

Insulation - the obvious way to reduce energy bills

Better insulation of buildings and industrial processes is one of the most obvious choices for energy security, reducing energy expenditure while also mitigating emissions of CO_2 and other air pollutants. This can be done in a highly cost-effective manner, creating green jobs and improving the indoor climate and quality of life for millions of people around the world.

Our buildings account for some 40% of energy consumption in Europe and North America. Even in an emerging economy like China, the energy consumption for buildings will soon reach 35% as millions of people urbanise, requiring new homes, workplaces and leisure facilities. Often these buildings are erected without adequate insulation – if any – instead they may make excessive use of heating and air conditioning which requires a lot of energy.

Europe champions zero-energy buildings

By the end of 2018, all new public buildings in the EU must be constructed as nearly zero-energy buildings, and by the close of 2020, private homes follow suit. A passive house combined with renewable energy resources will fulfil this requirement.

Positive net carbon footprint

Our new carbon footprint analysis reveals that, during the lifetime of all the Rockwool insulation being sold in one year, more than 4,000 million tonnes of CO_2 emissions will be saved from buildings and industrial processes worldwide. Insulation of industrial processes and technical installations contributes to significantly higher savings than what our previous analysis showed. This segment stands for the majority of the total savings.

Using only 15 kWh/m^2 annually for heating, these houses are more than twice as energy efficient as the most stringent national energy efficiency requirements for new buildings.

Energy use in emerging countries: a growing challenge

Worldwide, most new buildings are being constructed in emerging economies. The Rockwool Group has therefore recently established production in China, Thailand and India, and is expanding sales activities in countries like Brazil. We also offer our expertise to regulators and decision-makers throughout the world. Better energy efficiency will improve indoor comfort at an affordable price for millions of people – and help to prevent further CO_2-induced environmental harm.

Existing buildings: the real challenge

By far the greatest challenge in the Rockwool Group's large mature markets of Europe and North America is the old stock – millions of buildings remain poorly insulated.

According to the Energy Efficiency Action Plan Taskforce of the Construction Sector, the renovation rate – in Europe currently 1.2%-1.4% per year – would need to be increased by a factor of two to three times in the decades up to 2050 in order to reach the short and long term EU targets of reducing CO_2 emissions by 80%-95% by 2050 as compared to 1990 levels. Germany, for instance, has successfully boosted energy modernisation projects through its public funding scheme; this allocates higher subsidies and/or low interest loans the more the energy efficiency of a building is improved. Russia – aiming to improve energy efficiency by 40% before 2020 – is now insulating thousands of buildings. This will improve living conditions for many Russians and enable exports of energy that would otherwise be wasted due to lack of insulation.

Industrial insulation: the potential is huge

The Rockwool Group also holds the important key to another neglected area: the potential for energy and CO_2 efficiency improvements in hot industrial processes. Here, temperatures often reach 200° to 600°C, yet many pipes, boilers and tanks remain poorly insulated. It is not unusual to see hot processes which are insulated with only one tenth of the thickness of that in a roof of a modern home. And this despite the fact that the

The future is here

Today it is possible to construct a new building so well insulated and energy efficient that it can easily produce more energy than it uses, just by adding a small solar panel or other means of sustainable energy. In 2010 the Rockwool Group inaugurated Denmark's first PassivePlus house. The Christensen family, who owns the house, has eliminated household energy bills, and will thus recoup their limited additional investment in a far superior home.

Forgotten potential

Despite operating temperatures of 200°-600°C, hot pipes, boilers and tanks in power plants and process industries are often insufficiently insulated.

With the industrial sector consuming approximately a quarter of all our energy, this represents a massive missed opportunity to achieve energy savings.

difference in internal and external temperature in a hot industrial process is often ten times larger than inside versus outside a home. Clearly vast amounts of energy, money and CO_2 can be saved.

The Rockwool Group is the world's leading supplier of stone wool insulation to power plants, petro-chemical industries and other process industries. It is the co-founder and chair of the newly established European Industrial Insulation Foundation www.eiif.org, aiming to help harvest the large potential for energy efficiency in hot industrial processes.

A typical Rockwool product used to insulate a building saves approximately 100 times the energy invested in its lifecycle. The energy saving and CO_2 balances generally become positive within the first 6 months. Insulation products for industrial processes can have an even more positive energy and CO_2 balance. Over its lifetime, this insulation can, on average, save more than 20,000 times the CO_2 invested in its manufacture - with the CO_2 balance already positive after less than one day!

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

Read the paper 'The Fundamental Importance of Buildings in Future EU Energy Saving Policies' from the Energy Efficiency Action Plan Taskforce of the Construction Sector here:
www.ace-cae.eu/public/contents/getdocument/content_id/868

Among the Top 20 Nordic climate reporters

In 2010 the Rockwool Group was among the 20 leading Nordic climate reporters in the Carbon Disclosure Project, scoring 78 out of 100 points. In 2009 the Group's production units recorded Scope 1 and Scope 2 CO_2 emissions of 1.3 million tonnes. At present the Rockwool Group does not need to buy CO_2 allowances in order to fulfil its EU ETS commitments.

Committed to society

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

Conducting our business according to the Rockwool Group corporate values is the framework within which we conform to modern standards for responsible and reliable business conduct, as well as corporate social responsibility. These Rockwool values - honesty, responsibility, efficiency, passion and entrepreneurship - are described further on our corporate website.

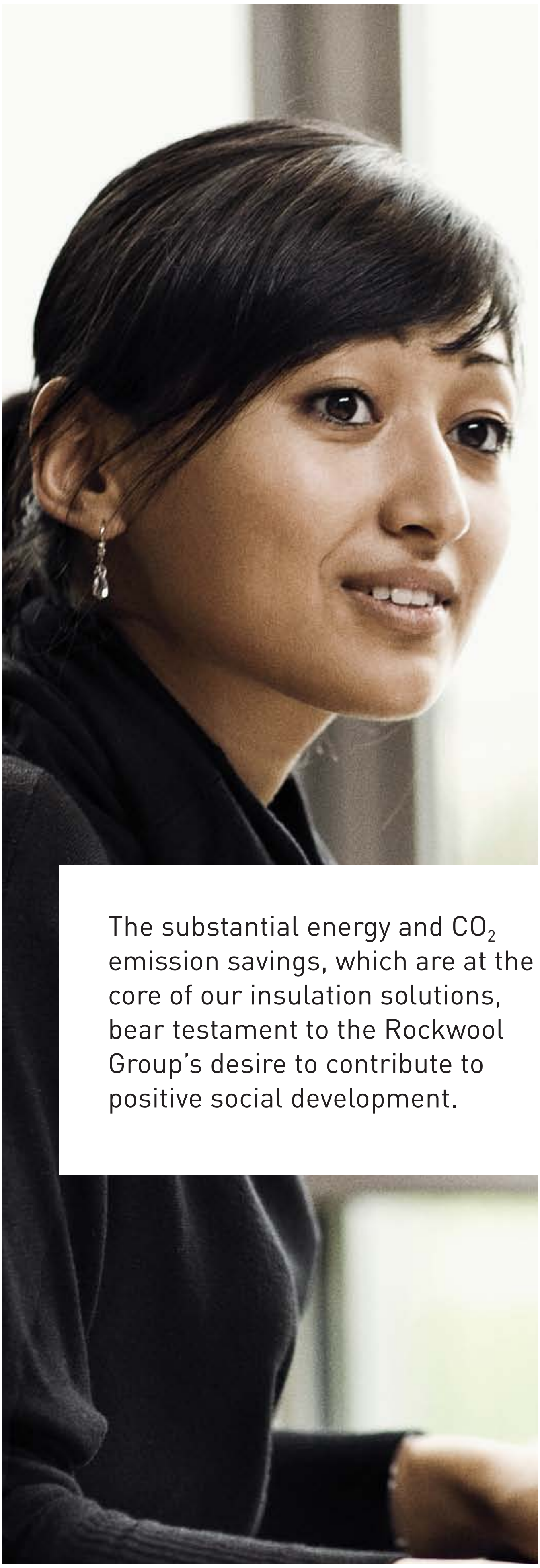
The Rockwool Group publishes a full report on Corporate Social Responsibility according to the Danish Financial Statements Act, art. 99a. The report gives an overview of the company's performance within the central areas of human rights, labour standards, environment and anti-corruption.

During 2010, the Rockwool Group's code of conduct for suppliers was added to the standard contract. Throughout the organisation this means that most new contracts will include confirmation that the supplier is living up to our code of conduct. The Group's code of conduct for suppliers covers all relevant aspects related to compliance with UN Human Rights including precautions against forced labour, child labour, discrimination, employee rights, anti corruption etc.

The Group is increasing its business activities in emerging markets, at the same time strengthening the auditing of suppliers. If business conditions in a country is of special concern, the suppliers under contract with the Group Sourcing and Procurement organisation are being audited twice annually – once by the Group and then by an approved external quality audit company.

The Corporate Social Responsibility report
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 substantial energy and CO_2 emission savings, which are at the core of our insulation solutions, bear testament to the Rockwool Group's desire to contribute to positive social development.

The Rockwool Foundation

Income spent on research and interventions

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

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

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

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

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

Healthy schoolchildren

The Rockwool Foundation started the project "HealthySchoolNetwork" in 2008 to support improvements in the health of Danish schoolchildren. The project provides information, pedometers and ongoing evaluation of pupils' fitness score, waist measurement, jump height and Body Mass Index, with the aim of inspiring the children to a healthier lifestyle. By end 2010, some 189 schools and approximately 80,000 pupils had joined the project.

Village banking

Since 2009 the Rockwool Foundation has supported the creation of 'village banks' in Malawi, allowing 3,000 poor families in 46 villages to save up, as well as to borrow, money. Due to irregular incomes in the rural areas of Malawi, there is a huge need to be able to save up for minor investments, plus the need to have a reserve for difficult times. The Rockwool Foundation's Research Unit collaborates with, among others, Centre for the Studies of African Economies at Oxford University, to evaluate the project and to explore which local measures are most likely to have a positive impact on poverty alleviation.

People drive global innovation

The Rockwool Group's new strategy "Rock the Globe" focuses on customer-driven innovation and excellence in sales and marketing.

Cultural capacity

Our new worldwide approach offers exciting opportunities for all employees.

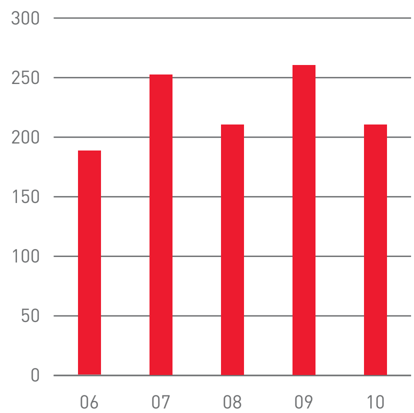
While constantly searching to establish the most seamless and efficient systems and procedures for truly global operations, we acknowledge that cultural differences will mean variations in how daily business is conducted.

The Group's expansion into new countries is an opportunity for existing employees to become even more involved with new cultures. An important objective for the overall management and development of the Rockwool Group's human resource is to make sure that every employee – regardless of which country he or she works in – is familiar with our core values and contributes to the achievement of our common business goals.

Global streamlining

An important activity, in terms of managing and developing the Rockwool Group's employees, has been to optimise our global human resources. The Group is streamlining procedures and systems in order to increase the ability to successfully move employees internationally and to create more flexible organisations for employees and managers located in different countries.

Research & Development (DKK million)



Sales, markets and performance

Highlights

- Sales increased by 5.1% and reached DKK 11,732 million
- EBITDA increased by 16.6% and reached DKK 1,782 million
- Profit after minority interests increased by 59.1% and totalled DKK 512 million
- Investments totalled DKK 1,412 million
- Cash flow from operations amounted to DKK 1,285 million - a decrease of 34.1% on 2009
- 2011 sales forecast is expected to increase with 10% with profit after minority interests of around DKK 550 million
  2011 investment level excluding acquisitions will be around DKK 850 million
- The proposed dividend is maintained at DKK 9.60 per share

Due to our strong position in the area of energy efficiency in buildings, the Rockwool Group was once again able to outperform the general construction market. We achieved an overall sales increase of 5.1% with net sales reaching DKK 11,732 million. Next to insulation, our other products and systems also gave a strong performance, thanks to competent marketing and a clear focus on customer needs. The positive development in sales counterbalanced the negative effect of rising inflationary pressure over the year. This, together with a trimmed cost base, was the main reason for the Group adjusting its expected profit level upwards three times during the year. Profit after tax and minority interests reached DKK 512 million - up 59.1% compared to 2009, and better than the latest expectation also due to positive tax consequences.

Expansion in Asia

Acquiring the Asian insulation activities of the Australian building material producer CSR Ltd. has boosted the Rockwool Group's presence in China, Singapore, Thailand, the Philippines and Vietnam.

Booming Russia

The Russian market showed solid growth in 2010. The Rockwool Group is building its fourth factory in the country to satisfy the increasing demand for better indoor comfort and energy efficiency.

Regional market developments

Western Europe

Sales in our core Western European markets (69.1% of net sales) decreased by 0.7% and ended at DKK 8,103 million. Germany and France delivered the best performances, primarily due to dedicated government programmes for carbon emission reduction and for energy efficiency improvement in the housing sector. New construction continued to be at a low level in the aftermath of the financial crisis.

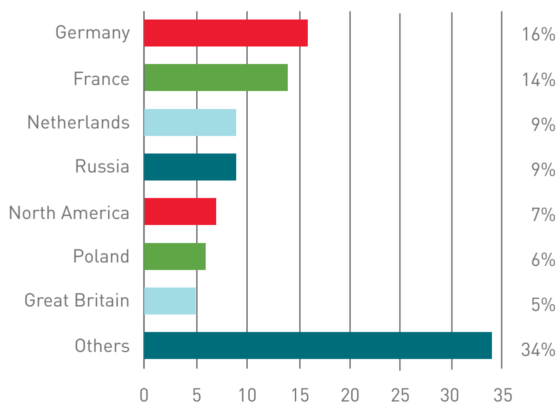
Renovation projects, to optimise the performance of the existing building stock, provided a solid foundation for our business activities. Overall prices were fairly stable with a slight upward trend in some residential markets, whereas price pressure continued in the non-residential sector.

Eastern Europe and Russia

Sales in Eastern Europe and Russia (18.6% of net sales) increased by 19.5% to reach DKK 2,178 million but development within the region varied considerably. A strong recovery took place in the important Russian market from spring onwards, chiefly driven by large-scale public programmes for the energy renovation of poorly insulated building stock. In the second half of the year, some recovery was also noted within the private construction sector in Russia.

The sudden boom in demand meant that Rockwool Russia was completely sold out and had to import large quantities of insulation from our other factories to satisfy market needs. In June, as a first step towards improving the local supply situation, the Group acquired a stone wool factory in Troitsk in the Ural region. In addition, the ongoing construction of a new factory, close to Kazan in the Volga region has been speeded up in order to start deliveries before mid 2012.

Net sales per country



In other parts of Eastern Europe, sales continued to be affected by the dip in construction activity following the economic crisis. The Polish market was among the most stable, whereas the situation in the Czech and Slovak republics, as well as in Hungary, remained difficult.

North America, Asia and the rest of the world

Sales in the rest of the world (12.3% of net sales) increased by 22.7% to reach DKK 1,451 million. In North America, the Rockwool Group continued to make successful inroads into the residential market, despite a generally depressed construction sector. Following the doubling of capacity in 2009 by the opening of a new production line close to Toronto, our North American operations have been able to show double-digit growth in sales.

Our Asian businesses gave an excellent performance backed by strong market development in Malaysia, Singapore and China. Meanwhile in India, the construction of a new insulation factory, in collaboration with local insulation installer KAEFER Punj Lloyd Ltd., continued at full speed. Its inauguration is expected to take place in May 2011. At the end of 2010, the Rockwool Group acquired the Asian insulation business of the Australian company CSR Ltd. This acquisition puts a resourceful sales and marketing operation in Southeast Asia and China at our disposal, as well as additional factories in the region (an insulation and a sandwich panel plant in China, an insulation plant in Malaysia and in Thailand). The Group has thereby gained a solid platform for continued strong growth in the world's fastest developing construction markets.

Better fire protection

Non-combustible building materials are vital, especially in high-rise buildings. The tragic Shanghai fire November 2010 was another sad example of how a fire can spread too quickly for people to be evacuated safely. At the time, the tower was undergoing renovation with plastic foam insulation being installed.

Business areas

Insulation

Sales in our insulation business (80% of net sales) were subdued during the first quarter of the year, mainly due to the harsh winter weather in Europe. However, sales recovered during the second quarter and continued to improve through to late November when the European core markets were again hit by unusually cold weather.

Insulation segment

DKK million	2010	2009
Profit		
External net sales	9,390	9,108
Internal net sales	1,245	1,165
EBITDA	1,369	1,329
Depreciation, amortisation and write-downs	859	807
EBIT	510	522

Sales were particularly good in the renovation sector where Rockwool products are well suited. Residential renovation was, in some countries, supported by government programmes. The Group has devoted considerable resources to offer optimised energy efficient solutions for refurbishment projects. This market sector will become increasingly significant as there is now widespread recognition of the need to upgrade the massive existing building stock. One important product launch was Aerorock, where aerogel has been incorporated into stone wool. The result is a unique insulation material with the excellent properties of stone wool and outstanding thermal performance. The product is ideally suited for internal installations where space is a constraint.

In new build markets, development was sluggish, especially non-residential construction where many companies restricted their investments. Our products and systems targeted at this sector felt the impact – for instance, sandwich panels and flat roof insulation; likewise to some extent, technical insulation for the process industry. In the residential area, new construction was also at a low level but small signs of improvement were noted towards the end of the year in selected markets – Sweden and Germany for example.

Systems business

Our systems business (20% of net sales) showed robust performance with net sales of DKK 2,341 million – a 14.3% increase compared to 2009.

Systems segment

DKK million	2010	2009
Profit		
External net sales	2,341	2,049
Internal net sales	0	26
EBITDA	339	252
Depreciation, amortisation and write-downs	3	3
EBIT	336	249

Leadership in ceiling solutions

Our Rockfon ceiling solutions are taking the market by storm. The entry into Russia was an important element in the 2010 growth strategy.

New Energy Design Centre to advise architects

In 2009 the leading Dutch energy provider Enexis decided to build its new head office in accordance with environmental assessment methods. The Rockwool Energy Design Centre is supporting Enexis with the design and selection of sustainable materials and constructions.

The unique competences within the BuildDesk Group are a cornerstone in the new Rockwool Energy Design Centre which started in 2010. The centre addresses the needs of architects and other building designers when creating low-energy buildings.

The Rockfon company continued its growth and has become a leading **ceiling solutions** provider in Europe. Despite the economic crisis, some countries in Western Europe retained their focus on public building renovation. This benefited sales of Rockfon acoustic ceilings which provide an important factor in improving the indoor climate in offices, hospitals, educational institutions and sport facilities. The Rockfon Group also performed well in Eastern Europe. In Russia, Rockfon entered the market in early 2010 and has already managed to secure a strong market position.

The Rockpanel business performed extremely well, despite subdued construction activity in its key markets of Benelux, Denmark, UK and Germany. The durable and aesthetic Rockpanel **cladding** boards are becoming increasingly popular with architects and were specified for several flagship projects, including the Antwerp metro. Both sales and profits increased significantly.

The Grodan Group, the world leader in **horticultural** substrates for professional growers, also gave a solid performance, despite tough competition in the core Dutch market. Sales in North America and Eastern Europe increased in line with our growth strategy for these regions.

Sales of **engineered fibres** for, among others, brake linings, paints and gaskets, showed a marked upward trend, especially carried by the revival in the automotive industry. The increasing performance demands and environmental criteria imposed by the industry are supporting the growth in sales of our quality fibres.

RockDelta business for **noise and vibration control** targeted at railways and other public transportation also had a very good year.

Financial performance

Profit for the year

In 2010, the Group generated an EBITDA of DKK 1,782 million, 16.6% more than in 2009. EBITDA ratio to net sales was 15.2%, which is 1.5 percentage points higher than last year and 3.1 percentage points lower than the average level for the last five years. EBITDA for the fourth quarter is at the same level as the third quarter, reaching DKK 463 million and showed a ratio of 14.2%. The usual positive effect of a higher volume in the last quarter was levelled out by increasing inflation and by the hard winter in most of Europe in December.

EBIT amounted to DKK 793 million, an increase of DKK 217 million or 37.7% primarily caused by reaching the full effect of the cost reduction programme. Net financial costs ended at DKK 17 million, which is DKK 25 million less than in 2009. The improvement is primarily due to last years' costs for implementing new committed credit facilities and a better cash position this year. The effective tax rate was 33.9%, equivalent to a tax amount for the year of DKK 275 million. The effective tax rate was 3.1 percentage points lower than last year, primarily due to higher earnings in countries with lower tax rates. Profit after tax and minority interests was DKK 512 million, an increase of DKK 190 million. Profit after tax for the parent company totalled DKK 685 million, an increase of DKK 76 million compared to 2009, primarily due to an increase in royalties and dividends from subsidiaries.

Investments and cash flow

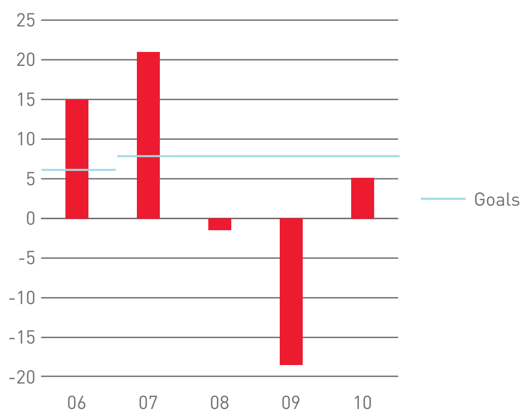
Cash flow from operating activities amounted to DKK 1,285 million, a decrease of 34.1% mostly due to negative impact from working capital, primarily due to an increase in raw materials and finished goods inventories partly as a consequence of lower than expected sales in December. Investments in 2010 reached DKK 1,412 million, including acquisitions of DKK 817 million, and increased by 20.7% compared to last year. Other investments have decreased by 50% compared to last year despite inclusion of DKK 310 million for the continuation of capacity expansions in India and Russia. Free cash flow was down DKK 907 million on last year at DKK -127 million, primarily due to the two acquisitions concluded in 2010.

Balance sheet

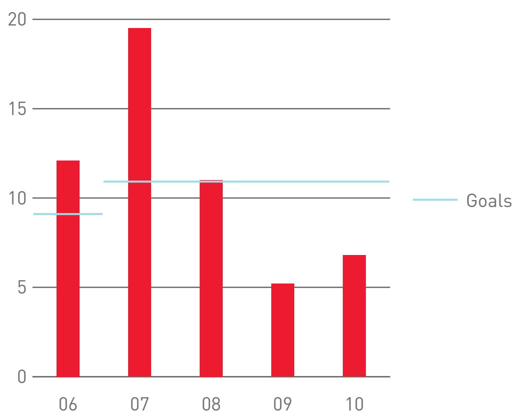
At the end of 2010 total assets amounted to DKK 12,231 million, an increase of DKK 905 million compared to the end of 2009. The increase comes primarily from acquisitions which account for some DKK 1,136 million, plus an increase in inventory and trade receivables of DKK 183 million. The

Financial goals for the Rockwool Group

Average sales growth of 8%



Profit ratio of 11% of net sales



acquisition of the CSR Asian stone wool activities has created a goodwill amount of DKK 74 million being the remainder of the allocation of the purchase price to all identified assets. Average debtor days have decreased by 1.7 days compared to the end of 2009. Available cash at the end of 2010 amounted to DKK 347 million, a decrease of DKK 386 million compared to last year. Equity at the end of 2010 amounted to DKK 8,791 million, corresponding to an equity ratio of 71.9%. The acquisitions resulted in an increased liability amounting to DKK 196 million which also increased the interest-bearing debt. At the end of 2010, net interest-bearing debt amounted to DKK 426 million, an increase of DKK 567 million compared to last year. By the end of the year the Group had unused committed credit facilities of DKK 3,659 million.

Expectations

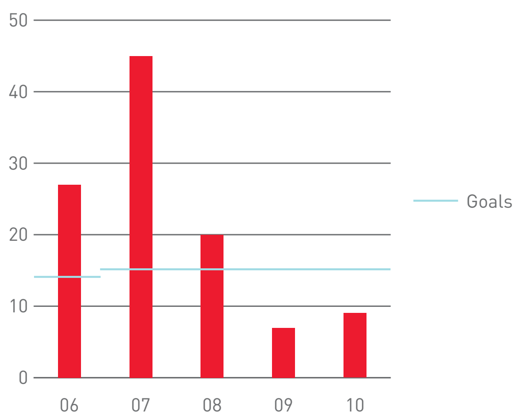
Developments during the second half of 2010 indicated that the world economy is gradually recovering from the economic crisis. Construction activities in Western Europe increased somewhat, supported by government incentives which contributed to the improvement of the refurbishment segment. The Rockwool Group expects 2011 to show a continuation of this gradual recovery on the back of further government incentives, which have been confirmed in the larger European countries where the Group operates. Sales due to market growth are expected to be quite strong in Russia and Asia, whereas the rather depressed Eastern Europe market is not expected to improve significantly. The Group's recent acquisition in Asia will contribute to the growth of the Group net sales by about DKK 450 million. Group net sales are expected to increase by 10% mainly based on volume growth.

The current high inflationary trend affecting prices of most raw materials and services, is forcing the Rockwool Group to intensify its efficiency programme - which has already delivered encouraging results in 2010. It is, however, not expected that this programme can fully compensate for the effects of inflation. The Group therefore expects to increase sales prices in 2011.

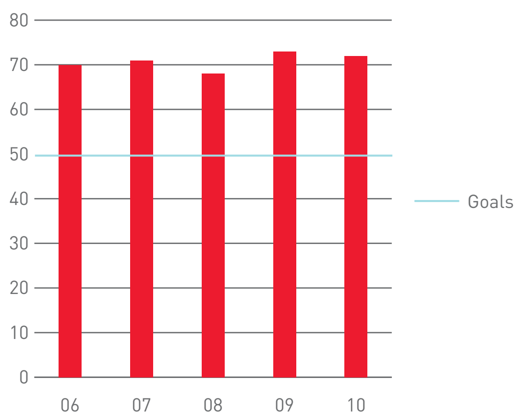
The profit after minority interests is expected to be around DKK 550 million.

Investment expenditure, excluding acquisitions, is expected to be DKK 850 million. Of this, some DKK 450 million is for the finalisation of the Indian factory, which is anticipated to start up in the second quarter of 2011, and the ongoing construction of the new Russian factory in the Volga region with expected start-up in the second quarter of 2012.

Return on invested capital of 15%



Equity ratio of min. 50% of the assets



Board of Directors

From left:

Bjørn Høi Jensen
Born in 1961, nationality: Danish
Other positions related to the company:
Member of the Rockwool Polska Supervisory Committee. 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.
Other positions:
Member of the Board of CEPOS.

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 & CEO of Novozymes A/S. Vice Chairman of the Board of Egmont International Holding A/S. Member of the Board of the Cat Science Park A/S.
Other positions:
Chairman of the Board of WWF (World Wildlife Fund) Denmark. Vice Chairman of the Board of the Egmont Foundation. Member of the Danish Government's Growth Forum.

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

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

Henrik Elliot 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:
Vice Chairman of the Boards of VELUX A/S and VKR Holding A/S. Member of the Board of DOVISTA A/S.

Dorthe Lybye
Born in 1972, nationality: Danish
Elected by employees
Other positions related to the company:
Senior project manager, Group R&D, Rockwool International A/S.

Claus Bugge Garn
Born in 1962, nationality: Danish
Elected by employees
Other positions related to the company:
Vice President, Group Public Affairs, Rockwool International A/S.
Other positions:
Member of the FM Approvals Advisory Council.

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.
Other positions:
Member of the Board of A.P. Møller og Hustru Chastine Mc-Kinney Møllers Fond til almene Formaal.

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

Further information is available at:
www.rockwool.com/about+the+group/board+of+directors

Group Management

From left:

Bo Rygaard
Senior Vice President, Group Business Development
Born in 1965, nationality: Danish
Positions in other Danish public limited companies:
Member of the Boards of Erik Møller Arkitekter (EMA) A/S and KAVI Invest A/S.
Other positions:
Member of the Board 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:
Member of the Boards of Gelsenwasser AG and Stadtwerke Bochum GmbH.

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

Eelco van Heel
President and CEO
Born in 1955, nationality: Danish
Other positions:
WWF Clean Energy Ambassador.

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

Jakob Sørensen
Senior Vice President, Group Corporate Affairs
Born in 1952, nationality: Danish
Other positions related to the company:
President of European Insulation Manufacturers Association (EURIMA).
Positions in other Danish public limited companies:
Member of the Boards of Ingeniørfirmaet Lytzen A/S and Ingeniørfirmaet Lytzen Holding A/S.
Other positions:
Member of the Boards of Professor dr. jur. Max Sørensens Mindefond and Tytte og Lillemor Faurschou's Mindelegat.

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

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

Corporate governance

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

Pursuant to the provisions of the Danish Companies Act and Rockwool International's Articles of Association, the supervision and management of Rockwool International is divided among the Group Management, the Board 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. 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 (51.1% of the capital) carrying ten votes each, and B shares (48.9% of the capital) carrying one vote each. Removing the distinction between these share classes is not currently on the agenda. Given the capital intensive growth opportunities that the Group is set to encounter over the next few years, these two share classes provide a good platform for the long-term development that can best create lasting shareholder value.

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

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

For 2010, 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/about+the+group/corporate+governance

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 2010.

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 2010 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 2011

Management

Eelco van Heel	Gilles Maria

Board

Tom Kähler	Henrik Nyegaard	Steen Riisgaard	Claus Bugge Garn	Dorthe Lybye
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 2010, 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 2010 and of the results of the Group's and the parent company's operations and cash flow for the financial year ended 31 December 2010 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 2011

Ernst & Young
Godkendt Revisionspartnerselskab

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

Five-year summary

Income statement items in DKK million	2010	2009	2008	2007	2006
Net sales	11,732	11,168	13,700	13,908	11,537
EBITDA	1,782	1,529	2,373	3,391	2,122
Depreciation, amortisation and write-downs	989	953	871	685	717
EBIT	793	576	1,502	2,706	1,405
Financial items	-17	-42	8	21	-34
Profit before tax	812	556	1,545	2,760	1, 401
Profit for the year after minority interests	512	322	1,004	1,966	950
Balance sheet items in DKK million					
Non-current assets	9,098	8,117	7,755	6,425	5,291
Current assets	3,133	3,209	3,888	4,469	3,320
Total assets	12,231	11,326	11,643	10,894	8,611
Equity	8,791	8,228	7,964	7,777	6,033
Non-current liabilities	1,179	1,196	1,626	977	775
Current liabilities	2,261	1,902	2,053	2,140	1,803
Others in DKK million					
Cash flow from operating activities	1,285	1,950	1,507	2,480	1,810
Investments and acquisitions	1,412	1,170	2,642	1,621	1,004
Free cash flow	-127	780	-1,135	859	805
Net interest-bearing debt	426	-141	446	-1,144	-595
Research and development costs	210	260	210	252	188
Number of employees					
Number of employees at year end	8,808	7,843	8,552	8,559	8,017
Ratios					
Profit ratio	7%	5%	11%	20%	12%
Profit per share of DKK 10	24	15	46	91	44
Dividend per share of DKK 10	9.6	9.6	9.6	14.4	9.6
Cash earnings per share of DKK 10	59	90	70	113	84
Book value per share	390	362	351	345	274
Return on invested capital	9%	7%	20%	45%	27%
Return on equity	6%	4%	13%	29%	17%
Equity ratio	72%	73%	68%	71%	70%
Financial gearing	0.05	-0.02	0.06	-0.15	-0.10
Main figures in EUR million					
Net sales	1,575	1,501	1,837	1,865	1,547
Profit before tax	109	75	207	370	188
Profit for the year after minority interests	69	43	134	264	127
Total assets	1,642	1,522	1,563	1,461	1,155
Equity	1,180	1,106	1,068	1,043	809
Investments and acquisitions	190	157	355	217	135
Depreciation, amortisation and write-down	133	128	117	92	96
Exchange rate (year end rates)	7.45	7.44	7.45	7.46	7.46

For definitions of ratios, see page 53.

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

Income statement

1 January - 31 December

		Group		Parent Company	
DKK million	Note	2010	2009	2010	2009
Net sales		11,732	11,168	297	756
Other operating income	1	175	194	537	498
Operating income		**11,907**	**11,362**	**834**	**1,254**
Raw material costs and production material costs		4,158	3,884	188	637
Delivery costs and indirect costs		1,896	1,757	70	87
Other external costs		1,177	1,221	292	308
Personnel costs	2	2,894	2,971	221	254
Depreciation, amortisation and write-downs	3	989	953	127	126
Operating costs		**11,114**	**10,786**	**898**	**1,412**
Operating profit before financial items		**793**	**576**	**-64**	**-158**
Income from investments in subsidiaries	4	0	0	725	643
Income from investments in associated companies after tax		36	22	11	10
Financial income	5,7	109	175	86	136
Financial expenses	6,7	126	217	57	118
Profit before tax		**812**	**556**	**701**	**513**
Tax on profit for the year	8	275	206	16	-96
Profit for the year		**537**	**350**	**685**	**609**
Minority interests		25	28		
Profit for the year after minority interests		**512**	**322**		
Distributed as follows:					
Dividend		207	207	207	207
Retained earnings		305	115	478	402
Minority interests		25	28	0	0
		537	**350**	**685**	**609**
Dividend per share of DKK 10				9.6	9.6
Profit per share of DKK 10	9	23.6	14.9		
Profit per share of DKK 10, diluted	9	23.6	14.9		
Statement of recognised income and expenses					
Profit for the year		537	350	685	609
Exchange rate adjustments of foreign subsidiaries		249	119	0	0
Hedging instruments, value adjustments		-3	-50	0	0
Tax on hedging instruments, value adjustments		0	14	0	0
Total income		**783**	**433**	**685**	**609**
Minority interests		45	18	0	0
Total income for the year after minority interests		**738**	**415**	**685**	**609**

Balance sheet - Assets

As at 31 December

		Group		Parent Company	
DKK million	Note	2010	2009	2010	2009
Goodwill		117	44	0	0
Software		143	125	142	122
Customer relationships		129	0	0	0
Other intangible assets		62	104	108	79
Intangible assets	**10**	**451**	**273**	**250**	**201**
Buildings and sites		3,385	3,037	50	53
Plant and machinery		3,903	3,886	0	0
Other operating equipment		122	128	23	27
Prepayments and assets in course of construction		617	289	0	0
Tangible assets	**11**	**8,027**	**7,340**	**73**	**80**
Shares in subsidiaries	12	0	0	5,315	4,570
Shares in associated companies	12	285	217	35	30
Loans to subsidiaries	12	0	0	1,818	506
Long term deposits and debtors		53	22	0	0
Deferred tax assets	19	282	265	0	0
Financial assets		**620**	**504**	**7,168**	**5,106**
Total non-current assets		**9,098**	**8,117**	**7,491**	**5,387**
Raw material and consumables		585	478	11	11
Work in progress		25	22	0	0
Finished goods		397	301	0	0
Inventories	**14**	**1,007**	**801**	**11**	**11**
Work in progress		0	0	70	82
Trade receivables	15	1,398	1,299	0	0
Receivables from subsidiaries and associated companies	16, 29	11	10	868	2,011
Other receivables		251	229	18	41
Prepayments		57	53	6	12
Company tax	23	62	84	75	132
Receivables		**1,779**	**1,675**	**1,037**	**2,278**
Cash		**347**	**733**	**0**	**486**
Total current assets		**3,133**	**3,209**	**1,048**	**2,775**
Total assets		**12,231**	**11,326**	**8,539**	**8,162**

Balance sheet - Equity and liabilities

As at 31 December

		Group		Parent Company	
DKK million	Note	2010	2009	2010	2009
Share capital	17	220	220	220	220
Foreign currency translation		-169	-398	0	0
Proposed dividend		207	207	207	207
Retained earnings		8,333	7,939	6,365	5,863
Hedging		-12	-9	0	0
Minority interests		212	269	0	0
Total equity		**8,791**	**8,228**	**6,792**	**6,290**
Deferred tax	19	420	361	178	185
Pension obligations	20	191	182	1	1
Other provisions	21	187	230	2	2
Bank loans	22	381	423	14	14
Non-current liabilities		**1,179**	**1,196**	**195**	**202**
Short-term portion of long-term debt	22	171	17	0	0
Bank debt		215	145	314	0
Trade payables		957	756	45	31
Payables to subsidiaries and associated companies		0	0	1,072	1,451
Other provisions	21	52	64	0	0
Other payables		866	920	121	188
Current liabilities		**2,261**	**1,902**	**1,552**	**1,670**
Liabilities		**3,440**	**3,098**	**1,747**	**1,872**
Total equity and liabilities		**12,231**	**11,326**	**8,539**	**8,162**

Cash flow statement

		Group		Parent Company	
DKK million	Note	2010	2009	2010	2009
Operating profit before financial items		793	576	-64	-158
Adjustments for depreciation, amortisation and write-downs		989	953	127	126
Other adjustments	24	-32	44	-525	934
Change in net working capital	25	-84	598	706	995
Cash flow from operation before financial items and tax		**1,666**	**2,171**	**244**	**1,897**
Finance income etc. received		130	172	86	136
Finance costs etc. paid		-239	-153	-57	-118
Taxes paid		-272	-240	37	-11
Cash flow from operating activities		**1,285**	**1,950**	**310**	**1,904**
Purchase of tangible assets		-541	-1,081	-8	-68
Purchase of intangible assets		-54	-58	-117	-61
Acquisition of new activities, net		-817	-31	0	0
Cash flow from investing activities		**-1,412**	**-1,170**	**-125**	**-129**
Cash flow from operating and investing activities (free cash flow)		**-127**	**780**	**185**	**1,775**
Dividend paid		-259	-207	-207	-207
Sale and purchase of own shares		17	5	17	5
Additions of subsidiaries and associated companies		0	0	-975	-444
Disposals of subsidiaries and associated companies		0	0	180	53
Financing from minority interests		0	5	0	0
Change in non-current debtors		-28	1	0	0
Change in non-current debt		-49	-374	0	-721
Cash flow from financing activities		**-319**	**-570**	**-985**	**-1,314**
Changes in cash available		-446	210	-800	461
Cash available 1/1		588	368	486	25
Exchange rate adjustments		-10	10	0	0
Cash available 31/12	26	**132**	**588**	**-314**	**486**
Unutilised, committed credit facilities 31/12		**3,659**	**3,323**	**3,659**	**3,323**

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

Statement of equity

Group

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Minority interests	Total
Equity 1/1 2010	**220**	**-398**	**207**	**7,939**	**-9**	**269**	**8,228**
Total income		229	207	305	-3	45	783
Sale and purchase of own shares				17			17
Expensed value of options issued				18			18
Dividend paid to the shareholders/minority interests			-207			-52	-259
Addition/disposal of minority interests						4	4
Movements between majority and minority interests				54		-54	0
Equity 31/12 2010	**220**	**-169**	**207**	**8,333**	**-12**	**212**	**8,791**
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**

Rockwool International A/S aims to pay a stable dividend taking into consideration the Group's profitability and development in equity. In 2009 a dividend at DKK 9.60 per share was decided. At the Annual General Meeting on 27 April 2011, the Board will propose a dividend of DKK 9.60 per share for the financial year 2010.

The Management assess the Groups capital requirements on an ongoing basis. The Group aims at having an equity ratio of min. 50% and at the end of 2010 the equity ratio was 72% (2009: 73%).

Parent Company

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Total
Equity 1/1 2010	**220**	**0**	**207**	**5,863**	**0**	**6,290**
Total income			207	478		685
Sale and purchase of own shares				17		17
Expensed value of options issued				7		7
Dividend paid to the shareholders			-207			-207
Equity 31/12 2010	**220**	**0**	**207**	**6,365**	**0**	**6,792**
Equity 1/1 2009	**220**	**0**	**207**	**5,442**	**0**	**5,869**
Total income			207	402		609
Sale and purchase of own shares			0	5		5
Expensed value of options issued			0	14		14
Dividend paid to the shareholders			-207			-207
Equity 31/12 2009	**220**	**0**	**207**	**5,863**	**0**	**6,290**

Segmented accounts

Business segments

	Insulation Segment		Systems Segment		Group eliminations and holding companies		The Rockwool Group	
DKK million	2010	2009	2010	2009	2010	2009	2010	2009
Income statement								
External net sales	9,390	9,108	2,341	2,049	1	11	11,732	11,168
Internal net sales	1,245	1,165	0	26	-1,245	-1,191	0	0
EBITDA	1,369	1,329	339	252	74	-52	1,782	1,529
Depreciation, amortisation and write-downs	859	807	3	3	127	143	989	953
EBIT	**510**	**522**	**336**	**249**	**-53**	**-195**	**793**	**576**
Balance sheet - assets								
Non-current assets	8,579	7,598	24	28	495	491	9,098	8,117
Current assets	4,035	3,751	763	671	-1,665	-1,213	3,133	3,209
Total assets	**12,614**	**11,349**	**787**	**699**	**-1,170**	**-722**	**12,231**	**11,326**
Balance sheet - equity and liabilities								
Equity	6,999	6,001	431	255	1,361	1,972	8,791	8,228
Non-current liabilities	955	938	31	32	193	226	1,179	1,196
Current liabilities	4,660	4,410	325	412	-2,724	-2,920	2,261	1,902
Total equity and liabilities	**12,614**	**11,349**	**787**	**699**	**-1,170**	**-722**	**12,231**	**11,326**
Non-current asset investments	**1,347**	**994**	**3**	**5**	**62**	**171**	**1,412**	**1,170**

Geographical segments

Group	Intangible and tangible assets		Net sales	
DKK million	2010	2009	2010	2009
Western Europe	3,662	4,086	8,103	8,164
Eastern Europe and Russia	2,713	2,335	2,178	1,822
Rest of the world	2,103	1,192	1,451	1,182
Total	**8,478**	**7,613**	**11,732**	**11,168**

Notes

1. Other operating income	Group		Parent Company	
DKK million	2010	2009	2010	2009
Plant and machinery produced by the Group	108	119	0	0
Royalties and others	67	75	537	498
Total	**175**	**194**	**537**	**498**

2. Personnel costs	Group		Parent Company	
DKK million	2010	2009	2010	2009
Wages and salaries	2,403	2,469	193	219
Expensed value of options issued	19	28	7	14
Pension contributions	137	159	19	20
Other social security costs	335	315	2	1
Total	**2,894**	**2,971**	**221**	**254**
Average number of employees	8,093	8,045	273	297
The above items include to Board and Managment:				
Remuneration to Management	9	10	9	10
Pension contribution	1	1	1	1
Expensed value of options issued	7	6	7	6
Board's remuneration	4	3	4	3
Total	**21**	**20**	**21**	**20**

Share options programme
2010

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

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

Number of shares of which 49,900 to Board and Management and 355,900 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.

Notes

2. Personnel costs (continued)

Share options programme

2009

Year	Agreements	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**		

* 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.

Number of shares of which 50,900 to Board and Management and 408,300 to senior managers.

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

	2010		2009	
Share options	Number of shares	Average price	Number of shares	Average price
Options outstanding 1/1	459,200	899	371,200	1,014
Issued during the year	0	0	109,150	421
Exercised during the year	46,750	326	16,600	244
Cancelled during the year	6,650	1,026	4,550	1,272
Options outstanding 31/12	**405,800**	**965**	**459,200**	**899**

The value of share options issued but not exercised amounts to DKK 42 million (2009: DKK 35 million).

Share options issued during 2009 were, at the time they were issued, valued at DKK 21 million using the Black-Scholes option pricing model at the time of granting with assumptions as shown below. No share options were issued during 2010.

	2010	2009
Expected life of the option in years (average)	-	3
Expected volatility	-	86%
Expected dividend per share	-	9.6
Risk-free interest rate	-	2.8%
Rockwool B share price at the date of grant	-	397

Notes

3. Depreciation, amortisation and write-downs	Group		Parent Company	
DKK million	2010	2009	2010	2009
Amortisation of intangible assets	57	50	51	41
Write-down of intangible assets	29	59	17	59
Depreciation of tangible assets	877	807	14	16
Write-down of tangible assets, net	31	22	0	0
Net profit and loss on sales/scrapping	-5	15	45	10
Total	**989**	**953**	**127**	**126**

As a consequence of impairment tests and other assets evaluations the Group made write-downs in 2010 and 2009 of some development projects and other intangible assets amounting to DKK 29 million (2009: DKK 59 million). Furthermore some of the tangible assets in the Insulation segment have been written down amounting to DKK 73 million (2009: DKK 50 million). In other companies in the Insulation segment part of the write-down made in 2008/2009 has been reversed amounting to DKK 42 million (2009: DKK 28 million).

The impairment tests are calculated using the expected future cash flows. The assesment of future cash flows is based on a 5-year plan where the last year is used as a normalised terminal year. The expected future cash flows are discounted at a rate based on the interests level in the countries involved, including a risk premium. Discount rates range from 6-8% (2009: 6-9%). The average growth rate in the terminal period has been set at zero as last year.

4. Income from investments in subsidiaries	Parent Company	
DKK million	2010	2009
Dividends received from subsidiaries	729	770
Additions and disposals of share in subsidiaries	30	0
Write-down of shares in subsidiaries	-35	-128
Interest on long-term loans	1	1
Total	**725**	**643**

Notes

5. Financial income	Group		Parent Company	
DKK million	2010	2009	2010	2009
Interest income	11	11	7	5
Interest income from subsidiaries	0	0	46	60
Exchange gains	98	164	33	71
Total	**109**	**175**	**86**	**136**

6. Financial expenses	Group		Parent Company	
DKK million	2010	2009	2010	2009
Interest expenses etc.	31	17	23	29
Interest expenses to subsidiaries	0	0	8	7
Exchange losses	95	200	26	82
Total	**126**	**217**	**57**	**118**

7. Net gain or loss on categories of financial assets and liabilities	Group		Parent Company	
DKK million	2010	2009	2010	2009
Net interests income and expenses, etc.	15	10	53	65
Net foreign exchange gains/losses, etc.	-18	-34	1	-18
Loans and receivables at amortised costs	**-3**	**-24**	**54**	**47**
Net interests income and expenses, etc.	-38	-17	-31	-28
Net foreign exchange gains/losses, etc.	24	-1	6	-1
Financial liabilities at amortised costs	**-14**	**-18**	**-25**	**-29**

Notes

8. Tax on profit for the year	Group		Parent Company	
DKK million	2010	2009	2010	2009
Current tax	260	238	3	-32
Adjustments to previous years	-29	40	11	0
Change in deferred tax	43	-68	-7	-64
Other taxes	1	10	9	0
Total	**275**	**220**	**16**	**-96**
Distributed between:				
Tax on profit for the year	**275**	**206**	**16**	**-96**
Tax on equity items	**0**	**14**	**0**	**0**

Reconciliation of tax percentage	Group	
	2010	2009
Danish tax percentage	25.0%	25.0%
Deviation in non-Danish subsidiaries' tax compared to Danish tax percentage	11.4%	20.3%
Associated companies included after tax	-1.1%	-1.3%
Recognition of tax assets	-7.6%	-3.0%
Tax assets not recognised	8.5%	5.4%
Other deviations	-2.3%	-9.4%
Effective tax percentage	**33.9%**	**37.0%**

9. Profit per share	Group	
DKK million	2010	2009
Profit for the year after minority interests	**512**	**322**
Average number of shares (million)	22.0	22.0
Average number of own shares (million)	0.3	0.4
Average number of shares outstanding (million)	**21.7**	**21.6**
Dilution effect of share options	0.0	0.0
Diluted average number of outstanding shares (million)	**21.7**	**21.6**
Profit per share of DKK 10	23.6	14.9
Profit per share of DKK 10, diluted	23.6	14.9

Notes

10. Intangible assets

DKK million	Group					Parent Company		
2010	Goodwill	Software	Costumer relation-ships	Other	Total	Software	Other	Total
Cost:								
Accumulated 1/1 2010	202	244	0	195	641	208	153	361
Exchange rate adjustment 1/1	0	0	0	0	0	0	0	0
Additions for the year	73	62	129	2	266	61	56	117
Disposals for the year	0	0	0	-22	-22	0	-20	-20
Accumulated 31/12 2010	**275**	**306**	**129**	**175**	**885**	**269**	**189**	**458**
The above costs include:								
Intangible assets under construction	0	57	0	72	129	57	72	129
Amortisation and writedowns:								
Accumulated 1/1 2010	158	119	0	91	368	86	74	160
Exchange rate adjustment 1/1	0	0	0	0	0	0	0	0
Amortisation for the year	0	44	0	13	57	41	10	51
Write-downs for the year	0	0	0	29	29	0	17	17
Disposals for the year	0	0	0	-20	-20	0	-20	-20
Accumulated 31/12 2010	**158**	**163**	**0**	**113**	**434**	**127**	**81**	**208**
Net book value 31/12 2010	**117**	**143**	**129**	**62**	**451**	**142**	**108**	**250**

2009	Goodwill	Software	Costumer relation-ships	Other	Total	Software	Other	Total
Cost:								
Accumulated 1/1 2009	204	215	0	172	591	182	125	307
Exchange rate adjustment 1/1	0	0	0	0	0	0	0	0
Additions for the year	0	35	0	28	63	33	28	61
Disposals for the year	-2	-6	0	-5	-13	-7	0	-7
Accumulated 31/12 2009	**202**	**244**	**0**	**195**	**641**	**208**	**153**	**361**
The above costs include:								
Intangible assets under construction	0	17	0	72	89	17	72	89
Amortisation and write-downs:								
Accumulated 1/1 2009	160	89	0	19	268	58	9	67
Exchange rate adjustment 1/1	0	0	0	0	0	0	0	0
Amortisation for the year	0	37	0	13	50	35	6	41
Write-downs for the year	0	0	0	59	59	0	59	59
Disposals for the year	-2	-7	0	0	-9	-7	0	-7
Accumulated 31/12 2009	**158**	**119**	**0**	**91**	**368**	**86**	**74**	**160**
Net book value 31/12 2009	**44**	**125**	**0**	**104**	**273**	**122**	**79**	**201**

Goodwill is allocated to the business segment Insulation and has been impairment tested in 2010 and 2009, which did not lead to any impairment write-downs in 2010 and 2009.

The net book value of other intangible assets include development projects amounting to DKK 12 million (2009: DKK 32 million).

11. Tangible assets

DKK million	Group					
2010	Buildings and sites	Plant and machinery	Other operating equipment	Prepayments and tangible assets under construction	Investment grants	Total
Cost:						
Accumulated 1/1 2010	5,057	11,482	746	291	-605	16,971
Exchange rate adjustment 1/1	169	289	17	1	-5	471
Additions for the year	193	392	30	756	-48	1,323
Transfer of assets under construction	199	214	13	-426	0	0
Disposals for the year	0	-184	-28	-3	83	-132
Accumulated 31/12 2010	**5,618**	**12,193**	**778**	**619**	**-575**	**18,633**
Depreciation and write-downs:						
Accumulated 1/1 2010	1,974	7,516	615	2	-476	9,631
Exchange rate adjustment 1/1	37	142	12	0	-2	189
Depreciation for the year	145	696	54	0	-18	877
Write-downs for the year	18	55	0	0	0	73
Reversal of write-downs	0	-42	0	0	0	-42
Disposals for the year	0	-175	-26	0	79	-122
Accumulated 31/12 2010	**2,174**	**8,192**	**655**	**2**	**-417**	**10,606**
Net book value 31/12 2010	**3,444**	**4,001**	**123**	**617**	**-158**	**8,027**
Investment grants	**-59**	**-98**	**-1**	**0**	**158**	**0**
Net book value after investment grants 31/12 2010	**3,385**	**3,903**	**122**	**617**	**0**	**8,027**
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**

11. Tangible assets (continued)

Of the total net book value of buildings and sites, DKK 524 million (2009: DKK 404 million) represents sites not subject to depreciation. Building and machinery acquired as finance lease at DKK 46 million (2009: DKK 48 million) represents a net book value of DKK 32 million (2009: DKK 33 million).

Accumulated capitalised interests amounting to DKK 43 million (2009: DKK 38 million) are included in the cost of tangible assets. The range of interests rates used is 3%-7% (2009: 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.

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

12. Financial assets

DKK million	Group	Parent Company			
2010	Shares in associated companies etc.	Shares in subsidiaries	Loans to subsidiaries	Shares in associated companies	Total
Cost:					
Accumulated 1/1 2010	62	5,388	560	30	5,978
Exchange rate adjustment 1/1	0	0	0	0	0
Additions for the year	5	969	1,295	5	2,269
Disposals/reduction for the year	-1	-180	0	0	-180
Accumulated 31/12 2010	**66**	**6,177**	**1,855**	**35**	**8,067**
Adjustments:					
Accumulated 1/1 2010	155	-818	-54	0	-872
Exchange rate adjustment 1/1	40	0	0	0	0
Profit for the year after tax	36	0	0	0	0
Dividend	-12	0	0	0	0
Write-downs of financial assets	0	-44	17	0	-27
Accumulated 31/12 2010	**219**	**-862**	**-37**	**0**	**-899**
Net book value 31/12 2010	**285**	**5,315**	**1,818**	**35**	**7,168**
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-downs 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**

Associated companies, main figures	RESO		Flumroc AG	
Shares owned in the Group		**20%**		**42.3%**
DKK million	**2010**	**2009**	**2009**	**2008**
Net sales	703	695	522	521
Profit for the year	14	18	63	39
Total assets	292	297	871	833
Equity	75	71	701	668

In 'Loans to subsidiaries' the addition to the share investment amounts to DKK 1 million (2009: DKK 376 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 1,329 million (2009: DKK 1,551 million).

13. Own shares (A and B shares)

DKK million	Group 2010 Number of shares	Share value	% of share capital	Group 2009 Number of shares	Share value	% of share capital
Own shares 1/1	352,800	215	1.6	371,200	114	1.7
Purchase	23,238	16	0.1	19,206	10	0.1
Sale	73,038	33	-0.3	37,606	18	-0.2
Own shares 31/12	**303,000**	**211**	**1.4**	**352,800**	**215**	**1.6**

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

14. Inventories

DKK million	Group 2010	Group 2009	Parent Company 2010	Parent Company 2009
Inventory before write-downs	1,045	856	11	11
Write-downs 1/1	-55	-62	0	0
Movements in the year	17	7	0	0
Write-downs 31/12	-38	-55	0	0
Inventories 31/12	**1,007**	**801**	**11**	**11**

15. Trade receivables

DKK million	Group 2010	Group 2009
Trade receivables before write-downs (maximum credit risk)	1,490	1,382
Write-downs 1/1	-83	-89
Movements during the year	-15	-4
Realised losses during the year	6	10
Write-downs 31/12	-92	-83
Trade receivables 31/12	**1,398**	**1,299**

Trade receivables (gross) can be specified as follows:

DKK million	Group 2010	Group 2009
Not due	1,218	1,163
Overdue by:		
1-60 days	196	151
60-360 days	40	31
Older	36	37
Trade receivables before write-downs	**1,490**	**1,382**

16. Receivables from subsidiaries

Out of the receivables from subsidiaries DKK 0 million (2009: DKK 1,274 million) fall due more than 12 months from the year-end closing date.

17. Share capital

DKK million	Parent Company 2010	Parent Company 2009
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 12 years.

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

18. Share holders at year end holding more than 5% of the share capital or the votes

DKK million	2010		2009	
	Share capital	Votes	Share capital	Votes
Rockwool Foundation, DK-1360 Copenhagen K	23%	31%	23%	31%
15th June Foundation, DK-1553 Copenhagen V	6%	12%	10%	12%
Gustav Kähler, DK-2942 Skodsborg	7%	8%	7%	8%
Dorrit Eegholm Kähler, DK-2830 Virum	4%	6%	4%	6%

19. Specification of tax assets and deferred tax

DKK million	Group 2010		Group 2009	
	Assets	Liabilities	Assets	Liabilities
Non-current assets	99	335	79	262
Current assets	29	1	40	11
Non-current liabilities	87	0	87	0
Current liabilities	32	3	20	0
Tax loss carried forward	142	0	141	0
Retaxable amounts	0	188	0	190
Total	**389**	**527**	**367**	**463**
Set-off within legal tax entities and jurisdictions	-107	-107	-102	-102
Deferred tax year-end	**282**	**420**	**265**	**361**
The tax assets expires as follows:				
Within 1 year of balance sheet date	7		1	
Within 1-5 years of balance sheet date	36		14	
After 5 years of balance sheet date	84		23	
Do not expire	155		227	
Total	**282**		**265**	

Tax assets not recognised amount to DKK 283 million (2009: DKK 104 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	2010	2009
Defined contribution plans		
Pension costs, total	**121**	**119**
Defined benefit plans		
Pension costs	12	12
Interest costs	35	33
Expected return of plan assets	-28	-25
Change in actuarial gains and losses	-3	20
Pension costs, total	**16**	**40**

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

	Group	
DKK million	2010	2009
Interest rate	3.4%	3.4%
Increase in salaries and wages	2.9%	3.1%
Discount rate	5.3%	5.6%
Expected return of plan assets	6.3%	6.6%

Plan assets in major categories held as a percentage of total plan assets	Group	
DKK million	2010	2009
Equities	60%	59%
Bonds	35%	34%
Cash	1%	1%
Property	0%	1%
Other	4%	5%

Development in the present value of the defined benefit obligation	Group		Parent Company	
DKK million	2010	2009	2010	2009
Balance 1/1	669	510	1	1
Exchange rate adjustments 1/1	15	30	0	0
Pension costs	15	13	0	0
Interests costs	37	32	0	0
Actuarial gains/losses	-16	102	0	0
Benefits paid	-23	-25	0	0
Other adjustments	3	7	0	0
Total 31/12	**700**	**669**	**1**	**1**

Notes

20. Pension obligations (continued)				
Development in the fair value of the plan assets:	Group		Parent Company	
DKK million	2010	2009	2010	2009
Balance 1/1	457	359	0	0
Exchange rate adjustments 1/1	16	27	0	0
Expected return on plan assets	30	26	0	0
Actuarial gains/losses	-8	48	0	0
Employer's contribution	8	16	0	0
Benefits paid	-15	-19	0	0
Total 31/12	**488**	**457**	**0**	**0**

Net value of pension plans:	Group			
DKK million	2010	2009	2008	2007
Present value of pension liabilities	700	669	510	707
Value of plan assets	-488	-457	-359	-561
Actuarial gains and losses not included	-21	-30	3	5
Net value of pension plans 31/12	**191**	**182**	**154**	**151**

21. Other provisions	Group		Parent Company	
DKK million	2010	2009	2010	2009
Provision for employees 1/1	130	109	2	2
Exchange rate adjustments	1	1	0	0
Additions for the year	19	25	0	0
Used during the year	-5	-3	0	0
Reversed during the year	-1	-2	0	0
Total 31/12	**144**	**130**	**2**	**2**
Provisions for claims and legal proceedings 1/1	38	54	0	0
Exchange rate adjustments 1/1	0	0	0	0
Additions for the year	24	24	0	0
Used during the year	-11	-19	0	0
Reversed during the year	-19	-21	0	0
Total 31/12	**32**	**38**	**0**	**0**
Other provisions 1/1	126	139	0	0
Exchange rate adjustments 1/1	1	1	0	0
Additions for the year	8	59	0	0
Used during the year	-44	-56	0	0
Reversed during the year	-28	-17	0	0
Total 31/12	**63**	**126**	**0**	**0**
Total other provisions	**239**	**294**	**2**	**2**
Specification of other provisions:				
Non-current liabilities	187	230	2	2
Current liabilities	52	64	0	0
Total other provisions	**239**	**294**	**2**	**2**

As at 31 December 2010 other provisions include a provision of DKK 30 million (2009: DKK 81 million) for restructuring measures.

22. Bank loans	Group		Parent Company	
DKK million	2010	2009	2010	2009
Redemption				
Redemption within 1 year	**171**	**17**	**0**	**0**
Redemption between 1 and 3 years	260	326	6	6
Redemption between 3 and 5 years	96	93	8	4
Falling due after 5 years	25	4	0	4
Total	**381**	**423**	**14**	**14**
Interest assessment time				
Reassessed under 3 months	1	1	0	0
Reassessed between 3 and 6 months	47	65	0	0
Reassessed between 6 and 12 months	0	0	0	0
Reassessed after more than 12 months or are fixed-interest	333	357	14	14
Total	**381**	**423**	**14**	**14**
Yield				
Under 4%	313	402	0	0
Between 4% and 6%	65	15	14	14
Between 6% and 8%	3	6	0	0
Total	**381**	**423**	**14**	**14**

Of the total debt DKK 8 million (2009: DKK 13 million) comprise capitalised finance lease commitment.

23. Company tax	Group		Parent Company	
DKK million	2010	2009	2010	2009
Balance 1/1	-84	-176	-132	-121
Exchange rate adjustment 1/1	-2	2	0	0
Adjustment of deferred tax previous years	4	0	9	0
Tax paid during the year	-272	-240	36	-11
Current tax provided in the year	292	326	3	0
Other taxes provided in the year	0	4	9	0
Total 31/12	**-62**	**-84**	**-75**	**-132**

24. Adjustments	Group		Parent Company	
DKK million	2010	2009	2010	2009
Provisions	-51	16	0	0
Expensed value of options issued	19	28	7	14
Adjustments of subsidiaires	0	0	-532	920
Exchange adjustments	0	0	0	0
Adjustments	**-32**	**44**	**-525**	**934**

25. Change in net working capital	Group		Parent Company	
DKK million	2010	2009	2010	2009
Change in inventories	-146	534	0	131
Change in trade receivables	6	184	0	0
Change in other receivables	-10	193	1,139	356
Change in trade payables	177	-150	14	-70
Change in other debt	-111	-163	-447	578
Change in net working capital	**-84**	**598**	**706**	**995**

26. Cash available	Group		Parent Company	
DKK million	2010	2009	2010	2009
Cash	347	733	0	486
Bank debts	-215	-145	-314	0
Cash available 31/12	**132**	**588**	**-314**	**486**

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.

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 in bank 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, cash pools or via the SWAP market.

The Group's net sales and expenditures will be subject to exchange-rate fluctuations on translation into Danish kroner; however, the risk and the level of hedging contracts are assessed to be limited due to the international diversity of the Group's activities.

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

27. Financial risks and instruments (continued)

Sensitivity analysis	Effect on Result	Effect on Equity
DKK million	2010	2010
CAD +/- 12%	+/- 10	+/- 51
RUB +/- 10%	+/- 6	+/- 171
USD +/- 12%	+/- 28	+/- 6
PLN +/- 14%	+/- 9	+/- 169
DKK million	2009	2009
CAD +/- 12%	+/- 7	+/- 49
RUB +/- 11%	+/- 61	+/- 111
USD +/- 13%	+/- 16	+/- 4
PLN +/- 14%	+/- 21	+/- 136

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.

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.

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

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

The current surplus and deficit liquidity in the Group's companies is set off, to the extent that this is profitable, via the parent company acting as intra-Group bank and via cash pool systems. 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 solid 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.

Notes

27. Financial risks and instruments (continued)

	Group		Parent Company	
DKK million	2010	2009	2010	2009
Financial instruments for hedging of future cash flows	3	3	0	0
Fair value hedges	4	6	0	0
Financial assets at fair value	**7**	**9**	**0**	**0**
Trade receivables	1,398	1,299	0	0
Other receivables	251	229	18	41
Cash	347	733	0	486
Receivables at amortised cost	**1,996**	**2,261**	**18**	**527**
Financial instruments for hedging of future cash flows	17	15	0	0
Fair value hedges	0	28	0	28
Financial liabilities at fair value	**17**	**43**	**0**	**28**
Bank loans incl. short term	552	440	14	14
Bank debt	215	145	314	0
Trade payables	957	756	45	31
Other payables	866	920	121	188
Financial liabilities at amortised costs	**2,590**	**2,261**	**494**	**233**

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

28. Auditors fee

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

	Group		Parent Company	
DKK million	2010	2009	2010	2009
Statutory audit	8	8	2	1
Other opinions	1	1	0	0
Tax consultancy	4	3	1	1
Other services	1	1	0	0
Total	**14**	**13**	**3**	**2**

29. Commitments and contingent liabilities

For the Group, commitments comprise DKK 45 million (2009: DKK 43 million). Contingent liabilities do not exceed DKK 52 million (2009: DKK 59 million), and includes contractual obligations for purchase of investments DKK 37 million (2009: DKK 47 million).

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

	Group		Parent Company	
DKK million	2010	2009	2010	2009
Within 1 year	98	85	0	0
Between 1 and 5 years	136	144	4	5
After 5 years	5	11	0	0
Total	**239**	**240**	**4**	**5**

Lease costs amounting to DKK 113 million (2009: DKK 100 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 2010 (as well as at 31 December 2009).

For certain loans provided by the parent company amounting to DKK 1,796 million (2009: DKK 1,341 million) deeds of postponement have been given.

Notes

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. Acquisition of subsidiaries and activities

Rockwool International A/S has on 22 December 2010 gained 100% control of a group of companies from CSR Ltd. The enterprise value on a debt free basis amounts to AUD 128 million equal to DKK 671 million. The acquired companies produce insulation products of high quality. The acquisition is expected to increase Rockwool International A/S's market share in Southeast Asia and establish a bridgehead in China.
The acquired companies' profitability in 2010 corresponded to Rockwool International A/S's.

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

The purchase price allocation is provisional and fair value of the acquired assets and liabilities at the acquisition date are:

	Troitsk	CSR
DKK million	Fair value at the acquisition date	Fair value at the acquisition date
Sites & buildings	179	153
Plant and machinery	101	308
Other equipment	3	20
Customer relationships	0	129
Inventories	0	39
Receivables	0	97
Cash	0	27
Bank debt	0	-137
Deferred tax	0	-84
Trade payables	0	-31
Other debt	0	-34
Net assets	283	487
Goodwill	0	74
Total consideration	283	561
Hereof cash	0	27
Acquisition of new activities, net	**283**	**534**

CSR
The total consideration was DKK 561 million which was paid in cash. The provisional assessment of the fair value of sites and buildings is based on an independent valuation by external appraisers. The fair value of plant and machinery is based on an internal valuation and the fair value of customer relationships is based on an excess earnings model estimating future cash flows, customer attrition rates etc. In the acquired assets accounts receivables are included with a fair value of DKK 97 million. Receivables constitute a gross amount of DKK 97 million, of which 0 DKK were uncollectible at the acquisition date.
After recognition of identifiable assets and liabilities at fair value, goodwill was recognized with a fair value of DKK 74 million. Goodwill represents the value of employees and knowhow and expected synergies from the merger with Rockwool International A/S. The goodwill recognized is not tax deductible.
In the acquisition Rockwool International A/S had transaction costs amounting to DKK 3 million relating to legal advisers which is recognized in administrative expenses in the income statement.

Troitsk
The total consideration was DKK 283 million which was paid in cash. In the acquisistion Rockwool International A/S had transaction costs amounting to DKK 2 million relating to legal advisers which is recognized as administrative expenses in the income statement.

32. Accounting policies applied

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

The following EU adopted IFRS standards and interpretations with relevance for the Group were implemented with effect from 1 January 2010:

- IFRS 3 (revised) "Business Combinations"
- IAS 39 (revised) "Financial instruments"
- Amendments to IAS 27 "Consolidated and separate financial statements"
- Improvement projects to IFRS May 2008 and April 2009
  Implementation of these standards has not resulted in significant changes in accounting policies applied.
  The following IFRS standards and interpretations not yet entered into force or not yet adopted by EU have not been implemented by the Group:
- IFRS 9 "Financial Instruments"
- IAS 32 (revised) "Financial Instruments: Presentation"

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 2009, except for the implementation of IFRS 3 (revised), where transaction costs are recognised in the income statement.

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.

Business combinations

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

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

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

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

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

Accounting estimates and assumptions

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

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

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 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

32. Accounting policies applied (continued)

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.

Changed 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.

Segmental data

Segmental data is stated for business areas and geographical areas. The division by business areas is in accordance with the Group's internal reporting and areas of responsibility. The segmental data is presented according to the same principle as the consolidated financial statements. Segmental assets and liabilities are defined as operationally attached to the segment. The segmental EBIT includes net sales 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. Royalty and licence fees are recognised when earned according to the terms of the licence agreements.

Investment grants

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

Research and development activities

The costs of research activities are carried as expenditure in the year in which they are incurred. The costs of development projects which are clearly defined and identifiable, and of which the potential technical and commercial exploitation is demonstrated, are capitalised to the extent that they are expected to generate future revenue. Other development costs are recognised on an ongoing basis in the income statement under operating costs.

Financial items

Financial income and expenses include interest, financial expenditure on finance lease, fair value adjustments and realised and unrealised foreign exchange gains and losses.

Dividends on capital investments in subsidiaries and associated enterprises are recognised as income in the parent company's income statement in the financial year in which the dividends are declared.

Tax

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

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

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.

32. Accounting policies applied (continued)

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:

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

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

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Identification of cash-generating units is based on the management structure and internal financial control.

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

Tangible assets

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

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

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

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

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

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

Impairment of assets

Goodwill is tested annually for impairment and the book value of other assets is reviewed on indications of impairment. When testing for impairment, the value is written down to the estimated net sales price or the useful value, if greater.

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

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

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 and of adjustments in derivative financial instruments.

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

Acquisitions and sales of minority interests are recognised in equity.

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

32. Accounting policies applied (continued)

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

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

Ratios

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

Definitions of ratios

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

List of Group companies

	Country	Shares owned %
Parent company		
Rockwool International A/S	Denmark	
Subsidiaries		
Insulation		
Rockwool Handelsgesellschaft m.b.H.	Austria	100
Rockwool N.V.	Belgium	100
s.a. Charles Wille et Co. N.V.	Belgium	100
Rockwool Bulgaria Ltd.	Bulgaria	100
Roxul Inc.	Canada	100
CSR Building Materials Co. Ltd.	China	100
CSR Building Materials Trading Co. Ltd.	China	100
Roxul Shanghai Firesafe Insulation Ltd.	China	100
Rockwool Adriatic d.o.o.	Croatia	100
Rockwool a.s.	Czech Republic	100
Rockwool A/S	Denmark	100
Roxul Rockwool Technical Insulation Middle East FZE	Dubai	100
Rockwool EE Oü	Estonia	100
Rockwool Finland OY	Finland	100
Rockwool France S.A.S	France	100
Deutsche Rockwool Mineralwoll GmbH & Co. OHG	Germany	100
Rockwool Mineralwolle GmbH Flechtingen	Germany	100
Rockwool Limited	Great Britain	100
CSR Building Materials Ltd.	Hong Kong	100
Rockwool Hungary Kft.	Hungary	100
Roxul Rockwool Insulation India Ltd.	India	75
Roxul Rockwool Technical Insulation India Pvt. Ltd.	India	100
Rockwool Ltd.	Ireland	100
Rockwool Italia S.p.A.	Italy	100
SIA Rockwool	Latvia	100
Rockwool UAB	Lithuania	100
CSR Climate Control Sdn. Bhd.	Malaysia	100
Roxul Asia Sdn. Bhd.	Malaysia	60
Alért B.V.	Netherlands	100
Rockwool B.V.	Netherlands	100
A/S Rockwool	Norway	100
Malkinia Sp.z.o.o.	Poland	100
Rockwool Polska Asset Management Sp.z.o.o.	Poland	100
Rockwool Polska Sp.z.o.o.	Poland	100
Rockwool Romania s.r.l.	Romania	100
CSJC Mineralnaya Vata	Russia	78
LLC Rockwool North	Russia	78
LLC Rockwool Ural	Russia	78
LLC Rockwool Volga	Russia	78
LLC Tatinsulation	Russia	78
CSR South East Asia Pte Ltd.	Singapore	100
Rockwool Slovensko s.r.o.	Slovakia	100
Rockwool Peninsular S.A.	Spain	100
Rockwool AB	Sweden	100
CSR Insulation Limited	Thailand	100
LLC Rockwool Ukraine	Ukraine	100
Systems Division		
Grodan Inc.	Canada	100
Rockwool Rockfon GmbH	Germany	100
Grodan S. de R.L de C.V.	Mexico	100
Rockfon Sp.z.o.o.	Poland	100
Fortalan Asesores S.L.	Spain	100
Grodan MED S.A.	Spain	100
Grodan Inc.	USA	100
BuildDesk Group		
BuildDesk Österreich 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		
Transys	Czech Republic	30
RESO SA	France	20
Flumroc AG	Switzerland	42

Contact information can be found at
www.rockwool.com

The Rockwool Group

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

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

Our more than 8,800 employees in more than 30 countries cater for customers all over the world. The Group's head office is located close to Copenhagen. In 2010 the Group generated sales of DKK 11,732 million. The company is listed on the NASDAQ OMX Nordic Exchange Copenhagen.

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

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