Annual Report 2012

Released 1 March 2013

ROCKWOOL®
FIRESAFE INSULATION

CREATE AND PROTECT®

Contents

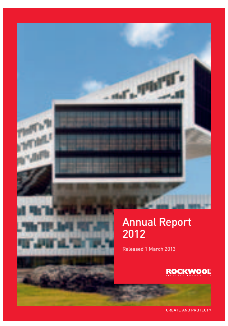
The ROCKWOOL Group

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 with products and solutions for all major application areas for both residential and non-residential buildings. Together with other construction-related products such as acoustic ceilings and cladding boards, the Group ensures energy efficient and fire-safe buildings with good acoustics and a comfortable indoor climate. We also create green solutions for the horticultural industry, special fibres for industrial use, effective insulation for the process industry and marine & offshore as well as noise and vibration systems for modern infrastructure.

Our more than 9,700 employees in more than 40 countries cater for customers in a big part of the world. The Group's head office is located close to Copenhagen. In 2012 the Group generated sales of DKK 14,664 million. The company is listed on the NASDAQ OMX Nordic Exchange Copenhagen.

The Group's operations have a large presence in Europe and we are expanding production, sales and service activities in Russia, North America, India and East Asia. Together with a broad network of business partners, this ensures the global presence of the Group's products and systems.



Front page: Ambitious building project made possible with FLEXSYSTEM™
It only took three years to construct and complete Statoil's new more than 66,000 square metres office building in Norway with room for 2,500 employees. The decisive factors in this construction, besides time, were optimum safety, energy efficiency and financial limitations. The architect ascribes part of the success of the building to the ROCKWOOL FLEXSYSTEM which is much quicker to work with as well as making new solutions of a thermal cover of the underside of the office lamellas possible.

“We have a solid platform and a strong position to build our future growth on“

Towards a truly global business

In 2012 the Group put full force behind the execution of its Rock the Globe strategy – developed and fine-tuned based upon the assumption that the world economy in general, and the building industry specifically, will remain very challenging in the years to come.

Our core European insulation business will remain the backbone of our success where we are optimising activities on all fronts. This includes more sophisticated and customer oriented routes to market for our products and systems and a major re-engineering of our production set up. We are also focusing keenly on raising market awareness of the unique combination of properties naturally intrinsic to our ROCKWOOL stone wool products. These initiatives are supported by increased efforts in the public affairs area to inform politicians and legislators about the advantages for society of better fire, acoustic and total energy performance of buildings.

We continue to invest heavily in accelerated growth and improved profitability of our non-insulation Systems activities, where innovative new products and systems play an important role.

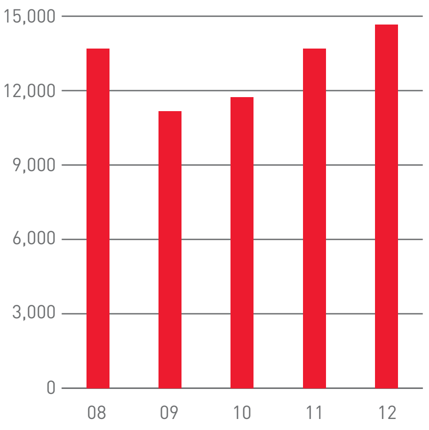
In order to reduce further the effect of our high exposure to developments in the European market, the Group's penetration in other geographical areas continues. During 2012, our fourth insulation factory in Russia was commissioned successfully, and decisions were announced to substantially increase capacity in North America as well as Northern China.

The year 2013 will not be an easy one – to say the least. The ROCKWOOL Group is geared managerially, as well as financially, to tackle the challenges head on, and the Group is fully prepared to pick the fruits on the top as well as on the bottom line, as soon as the global economy turns into a positive mode.

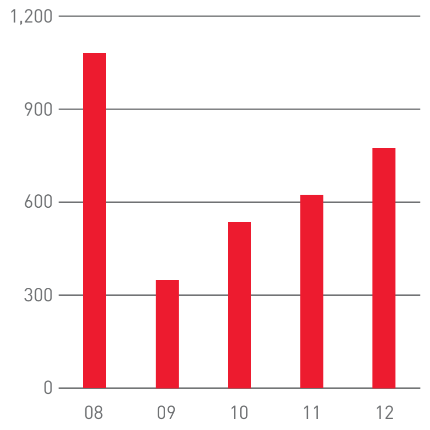
Eelco van Heel
CEO of the ROCKWOOL Group

Key figures

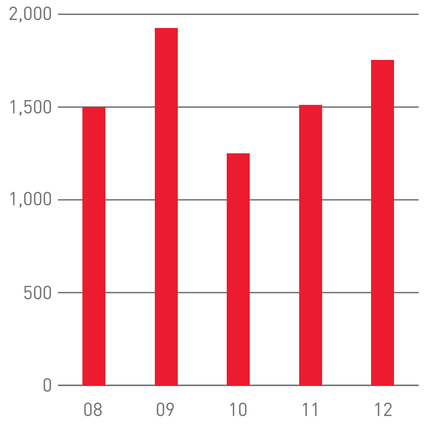
Net sales (DKK million)



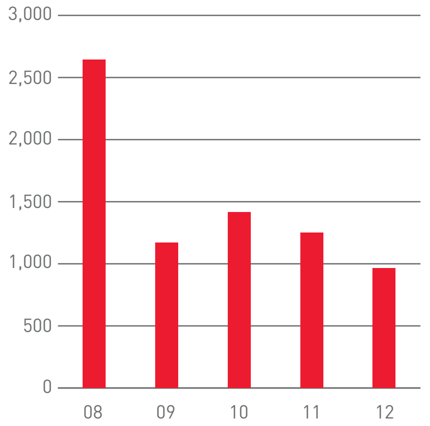
Profit for the year (DKK million)



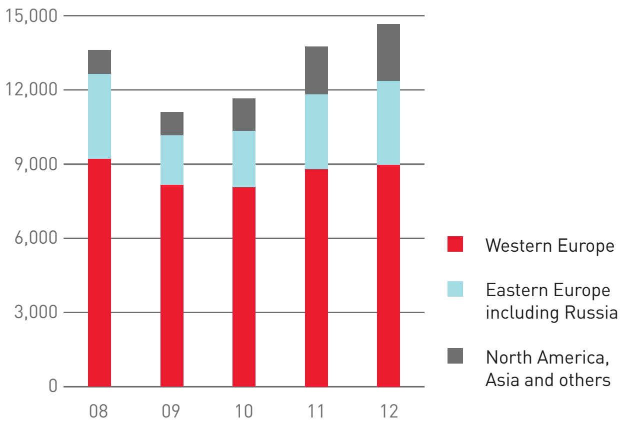
Cash flow from operating activities (DKK million)



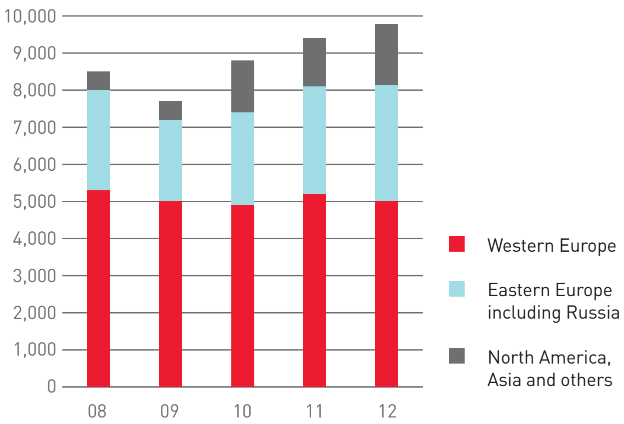
Investments and acquisitions (DKK million)



Net sales by geographical segment (DKK million)



Employees by region



Five-year summary

Income statement items in DKK million	2012	2011	2010	2009	2008
Net sales	14,664	13,748	11,732	11,168	13,700
EBITDA	2,240	1,804	1,782	1,529	2,373
Depreciation, amortisation and write-downs	1,099	900	989	953	871
EBIT	1,141	904	793	576	1,502
Financial items	-55	-47	-17	-42	8
Profit before tax	1,098	899	812	556	1,545
Profit for the year	774	623	537	350	1,080
Balance sheet items in DKK million					
Non-current assets	9,391	9,377	9,103	8,117	7,755
Current assets	3,598	3,301	3,133	3,209	3,888
Total assets	12,989	12,678	12,236	11,326	11,643
Equity	9,428	8,635	8,775	8,205	7,964
Non-current liabilities	1,033	1,368	1,200	1,196	1,626
Current liabilities	2,528	2,675	2,261	1,902	2,053
Others in DKK million					
Cash flow from operating activities	1,754	1,527	1,285	1,950	1,507
Investments and acquisitions	964	1,200	1,412	1,170	2,642
Free cash flow	790	327	-127	780	-1,135
Net interest-bearing debt	68	550	426	-141	446
Research and development costs	226	213	210	260	210
Number of employees					
Number of employees at year-end	9,778	9,368	8,808	7,843	8,552
Ratios					
Profit ratio	8%	7%	7%	5%	11%
Earnings per share of DKK 10	36	30	24	15	46
Dividend per share of DKK 10	10.2	9.6	9.6	9.6	9.6
Payout ratio	28%	32%	40%	64%	21%
Cash earnings per share of DKK 10	81	71	59	90	70
Book value per share of DKK 10	428	392	390	362	351
Return on invested capital	12%	10%	9%	7%	20%
Return on equity	9%	7%	6%	4%	13%
Equity ratio	73%	68%	72%	73%	68%
Financial gearing	0.01	0.06	0.05	-0.02	0.06
Stock market information					
Share capital (DKK million)	220	220	220	220	220
Price per A share (DKK)	629	458	726	651	316
Price per B share (DKK)	634	461	700	652	300
Number of A shares (10 votes)	11,231,627	11,231,627	13,072,800	13,072,800	13,072,800
Number of B shares (1 vote)	10,743,296	10,743,296	8,902,123	8,902,123	8,902,123

For definitions of key figures and ratios see page 60. For main figures in EUR see page 54.

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.

Energy and climate as growth drivers

Insulation of buildings and industrial processes is an obvious tool for tackling three of today's major challenges - energy supply, climate change and unemployment – while simultaneously improving public and private finances. For this reason, the importance of energy efficiency in buildings has been growing over recent years, but actions are still far from sufficient to combat these challenges. The untapped potential remains impressive. Only a fraction of our buildings are prepared for a low energy future.

Today, buildings account for approximately 40% of the energy consumption in developed societies. In emerging economies, where millions of people are moving into cities – requiring air conditioning of offices, homes and supermarkets – energy demand in buildings is growing rapidly. On a global scale, a 75% reduction in the energy use of buildings would be both possible and feasible as a long term target.

By making our buildings energy efficient, we can save billions – both in energy costs and in emitted tonnes of CO_2. In the EU alone, more than a million green growth jobs can be created, not least in the construction industry where, in numerous countries, idle hands are far too many. According to the European study "How many jobs?" by Energy Efficiency Industrial Forum, every EUR 1 million invested in upgrading the energy efficiency of our building stock will, on average, directly create 19 new jobs. According to CO_2 abatement studies, for instance by McKinsey, insulation is among the lowest hanging fruits with some of the highest financial gains for every tonne of CO_2 it saves.

New buildings – the future is set

Energy efficiency in buildings is now becoming increasingly important on the political agenda. The EU has decided that new buildings must reach nearly zero energy levels as of 2021. Public buildings must take the lead, establishing this requirement two years earlier, i.e. from 2019. Buildings undergoing major renovation must also adhere to low-energy requirements whenever technically and financially feasible. European governments are now introducing the strongest ever stepwise improvements of energy efficiency codes. In many countries, more than a doubling of energy efficiency standards will be required over the next 6-8 years.

Existing building stock – large potential

According to the United Nations Intergovernmental Panel on

Energy renovation of buildings, such as here in Hattingen, Germany, is one of the most economic solutions for curbing CO_2 emissions. In 2012, the EU Commission passed the Energy Savings Directive which has reductions of CO_2 in the building sector as one of its cornerstones.

Climate Change (IPCC), the biggest cost effective potential for CO_2 savings lies in the modernisation of the existing building stock. The EU Commission has also come to the conclusion that our existing buildings provide low cost and short term opportunities to reduce emissions, and that greenhouse gas emissions from the building sector could be reduced by around 90% by 2050. The EU has committed to reduce overall CO_2 emissions by 80-95% by 2050, compared to 1990 levels.

New EU Energy Efficiency Directive

Most of the building stock of 2050 has already been constructed. To address this situation, a new EU Directive on Energy Efficiency was approved in 2012. In particular, it requests that governments take a leading role in the energy modernisation of their own buildings requiring that 3% of the floor space owned and occupied by the central government is energy renovated annually. Further, the Directive introduces obligations for energy providers to help their customers become, on average, 1.5% more energy efficient per year. Utility companies who fail to do this shall face penalties. The Directive came into force in December 2012 and the two requirements mentioned above must take effect by January 2014.

National initiatives

In a number of the ROCKWOOL Group's key markets, national governments are boosting energy efficiency in buildings even further. In Germany, the government invests EUR 1,800 million annually in co-financing energy efficient construction and the modernisation of around 300,000 buildings. The programme provides substantial benefit to society (See below box).

In France, the new government aims to energy modernise 500,000 housing units per year. Further, it intends that an additional 500,000 energy efficient new homes will be constructed annually until 2017. The financing will come from selling CO_2 allowances and white certificates. The reduced rate of VAT for renovation, as well as interest-free loans and tax credits on insulation, windows and heating equipment, will continue to promote efficient renovation. France also plans thorough energy renovations for both state-owned public buildings and for public buildings owned by local authorities.

In Germany, over the last two years, we have seen 250,000 to 340,000 jobs created or safeguarded per year, saved CO_2 emissions and a virtual money machine that pays society back EUR 4-5 for every EUR 1 invested capital by public finances through subsidies or low-interest loans to energy efficient building projects. According to the Jülich Research Centre, this is the outstanding result of Germany's so-called KfW (Kreditanstalt für Wideraufbau) building energy efficiency programme. WWF has labelled Germany's energy efficiency scheme for buildings the "best climate and economic recovery programme".

EUR 1,400 mill	+	EUR 8,900 mill	+	EUR 11,200 mill	=	EUR 21,500 mill	→	340,000	→	EUR 5,400 mill	+	EUR 1,800 mill	=	EUR 7,200 mill
INVESTED CAPITAL (SUBSIDIES + LOW-INTEREST LOANS) PUBLIC FINANCE		LOANS KFW BANK		MONEY HOUSE OWNER		INVESTMENT IN ENERGY EFFICIENCY		JOBS CREATED OR SAFE-GUARDED		INCOME IN TAX PAYMENTS		BENEFITS SAVED BY LESS UNEMPLOYMENT		RETURN ON INVESTED CAPITAL PUBLIC FINANCE

The Shard in London is Europe’s tallest building. Non-combustible ROCKWOOL insulation was used in its construction.

Sales, markets and performance

Highlights

- Sales increased by 6.7% and reached DKK 14,664 million
- EBITDA increased by 24.2% and reached DKK 2,240 million
- Profit for the year increased by 24.2% and totalled DKK 774 million
- Investments totalled DKK 964 million
- Cash flow from operations amounted to DKK 1,754 million – an increase of 14.9% on 2011
- 2013 sales are expected to be slightly above the level of 2012 with profit for the year around DKK 700 million
- 2013 investment level excluding acquisitions is expected to be around DKK 1,600 million
- The proposed dividend is increased to DKK 10.20 per share

Sales in the ROCKWOOL Group grew by 6.7% in 2012 and reached DKK 14,664 million. The growth was almost exclusively organic.

Strong headwinds from the economy in general, and the building construction sector in particular, were the background for the Group narrowly to miss its financial target of 8% annual growth. The growth in sales varied considerably from region to region. In the core markets of Western Europe, which accounts of 61% of global net sales, sales grew modestly by 2.1% reaching DKK 8,970 million but with sizable contrasts between countries. Germany and France demonstrated healthy development whereas countries like Netherlands, UK, Spain and Denmark were severely hampered by the crisis in the construction sector. Central and Eastern Europe showed stronger performance with sales rising 11.8% reaching DKK 3,380 million. Poland was a major contributor, especially in the first six months of 2012 while Russia performed best in the second half of the year.

INSULATION

BUILDING INSULATION

TECHNICAL INSULATION

SYSTEMS

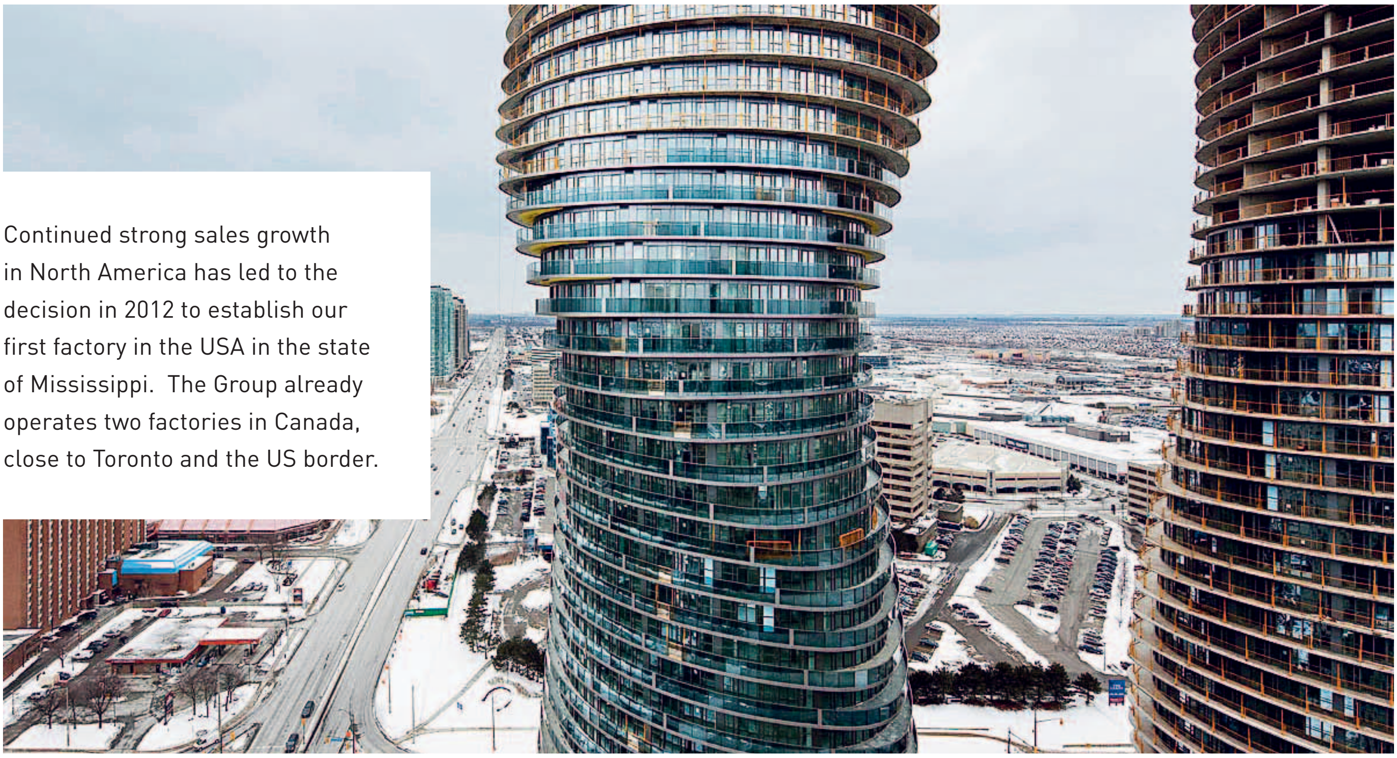
HORTICULTURAL SUBSTRATES

ACOUSTIC CEILINGS

NOISE AND VIBRATION CONTROL

FACADE PANELS

ENGINEERED FIBRES



Continued strong sales growth in North America has led to the decision in 2012 to establish our first factory in the USA in the state of Mississippi. The Group already operates two factories in Canada, close to Toronto and the US border.

Markets outside Europe progressed well with sales growth of 19.3% bringing the total overseas net sales to DKK 2,314 million. North America continued to show double-digit growth for the third year in a row. The South East Asian markets, including China, also progressed well although growth was limited by the fact that our available production capacity in the region was fully utilised.

Business areas

Insulation segment

Sales in our insulation business grew by 6.4%, convincingly ahead of the construction figures for most regions. Sales reached DKK 11,990 million. Thanks to the combination of better product mix and higher prices, there was a rise in profitability. EBIT reached DKK 766 million, corresponding to a profit ratio of 5.7%, significantly ahead of last year.

Sales in the major Western European markets were relying strongly on renovation activity as new construction remained at low levels in all countries except Germany. In the two biggest markets – Germany and France – renovation projects were well supported by government programmes. These offered grants, loans or tax benefits to harvest the triple benefits of saved energy, lower CO_2 emissions and green jobs in the construction sector. As renovation projects are often quite demanding in terms of manpower, the influence on employment is considerable.

Insulation systems for facades are a growing segment offering an attractive upgrade for existing houses to a higher energy standard. Additional benefits mean the building is safer, more valuable, good-looking and comfortable, without changing the main structural elements. After the acquisition of the Polish company FAST in 2011, the Group launched its own facade systems in 2012 based on FAST technologies.

In recent years the Group has developed a number of proprietary technologies with substantial benefits in terms of improved products, lower costs and better environmental profile. To reap the benefits of these technologies – which often demand heavy investment in our existing factories – a European re-engineering project has been on-going throughout 2012. As a first major step of this project, around DKK 450 million was committed in Denmark. In the coming years, additional investments in other European countries will be announced.

Key figures Insulation segment

DKK million	2012	2011
External net sales	11,990	11,266
Internal net sales	1,560	1,370
EBITDA	1,822	1,428
Depreciation, amortisation and write-downs	1,056	877
EBIT	766	551

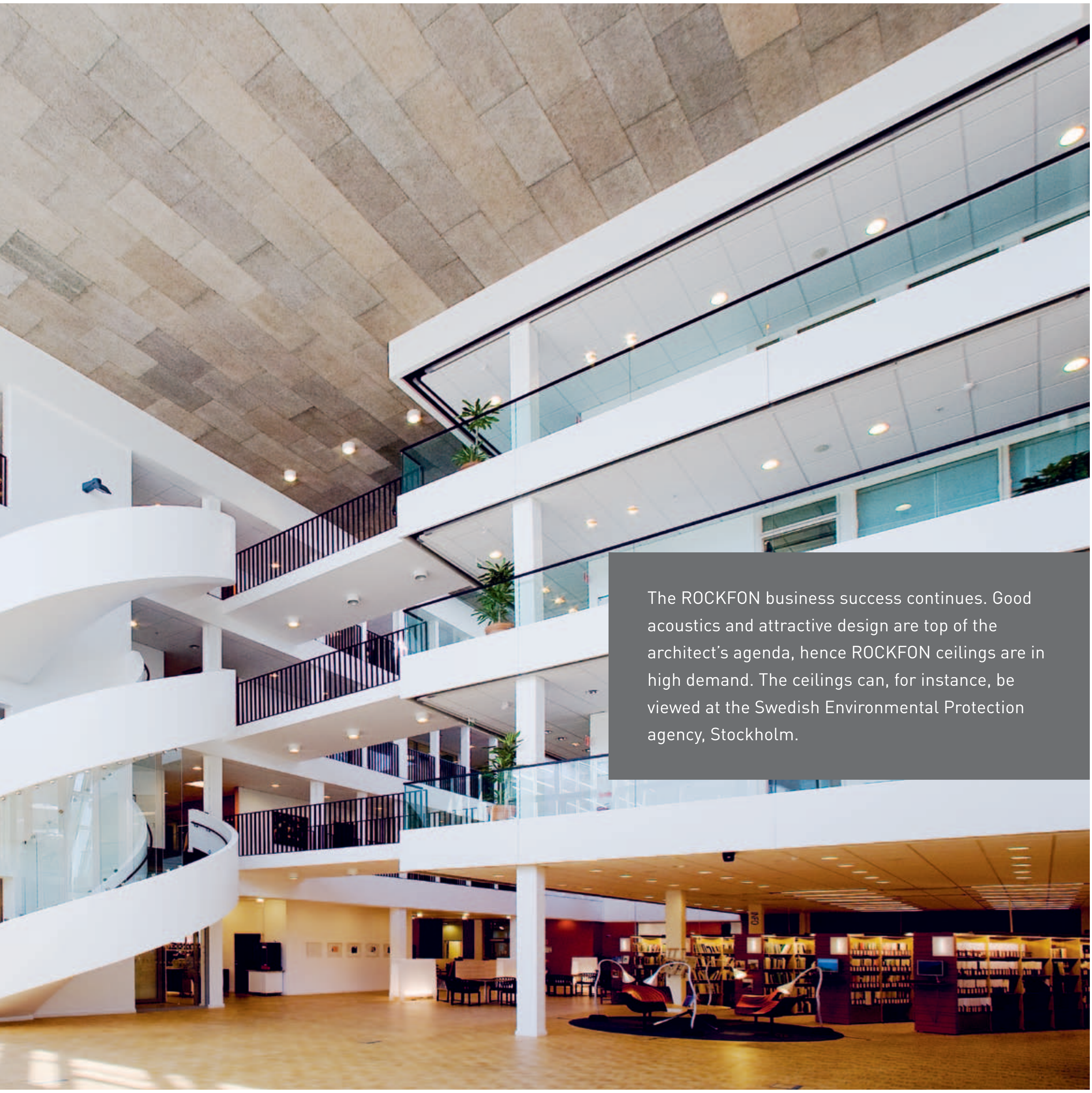
External insulation on facades is a growing segment in many markets. Since the residents do not have to move out of the building during renovation, it is a fairly easy way to update the design and energy standard of the building – here seen in Hedehusene, Denmark. A heated debate on the fire risks associated with systems based on combustible insulation took place in Germany during 2012. If the requirements for fire safety are tightened, it could have a positive effect on the demand for our solutions.

In the region covering Central and Eastern Europe, the commissioning of the fourth factory in Russia was successfully completed. The Russian market, which up until then was being supplemented from elsewhere, especially from our Polish factories, is now being serviced from its own factories. This means savings in transport costs as well as the 15% import duty on building materials. Due to the healthy development in the Polish market, local orders to a large extent replaced the earlier exports to Russia.

In overseas markets, the rapid growth of recent years continued in North America. In particular, the strong returns have been fuelled by Do It Yourself sales through major chains like Lowe's and Home Depot. In order to meet the growing demand for our products, and to establish an additional geographic base able to service new areas at a competitive price, it was decided to invest approximately DKK 800 million in the construction of a factory in Mississippi near Memphis, Tennessee. The Group already runs two factories in East and in West Canada, both close to the US border. The new factory is expected to be fully operational in 2014.

The Asian market is huge and all our factories, except the new one in India, are running at full capacity. Demand for non-combustible stone wool insulation - especially facade insulation for high-rise buildings - is expected to grow significantly. Therefore the Group decided to construct a new factory in Tianjin, 150 km from Beijing, investing approximately DKK 800 million. The Northern regions of China are cold in winter and there is a natural demand for building insulation to keep down energy consumption for heating. Until the factory opens, the Group expects to service the market through imports from Europe on a large scale. This is financially viable due to the low freight rates for containers returning from Europe.

Besides building insulation, the Group is world leader in the market for industrial and technical insulation where stone wool products are used to insulate pipes, boilers and ducts – often in high temperature applications. Despite the great need for this industrial infrastructure, especially in developing or emerging countries, the market has been negatively impacted by the squeeze on investments during the current financial crisis. Nevertheless, over 2012, the Group managed healthy sales with some important projects, for instance in the Middle East and South Africa. This positive sales development also helped the new factory in India to get a good start – dedicated as it is to servicing the Middle East market and the domestic Indian market with industrial and technical insulation. Towards the end of the year, capacity utilisation improved substantially.



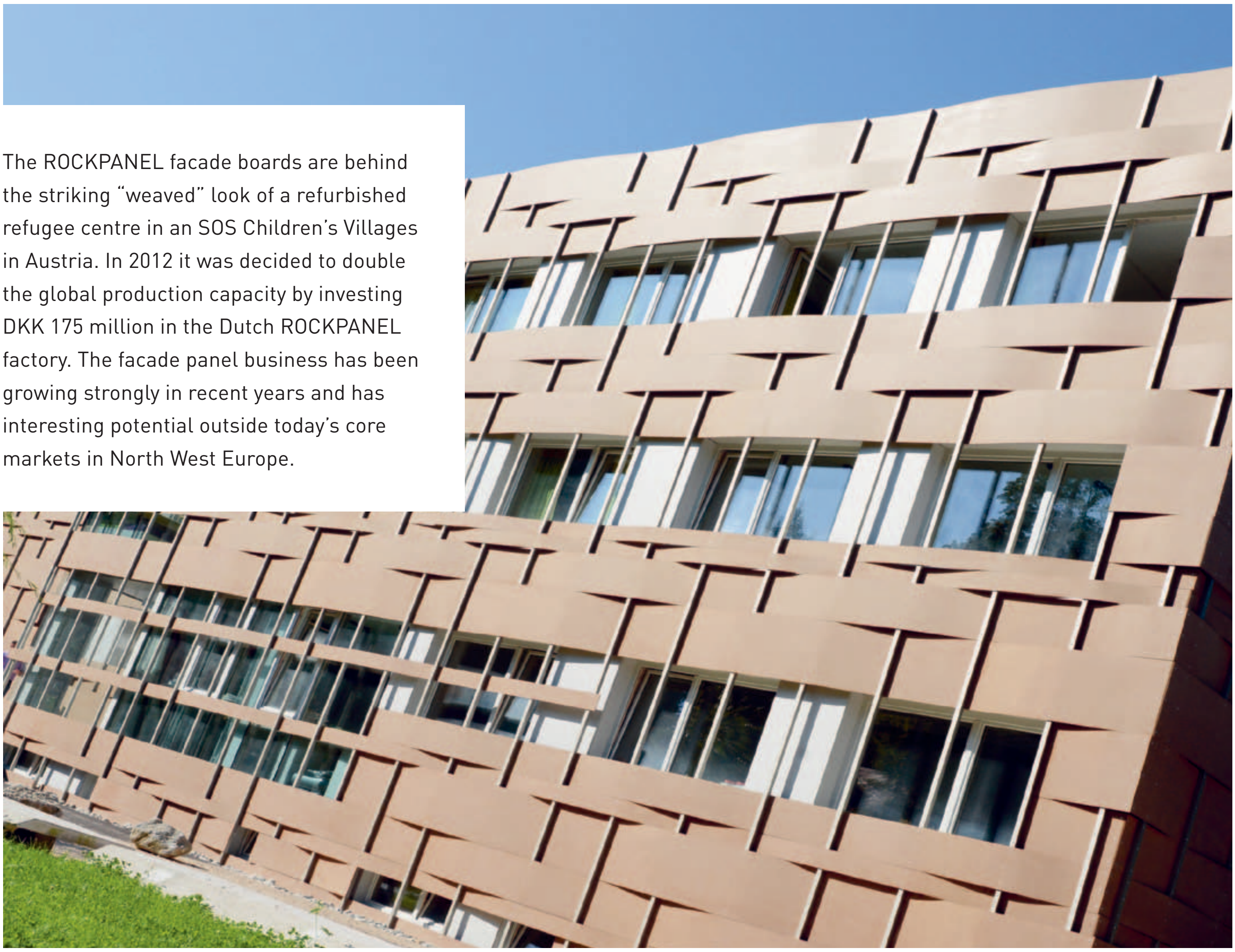
The ROCKFON business success continues. Good acoustics and attractive design are top of the architect's agenda, hence ROCKFON ceilings are in high demand. The ceilings can, for instance, be viewed at the Swedish Environmental Protection agency, Stockholm.

Systems segment

Sales in our Systems business progressed well and reached DKK 2,673 million, up 7.7% compared to 2011. Currently our Systems segment is undergoing strategic development with strong expansion outside the traditional West European markets.

Key figures Systems segment

DKK million	2012	2011
External net sales	2,673	2,482
Internal net sales	0	0
EBITDA	301	355
Depreciation, amortisation and write-downs	2	2
EBIT	299	353



The ROCKPANEL facade boards are behind the striking "weaved" look of a refurbished refugee centre in an SOS Children's Villages in Austria. In 2012 it was decided to double the global production capacity by investing DKK 175 million in the Dutch ROCKPANEL factory. The facade panel business has been growing strongly in recent years and has interesting potential outside today's core markets in North West Europe.

In the long term this is expected to lift sales, but in the short term these investments will represent additional costs. As a consequence, the annual EBIT figure was DKK 299 million, corresponding to a profit ratio of 11.2% - somewhat lower than last year.

The biggest business area in the segment, ROCKFON **acoustic ceilings**, showed solid growth. The ROCKFON ceiling products cater for the high end of the ceilings market where their acoustic absorption, fire safe properties and aesthetic design are much valued. During the year, two new production plants were developed; one in Russia which opened in early spring and the other in Poland which is expected to open in 2013. Furthermore, the Group took action to extend the geographic cover of the ROCKFON business by establishing sales forces in North America and in Asia.

In the ROCKPANEL **cladding board** business, sales developed slowly in the first six months but recovered in the second half of the year. ROCKPANEL cladding boards are used as decorative and weather-protecting building elements on facades, dormers and rooflines. The main sales are in North Western Europe with Benelux, Germany, Denmark and UK accounting for the majority of the business. Sales of ROCKPANEL boards have seen strong double-digit growth in recent years. Therefore in 2012 it was decided to double existing capacity by expanding the plant in the Netherlands through an investment of DKK 175 million. This will allow expansion into new markets based on exports from the Netherlands.

The GRODAN Group, the world leader in **horticultural substrates** for professional growers, gave a good performance in a difficult market. The professional greenhouse industry continues to be challenged by price pressure from the big retail chains, as well as high energy costs for operating the greenhouses. Sales in the mature Western European markets were reasonable, whereas the growth markets in Central and Eastern Europe, Asia and North America performed even better. To prepare for expected future growth in North America, we have invested in production facilities at the Group's factory near Toronto, Canada. Previously GRODAN products were imported from factories in Europe.

Sales of **engineered fibres** for, among other things, brake linings, paints and gaskets, were impacted by difficult market conditions during most of 2012. The automotive industry – the main customer of LAPINUS FIBRES - went through a considerable slowdown due to the difficult economic conditions in many parts of the world. Nevertheless, a modest increase in sales was achieved compared to 2011.

The RockDelta business for **vibration control** targeted at railway traffic experienced good sales progress in 2012. Several large orders were secured and we entered an important partnership with one of the global players in the rail industry, German Rail.one.

The RockDelta business had a good year with significant projects for its vibration control systems under rail borne traffic. The company's largest order to date was signed for a train tunnel project in Stockholm.

Financial performance

Sales
The ROCKWOOL Group total sales in 2012 were DKK 14,664 million, an increase of 6.7% compared to the previous year. Exchange rates impacted sales positively as the sales increase in comparable rates was 5.0%.

Profit for the year
EBITDA for the Group for 2012 amounted to DKK 2,240 million which is DKK 436 million better than in 2011. The EBITDA ratio was 15.3% which is an improvement of 2 percentage points compared to the previous year, primarily due to higher sales prices in most markets which more than offset inflation.

EBITDA for the fourth quarter amounted to DKK 608 million which is DKK 110 million better than the same period in 2011 and with an EBITDA ratio at level with the full year.

In 2012, EBIT reached DKK 1,141 million or a ratio of 7.8%. This is an increase of DKK 237 million or 26.2% compared to the previous year. Exchange rates had no significant impact on the EBIT for the Group.

The fourth quarter EBIT was affected negatively by write-downs of approximately DKK 58 million, whereas the 2011 fourth quarter was impacted positively. Corrected for these exceptional items, the fourth quarter operational EBIT for 2012 continued the upward trend shown during the previous nine months.

Net financial costs ended at DKK 55 million, which is DKK 8 million more than in 2011, primarily due to commitment fees on renewed Group bank facilities. However, the level of borrowing is very low and the interest costs are still low.

The effective tax rate was 29.5%, equivalent to a tax amount for the year of DKK 324 million. The effective tax rate has decreased compared to the previous year primarily due to adjustment of tax assets.

Group profit after tax was DKK 774 million, an increase of DKK 151 million compared to 2011. The Group profit after tax and minorities - originally predicted in March 2012 in the Annual Report to be above DKK 600 million - ended at DKK 772 million, primarily due to higher sales prices and lower inflation than expected.

Profit after tax for the parent company amounted to DKK 667 million, a decrease of DKK 57 million compared to 2011, mainly due to lower income from subsidiaries and higher finance costs.

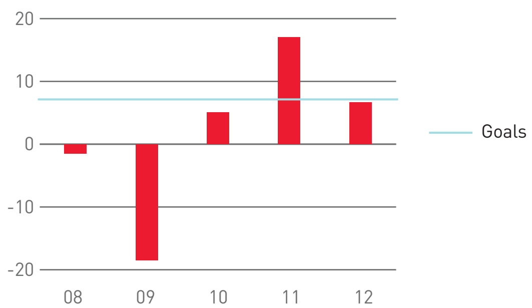
Investments and cash flow
Cash flow from operating activities amounted to DKK 1,754 million, an increase of 14.9% resulting from improved operational results.

Working capital at end 2012 was higher than last year, impacting our cash flow negatively. This primarily came from higher inventories also related to new factories. The net cash tied up in working capital, as a percentage of net sales, amounted to 7.8% against 6.8% the previous year.

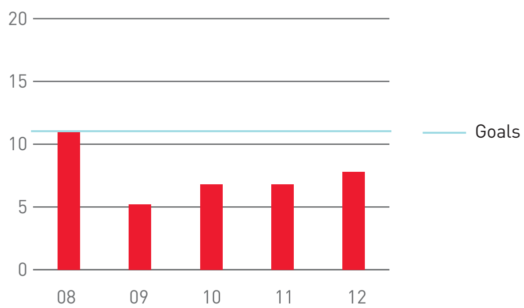
Investments reached DKK 964 million in 2012, of which DKK 473 million were dedicated to capacity improvement and the remaining to current investments in existing factories.

Financial goals for the ROCKWOOL Group

Average sales growth of 8%



Profit ratio of 11% of net sales



Free cash flow in 2012 amounted to DKK 790 million, an improvement of DKK 463 million, chiefly because of better results and lower investments.

Balance sheet

At the end of 2012, total assets amounted to DKK 12,989 million, an increase of DKK 311 million compared to last year.

The increase came from increased inventory and cash of DKK 295 million. Debtors remained on the same level as last year due to low sales in December. Average debtor days decreased by 0.8 days, compared to 2011.

The ROCKWOOL Group equity was DKK 9,428 million at year end 2012, up DKK 793 million compared to the previous year and corresponding to an equity ratio of 72.6%. The equity increased by DKK 567 million from profit for the year net of dividend payments, and by DKK 223 million from favourable exchange rates.

Net cash at the end of 2012 amounted to DKK 189 million, an increase of DKK 317 million compared to the year before. By the end of 2012 the Group had unutilised, committed credit facilities of DKK 3,442 million.

End of 2012, net interest-bearing debt amounted to DKK 68 million, a decrease of DKK 482 million compared to 2011.

Expectations

It is expected that the overall declining volume trend observed in Europe during the last two quarters of 2012 will continue in 2013, however with substantial differences between countries. The newly adopted European Energy Efficiency Directive continues to give a helping hand to the refurbishment segment in general. Countries which have already initiated solid refurbishment incentive programmes, like Germany and France, should continue to show a solid trend. However, new build activity across Europe is not expected to recover in 2013.

In North America, sales are expected to continue to develop positively thanks to geographical expansion and to the general improvement in the construction sector. This will establish a solid volume base for the green field factory being erected in Mississippi, due to be commissioned mid-2014.

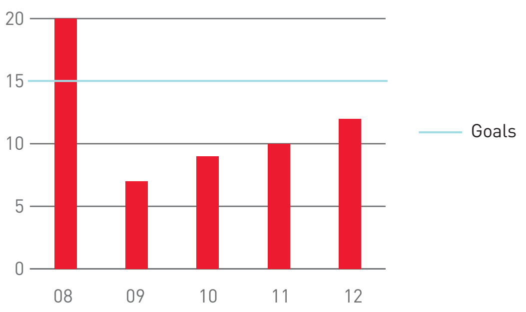
In South East Asia we see a recovery of the core industrial and technical insulation segment, while demand for non-combustible insulation in China is expected to grow rapidly sustained by stricter fire safety regulations.

We expect Group sales in 2013 to be slightly above the level of 2012.

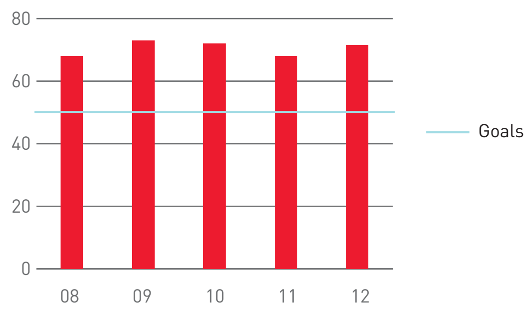
The favourable development in foundry coke prices seen since mid-2012 will have a positive effect in 2013. However, inflation from other raw materials and logistics could offset this benefit. The Group will give high priority in 2013 to improving internal efficiency through its lean factory programme and to re-engineering its European production platform.

Profit for the year 2013 is forecast around DKK 700 million. Investment expenditure, excluding acquisitions, is expected to be DKK 1,600 million. Of this, DKK 1,000 million will be allocated to capacity expansion projects covering the green field factories in the US and China, as well as new ROCKPANEL and ROCKFON confectioning plants.

Return on invested capital of 15%



Equity ratio of min. 50% of the assets



In 2012 the ROCKWOOL Group decided to expand its operations significantly in China with a factory near Beijing.

CSR - Desire to contribute

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. The nature of the Group's business activities – for example substantial energy and CO_2 emission reductions and the safer constructions which characterise the effect of our products – has an intrinsically positive effect. However, our ambitions go beyond this horizon and cover all relevant aspects of interaction with global and local society.

The CSR work centres on the ethical aspects of our environmental, social and business activities. By keeping full focus on these areas and reporting regularly to demonstrate transparency, we are running a profitable business in an honest and responsible way. Some of the key developments in 2012 were as follows.

Environmental performance

A new target for energy and CO_2 efficiency in our factories was launched. The aim is a 15% improvement on 2009 by 2015. In order to reach this goal, the Group has intensified its successful improvement initiatives. This is especially the case with regard to material efficiency and the melting process through new technologies, the use of recycled materials and other alternative materials. So far CO_2 efficiency has improved by 8.6% from 2009 to 2011.

Supplier control

A Supplier Evaluation process was initiated in 2012 to ensure good CSR standards among our raw materials suppliers. All suppliers under contract with Group Sourcing and Procurement are asked to sign the Group's code of conduct. So far, the evaluations have identified a small number of companies with minor issues where further initiatives have been taken to assure compliance.

Neighbour relations

After a long and protracted process the ROCKWOOL Group's factory in Croatia received its final operational permit and was officially inaugurated with the participation of the respective Danish and Croatian ministers. The initial local opposition and reservations have now largely been turned into fruitful cooperation to the benefit of both local society and the authorities.

Whistleblower policy

A whistleblower policy has been introduced to further emphasize the already strong impulse in the company to report serious and sensitive concerns regarding breaches of our business ethics or applicable laws.

Our CSR performance and actions are described in more detail on the website where it is also possible to access our annual sustainability report. See more at:

The Sustainability Report 2012

> www.rockwool.com/sustainability+reports

Progress report on Corporate Social Responsibility according to Danish Financial Statements Act, art. 99a

> www.rockwool.com/csr+reports

Social charter of the ROCKWOOL Group

> www.rockwool.com/csr/committed+to+society

Carbon Disclosure in Denmark

In 2012 the ROCKWOOL Group became Denmark's second best climate reporter in the Carbon Disclosure Project (CDP), scoring 93 out of 100 points. This is an improvement of 7 points compared to 2011. The CDP provides transparency for international investors and analysts trying to understand the CO_2 profile of listed companies.

See our complete CDP report

> www.cdproject.net

Governance

Corporate Governance is an inherent and longstanding part of the operating framework of the ROCKWOOL Group. Our Corporate Governance secures that the structure and function of our decision making bodies is optimal for our business and our stakeholders.

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

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

Group Management

Group Management is responsible for the day-to-day management of the Group. The team consists of the CEO and six other executives – in total two Danes, two Dutch, one German, one Frenchman and one Finn. The CEO and CFO 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. All ROCKWOOL companies are charged with gaining an overview of the main risks associated with their activities which once a year is consolidated into a Group risk profile for regular evaluation.

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

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

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

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

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

Audit committee

In accordance with legislation for audit committees in Denmark, the Board has in connection with the Annual General Meeting 2012 constituted itself with Bjørn Høi Jensen as the member of the Audit Committee who is independent and possesses the required insight concerning auditing and accounting.

The Audit Committee (committee chairman Bjørn Høi Jensen, Heinz-Jürgen Bertram and Thomas Kähler) deals with financial reporting and financial control, business risks, evaluation of the relationship to the external auditors of ROCKWOOL International A/S and other Group companies, and evaluation of the auditing carried out.

Compensation committee

As of the Annual General Meeting 2012 the compensation committee consists of Tom Kähler (committee chairman), Steen Riisgaard and Carsten Bjerg. The committee deals with all aspects of remuneration for executives who are placed in or above step 64 in Mercer's IPE system and approval of the same executives' acceptance of external directorships.

General Meeting and shareholders

The company's share capital is made up of two classes of shares: A shares (51.1% of the capital) carrying ten votes each, and B shares (48.9% of the capital) carrying one vote each.

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

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

Read more about the General Meetings on our corporate website.

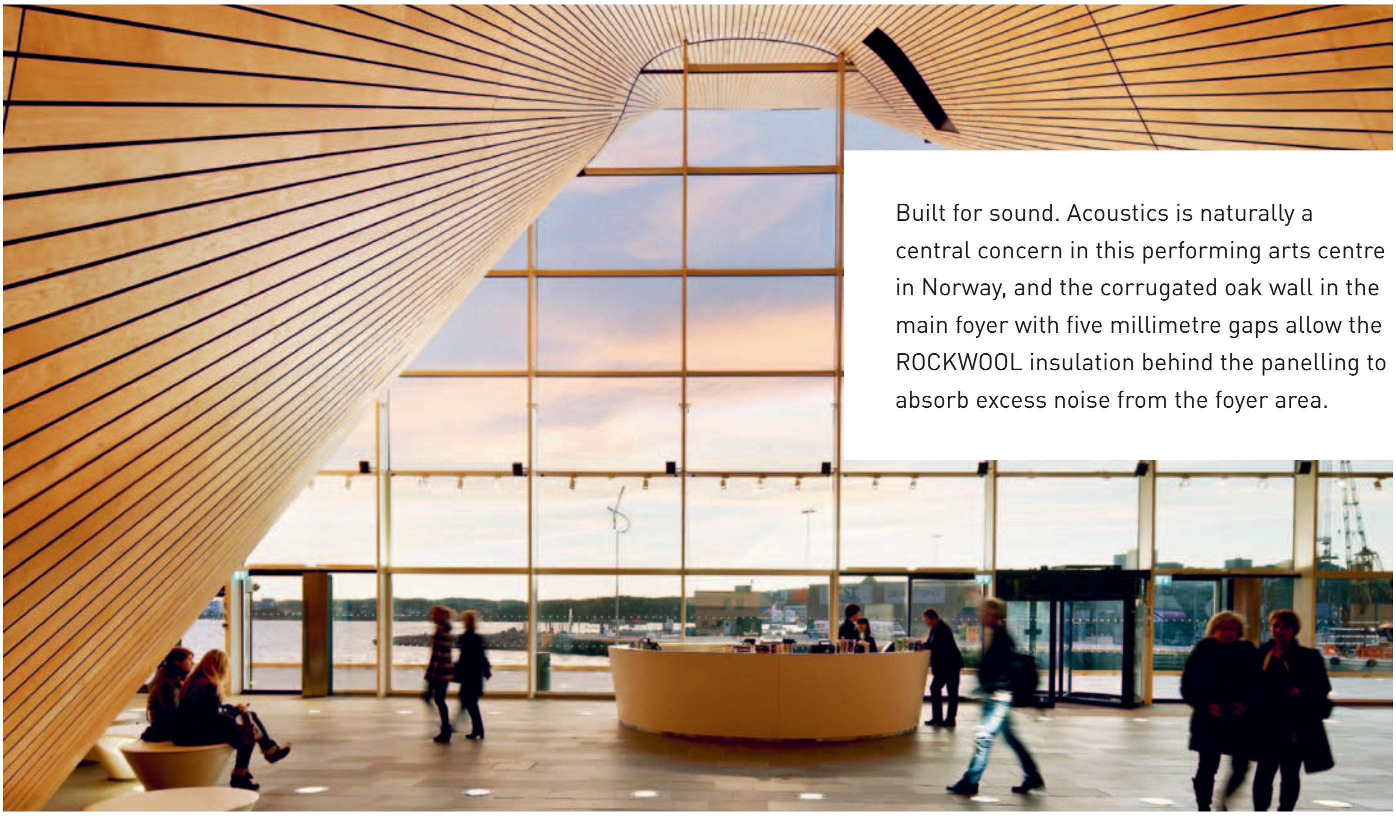
For a detailed review of the ROCKWOOL Group's compliance with the recommendations for corporate governance published by the NASDAQ OMX Nordic Exchange Copenhagen, visit

> www.rockwool.com/corporate+governance+recommendations

For 2012, the ROCKWOOL Group publishes a mandatory statement on management governance according to the Danish Financial Statements Act, Art. 107b.

The statement is available at

> www.rockwool.com/management+governance



Built for sound. Acoustics is naturally a central concern in this performing arts centre in Norway, and the corrugated oak wall in the main foyer with five millimetre gaps allow the ROCKWOOL insulation behind the panelling to absorb excess noise from the foyer area.

Our human capital

The ROCKWOOL Group is a value based and sustainably driven company with a strong heritage and culture. While we take in the bright positive influences from the world around us, we also need to have in place a framework which will keep us from being thrown off track. This framework – 'the ROCKWOOL Way' – was introduced in 2012 and contributes to the profile of the ROCKWOOL brand and quality standards as perceived by our markets and stakeholders. The framework is built on our strong values and culture. It is tightly linked with our leadership principles and high ambitions to foster trust and empowerment. Together with the Group policy structures, this initiative provides a solid platform for our way of working.

The strength and competitiveness of the ROCKWOOL Group is closely linked to our ability to create inspiring workplace environments, which motivate all to give the very best performance. A number of key areas have been identified to achieve this.

Driving performance and behaviours

Through increased training and coaching, we are continuously improving the quality of dialogue concerning performance. A focal point of developing of the performance process in 2012 has been to ensure a healthy balance between measuring business results and human resource behaviours within the Group. This now incorporates the extra focus of the ROCKWOOL Way. During 2012 we have strengthened the links between performance management and our other people processes even further - such as job rotation and succession management.

Value based recruitment

Working in compliance with the ROCKWOOL Way is extremely important for all employees. The means by which we achieve goals and display our values and culture are key to our success. Therefore our values are becoming an integral part of all recruitment activity. This is the case both internally and externally. Increased job rotation and the number of cross border employees are fuelling the need for a more universal leadership platform and company culture. This is evident in

Training is crucial. A really positive effect of ROCKWOOL University's training efforts is the building and strengthening of worldwide networks. Knowledge of strategy development and management practice in other countries and other parts of the business is being promoted via these networks, which benefits the ROCKWOOL Group on a global scale.

the exciting, diverse and international opportunities the Group offers to internal and external candidates.

Building sales and leadership competences to execute the strategy
The ROCKWOOL values are an integral part of our leadership programme - now covering three managerial levels - and serve to foster innovation in all parts of the organisation. As an example, in 2012 the ROCKWOOL University continued its sales excellence activities, with the targeted approach to architects and consulting engineers. In 2012, 70% of our total sales force completed the training. In 2013 we plan to reach our target of 90%.

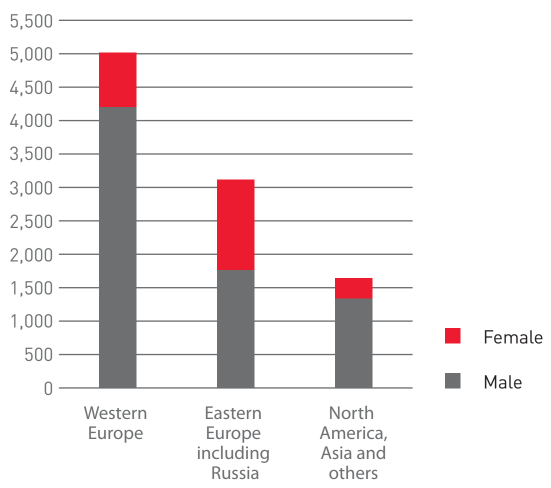
Managing a world of increasing complexity
As an increasingly global company, the ROCKWOOL Group takes pride in its strong national and cultural diversity. 'Rocking the Globe' means both expanding the ROCKWOOL Group in the various countries we are active in, and resolutely developing our current organisations to meet today's and tomorrow's business requirements. Increasingly, this means that reporting lines between ROCKWOOL managers and their employees will cross country borders. Cross border management situations require excellent leadership skills, frequent communication and intercultural awareness. To support this, we are putting a great deal of effort into developing and maintaining fast and efficient Group-wide enablers such as processes, management systems and training tools that serve to increase global understanding and transfer knowledge and best practice worldwide throughout the organisation.

Avoiding accidents
The ROCKWOOL Group has set an ambitious goal for substantially reducing the numbers of accidents at our factories. In the past five years, the frequency rate of accidents has constantly been lowered. In 2007, the goal was set at 5.0 for 2012 – a target we have already outperformed in 2011. The frequency rate of accidents is based on the number of accidents per million performed working hours.

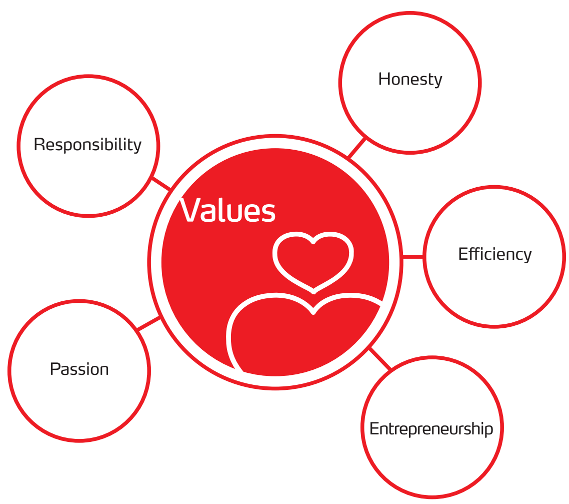
Key indicators

	2012	2011	2010	2009	2008
Turnover rate, office staff	5.1%	4.4%	4.2%	3.5%	7.2%
Training days per employee, office staff	3.9	3.2	3.3	2.2	4.5
Training days per employee, production staff	3.2	3.1	2.4	2.6	3.1
Patents granted in the year	218	121	66	133	106
Frequency of accidents, production staff (per million working hours)	3.8	4.2	8.2	10.8	11.4

Gender by region 2012



ROCKWOOL values



The ROCKWOOL Foundation

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

The Foundation is the biggest shareholder of ROCKWOOL International A/S with approximately 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 ROCKWOOL Foundation was established in 1981 as a non-profit organisation by six members of the Kähler family.

The Foundation's research is mainly focused on socio-economic issues and the 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. Currently the research is primarily focused on: migration and integration, undeclared work, work and the welfare state, and 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 four selected programme areas: food security/poverty alleviation, social capacity building, improved health for children, and international peace building through children. The interventions both benefit developing and developed countries.

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

Burundi

Years of civil conflict have severely undermined trust and peaceful relations among the population of Burundi, where young people in particular are often the victims of trauma, exclusion, and a sense of powerlessness. Some 46% of the population of Burundi is made up of young people below 15 years of age.

Peaceful coexistence is a prerequisite for development and prosperity in any society. The Youth for Unity project launched by the ROCKWOOL Foundation through the organisation ADRA Denmark aims to enhance peace and reconciliation in communities in some of the most neglected and war-affected areas of Burundi.

The project encourages young people to enrol in youth clubs, where they learn to build trust, to cooperate, to express themselves through drama, dance, radio and sports – and to engage in income-generating activities. Through the project, they learn to take an active role in resolving local conflicts in cooperation with community leaders, and they are increasingly being recognised as important agents who can help in the process of conflict resolution. The income-generating activities started by the clubs give the young people recognition and status in their communities and enable them to serve as role models and tutors for others.

Social and emotional training in Danish schools

In recent years, the ROCKWOOL Foundation has been involved in developing a unique set of educational materials and an interactive approach for Danish schools within the area of social emotional training. A course has been developed which aims to improve students' emotional and social skills. Through group work and role play, students develop their capacity for empathy, for resolving conflict, and for realising how actions lead to consequences. Among other skills, they also achieve the capacity for more realistic self-evaluation.

An evaluation of several pilot projects has demonstrated that the teachers involved were very enthusiastic about the material, in particular because of the noticeable reduction of conflicts among students in the participating classes.

The course is now progressing to wider use. An increasing number of schools across the country have enrolled their teachers for training to become certified instructors. At the same time, the ROCKWOOL Foundation has formed a partnership with a Danish local authority to implement the social and emotional training in all its year 1 and year 2 classes, involving a total of almost 1,000 students. The ROCKWOOL Foundation Research Unit continues to evaluate the project.

Board

From left:

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

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

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

Bjørn Høi Jensen
Born in 1961, nationality: Danish
Other positions related to the company:
Chairman of the Audit committee.
In accordance with legislation for audit committees in Denmark, Bjørn Høi Jensen is the member of the Audit Committee who is independent and possesses the required insight concerning auditing and accounting.
Positions in other Danish public limited companies:
Vice Chairman of the Board of Erhvervsinvest Management A/S. Member of the Board of Gyldendal A/S.
Other positions:
Chairman of the Board of CEPOS.

Tom Kähler, Chairman
Born in 1943, nationality: Danish
Former President and CEO of ROCKWOOL International A/S.
Other positions related to the company:
Chairman 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.

Heinz-Jürgen Bertram
Born in 1958, nationality: German
CEO of Symrise AG.
Other positions:
Member of the Audit Committee. Member of the boards of Nord/LB - Region Holzminden, Deutsche Bank - Region Hannover and Indevex AB – Stockholm.

Connie Enghus Theisen
Born in 1960, nationality: Danish
Elected by employees
International Market Intelligence Manager Residential, ROCKWOOL International A/S.

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

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

Further information is available at

> www.rockwool.com/board

Group Management

From left:

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

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

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

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

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

Camilla Grönholm
Senior Vice President, Human Resources
Born in 1964, nationality: Finnish

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

Further information is available at

> www.rockwool.com/group+management

Management's report

Today the Board and Management Board have discussed and approved the Annual Report of ROCKWOOL International A/S for the financial year ended 31 December 2012.

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 2012 and of the results of the Group's and the parent company's operations and cash flows for the financial year then ended.

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

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

Hedehusene, 1 March 2013

Management Board

Eelco van Heel　　Gilles Maria

Board

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

Bjørn Høi Jensen　　Thomas Kähler　　Dorthe Lybye　　Connie Enghus Theisen

Independent auditors' report

To the Shareholders of ROCKWOOL International A/S

Report on consolidated financial statements and parent company financial statements
We have audited the consolidated financial statements and the parent company financial statements of ROCKWOOL International A/S for the financial year 1 January – 31 December 2012, which comprise an income statement, comprehensive income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the group as well as the company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

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

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

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

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

Our audit has not resulted in any qualification.

Opinion
In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the company's financial position at 31 December 2012 and of the results of the group's and the company's operations and cash flows for the financial year 1 January – 31 December 2012 in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies.

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

Copenhagen, 1 March 2013

Ernst & Young
Godkendt Revisionspartnerselskab

Eskild Jakobsen	Henrik O. Larsen
State Authorised Public Accountant	State Authorised Public Accountant

This is more than a rock...

> www.morethanarock.rockwool.com

Income statement & statement of comprehensive income

1 January - 31 December

		Group		Parent Company	
DKK million	Note	2012	2011	2012	2011
Net sales		14,664	13,748	420	339
Other operating income	3	189	141	704	578
Operating income		**14,853**	**13,889**	**1,124**	**917**
Raw material costs and production material costs		5,534	5,365	293	232
Delivery costs and indirect costs		2,083	2,149	71	54
Other external costs		1,449	1,352	369	344
Personnel costs	4	3,547	3,219	272	267
Depreciation, amortisation and write-downs	5	1,099	900	52	27
Operating costs		**13,712**	**12,985**	**1,057**	**924**
Operating profit before financial items (EBIT)		**1,141**	**904**	**67**	**-7**
Income from investments in subsidiaries	6	0	0	603	686
Income from investments in associated companies		12	42	13	19
Financial income	7	115	120	84	75
Financial expenses	8	170	167	82	59
Profit before tax		**1,098**	**899**	**685**	**714**
Tax on profit for the year	9	324	276	18	-10
Profit for the year		**774**	**623**	**667**	**724**
Attributable to:					
Minority interests		2	-17		
Shareholders in the parent company		772	640		
		774	**623**		
Dividend per share of DKK 10				10.2	9.6
Earnings per share of DKK 10	10	35.8	29.6		
Earnings per share of DKK 10, diluted	10	35.7	29.5		
Statement of comprehensive income					
Profit for the year		**774**	**623**	**667**	**724**
Exchange rate adjustments of foreign subsidiaries		223	-185	0	0
Actuarial gains and losses of pension obligations		10	-33	0	0
Hedging instruments, value adjustments		-7	-9	0	0
Tax on comprehensive income	9	14	9	0	0
Other comprehensive income		**240**	**-218**	**0**	**0**
Comprehensive income for the year		**1,014**	**405**	**667**	**724**
Attributable to:					
Minority interests		3	-16		
Shareholders in the parent company		1,011	421		
		1,014	**405**		

Balance sheet - Assets

As at 31 December

		Group		Parent Company	
DKK million	Note	2012	2011	2012	2011
Goodwill	11	136	133	0	0
Software	11	180	154	178	152
Customer relationships	11	162	174	0	0
Other intangible assets	11	110	98	188	183
Total intangible assets		**588**	**559**	**366**	**335**
Buildings and sites	12	3,653	3,315	44	47
Plant and machinery	12	3,897	3,729	0	0
Other operating equipment	12	95	106	47	16
Prepayments and assets in course of construction	12	507	952	0	0
Total tangible assets		**8,152**	**8,102**	**91**	**63**
Shares in subsidiaries	13	0	0	7,645	7,006
Shares in associated companies	13	334	334	35	35
Loans to subsidiaries	13, 28	0	0	1,523	1,823
Long term deposits and debtors		47	67	0	0
Deferred tax assets	18	270	315	0	0
Total financial assets		**651**	**716**	**9,203**	**8,864**
Total non-current assets		**9,391**	**9,377**	**9,660**	**9,262**
Inventories	15	1,268	1,110	3	6
Work in progress		0	0	0	86
Trade receivables	16	1,509	1,541	0	0
Receivables from subsidiaries and associated companies	28	11	12	665	807
Other receivables		249	204	59	23
Prepayments		69	60	14	19
Company tax	22	8	27	4	83
Cash	25	484	347	0	0
Total current assets		**3,598**	**3,301**	**745**	**1,024**
Total assets		**12,989**	**12,678**	**10,405**	**10,286**

Balance sheet - Equity and liabilities

As at 31 December

		Group		Parent Company	
DKK million	Note	2012	2011	2012	2011
Share capital	17	220	220	220	220
Foreign currency translation		-131	-354	0	0
Proposed dividend		220	207	220	207
Retained earnings		9,119	8,569	7,260	6,834
Hedging		-24	-19	0	0
Minority interests		24	12	0	0
Total equity		**9,428**	**8,635**	**7,700**	**7,261**
Deferred tax	18	447	464	151	194
Pension obligations	19	224	234	0	0
Other provisions	20	158	181	2	10
Loans from subsidiaries		0	0	875	863
Bank loans and other loans	21	204	489	108	111
Total non-current liabilities		**1,033**	**1,368**	**1,136**	**1,178**
Short-term portion of long-term debt	21	153	134	3	103
Bank debt	21,25	295	475	117	436
Work in progress		0	0	15	0
Trade payables	21	1,044	1,103	83	40
Payables to subsidiaries and associated companies		0	0	1,241	1,183
Other provisions	20	98	79	0	0
Other payables	21	938	884	110	85
Total current liabilities		**2,528**	**2,675**	**1,569**	**1,847**
Total liabilities		**3,561**	**4,043**	**2,705**	**3,025**
Total equity and liabilities		**12,989**	**12,678**	**10,405**	**10,286**

Cash flow statement

		Group		Parent Company	
DKK million	Note	2012	2011	2012	2011
Operating profit before financial items		1,141	904	67	-7
Adjustments for depreciation, amortisation and write-downs		1,099	900	52	27
Other adjustments	23	-7	58	612	765
Change in net working capital	24	-177	-47	341	396
Cash flow from operations before financial items and tax		**2,056**	**1,815**	**1,072**	**1,181**
Finance income etc. received		128	149	84	75
Finance costs etc. paid		-170	-179	-82	-59
Taxes paid		-260	-258	18	0
Cash flow from operating activities		**1,754**	**1,527**	**1,092**	**1,197**
Purchase of tangible assets		-898	-999	-37	-6
Purchase of intangible assets		-66	-100	-74	-96
Acquisition of new activities	30	0	-101	0	0
Additions of subsidiaries and associated companies		0	0	-639	-1,720
Disposals of subsidiaries and associated companies		0	0	312	569
Change in non-current debtors		0	0	0	-5
Cash flow from investing activities		**-964**	**-1,200**	**-438**	**-1,258**
Cash flow from operating and investing activities (free cash flow)		**790**	**327**	**654**	**-61**
Dividend paid		-207	-207	-207	-207
Sale and purchase of own shares		-25	-53	-25	-54
Purchase of minority interests		-2	-100	0	0
Change in non-current debtors		25	-18	0	0
Installments of non-current debt		-258	-153	-103	0
Increase in non-current debt		2	17	0	200
Cash flow from financing activities		**-465**	**-514**	**-335**	**-61**
Changes in cash available		325	-187	319	-122
Cash available 1/1		-128	132	-436	-314
Business combinations		0	-24	0	0
Exchange rate adjustments		-8	-49	0	0
Cash available 31/12	25	**189**	**-128**	**-117**	**-436**
Unutilised, committed credit facilities 31/12		**3,442**	**3,450**	**3,442**	**3,450**

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

Statement of changes in equity

Group

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Minority interests	Total
Equity 1/1 2012	**220**	**-354**	**207**	**8,569**	**-19**	**12**	**8,635**
Profit for the year	0	0	220	552	0	2	774
Other comprehensive income	0	223	0	21	-5	1	240
Comprehensive income for the year	0	223	220	573	-5	3	1,014
Sale and purchase of own shares	0	0	0	-24	0	0	-24
Expensed value of options issued	0	0	0	10	0	0	10
Dividend paid to the shareholders	0	0	-207	0	0	0	-207
Addition/disposal of minority interests	0	0	0	-9	0	9	0
Equity 31/12 2012	**220**	**-131**	**220**	**9,119**	**-24**	**24**	**9,428**
Equity 1/1 2011	**220**	**-169**	**207**	**8,317**	**-12**	**212**	**8,775**
Profit for the year	0	0	207	433	0	-17	623
Other comprehensive income	0	-185	0	-27	-7	1	-218
Comprehensive income for the year	0	-185	207	406	-7	-16	405
Sale and purchase of own shares	0	0	0	-53	0	0	-53
Expensed value of options issued	0	0	0	15	0	0	15
Dividend paid to the shareholders	0	0	-207	0	0	0	-207
Addition/disposal of minority interests	0	0	0	-116	0	-184	-300
Equity 31/12 2011	**220**	**-354**	**207**	**8,569**	**-19**	**12**	**8,635**

ROCKWOOL International A/S aims to pay a stable dividend taking into consideration the Group's profitability and development in equity. In 2011 a dividend at DKK 9.60 per share was decided. At the Annual General Meeting on 17th April 2013, the Board will propose a dividend of DKK 10.20 per share for the financial year 2012.

The Management assesses the Groups capital requirements on an ongoing basis. At the end of 2012 equity ratio was 73% (2011: 68%). The Group aims at having an equity ratio of min. 50%.

Parent Company

DKK million	Share capital	Foreign currency translation	Proposed dividend	Retained earnings	Hedging	Total
Equity 1/1 2012	**220**	**0**	**207**	**6,834**	**0**	**7,261**
Profit for the year	0	0	220	447	0	667
Other comprehensive income	0	0	0	0	0	0
Comprehensive income for the year	0	0	220	447	0	667
Sale and purchase of own shares	0	0	0	-25	0	-25
Expensed value of options issued	0	0	0	4	0	4
Dividend paid to the shareholders	0	0	-207	0	0	-207
Equity 31/12 2012	**220**	**0**	**220**	**7,260**	**0**	**7,700**
Equity 1/1 2011	**220**	**0**	**207**	**6,365**	**0**	**6,792**
Profit for the year	0	0	207	517	0	724
Other comprehensive income	0	0	0	0	0	0
Comprehensive income for the year	0	0	207	517	0	724
Sale and purchase of own shares	0	0	0	-54	0	-54
Expensed value of options issued	0	0	0	6	0	6
Dividend paid to the shareholders	0	0	-207	0	0	-207
Equity 31/12 2011	**220**	**0**	**207**	**6,834**	**0**	**7,261**

Notes

1. Accounting estimates and assumptions

In connection with the practical application of the accounting policies described, management must carry out estimates and set out assumptions concerning future events 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:
Impairment testing. When there is an indication of a reduction in the profitability of an asset an impairment test is performed for the assets in question and write-downs are made if necessary. For goodwill annual impairment tests are made. In performing the impairment test the value is based on budgets, business plans and projections for 5 years and takes into account previous experiences and represent Management's best estimate of future developments. Key parameters are growth in sales, margin, future investments and capacity utilisation. Please refer to note 5.

Expected lifetime for assets. The expected lifetime for intangible and tangible assets are determined based on past experience and expectations for future use of the assets. Reassessments of the expected future use are as minimum made in connection with changes in production structures. Please refer to note 32.

Deferred tax assets. A tax asset is recognised if it is assessed that the asset can be utilised in a foreseeable future. The judgment is made annually and is based on budgets and Management's expectations for the coming 3-5 years taxable income and whether this is sufficient to utilise the temporary differences and cover unused tax losses including the Group's future tax planning. Please refer to note 18.

Trade receivables. Trade receivables are valued including write-down for non-collectable debtors. The write-downs reflect Managements judgement and review of the individual receivables based on individual customer knowledge, the historical payments, the keeping of previous agreements and current economic trends. Please refer to note 16.

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

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

2. Segmented accounts

Business segments

Group	Insulation segment		Systems segment		Group eliminations and holding companies		The ROCKWOOL Group	
DKK million	2012	2011	2012	2011	2012	2011	2012	2011
Income statement								
External net sales	11,990	11,266	2,673	2,482	0	0	14,664	13,748
Internal net sales	1,560	1,370	0	0	-1,560	-1,370	0	0
EBITDA	1,822	1,428	301	355	117	21	2,240	1,804
Depreciation, amortisation and write-downs	1,056	877	2	2	41	21	1,099	900
EBIT	**766**	**551**	**299**	**353**	**76**	**0**	**1,141**	**904**
Non-current asset investments	**662**	**1,023**	**191**	**75**	**111**	**102**	**964**	**1,200**

Geographical segments

Group	Intangible and tangible assets		Net sales	
DKK million	2012	2011	2012	2011
Western Europe	3,511	3,544	8,970	8,785
Eastern Europe and Russia	3,169	2,984	3,380	3,023
North America, Asia and others	2,060	2,133	2,314	1,940
Total	**8,740**	**8,661**	**14,664**	**13,748**

No customers exceed 10% of the Groups net sales neither this year nor last year.

Notes

3. Other operating income	Group		Parent Company	
DKK million	2012	2011	2012	2011
Plant and machinery produced by the Group	132	104	0	0
Royalties and other income	47	54	704	578
Net profit and loss on sales/scrapping of assets	10	-17	0	0
Total	**189**	**141**	**704**	**578**

4. Personnel costs	Group		Parent Company	
DKK million	2012	2011	2012	2011
Wages and salaries	2,955	2,695	245	239
Expensed value of options issued	10	15	4	6
Pension contributions	151	145	21	21
Other social security costs	431	364	2	1
Total	**3,547**	**3,219**	**272**	**267**
Average number of employees	9,411	8,895	298	284
The above items include to Board and Management:				
Remuneration to Group Management	24.9	26.9	24.9	26.9
Pension contribution	2.7	2.6	2.7	2.6
Expensed value of options issued	3.3	2.0	3.3	2.0
Board's remuneration	4.6	4.2	4.6	4.2
Total	**35.5**	**35.7**	**35.5**	**35.7**
Hereof remuneration to Management Board	11.3	10.9	11.3	10.9
Hereof pension to Management Board	1.2	1.2	1.2	1.2
Total to Management Board	**12.5**	**12.1**	**12.5**	**12.1**

Share options programme

Management and senior managers receive share options to retain them in the ROCKWOOL Group. The share option schemes for retaining executives fulfil the criteria provided for in the Corporate Governance recommendations. The share options are exercisable 3 years after the issue date and will expire between 6 and 8 years after. The exercise price is based on the market price of the ROCKWOOL International share at the date of grant corrected for the estimated future dividend and interest costs.

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

2012

Year	Agreements	Number of shares	Price	Exercise period
2007	99	102,200	1,997-2,071	1/11 2010-31/10 2013*
2008	118	105,700	827-862	1/8 2011-31/7 2014*
2009	133	106,400	421	1/11 2013-31/10 2016
2011	153	104,610	642-644-646	1/9 2014 - 31/8 2017
2012	94	108,500	515	1/9 2015 - 31/8 2020
	597	**527,410**		

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

Of the number of shares in 2012 67,470 belongs to Board and Management and 459,940 to senior managers. The number of outstanding share options cannot be reconciled to the total number of own shares in note 14 as the exercise of share options in the 2009 programme to a large extent only can be carried through if share options for the 2007 programme is not used.

Notes

4. Personnel costs (continued)

Share options programme

2011

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

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

Of the number of shares in 2011 53,620 belongs to Board and Management and 366,540 to senior managers.

	2012		2011	
Share options	Number of shares	Average price	Number of shares	Average price
Options outstanding 1/1	420,160	971	405,800	965
Issued during the year	108,500	515	105,680	642
Exercised during the year	0	0	10,800	579
Cancelled during the year	1,250	539	80,520	620
Options outstanding 31/12	**527,410**	**889**	**420,160**	**971**

Share options issued during 2012 were, at the time they were issued, valued at DKK 16 million (2011: DKK 15 million). The market value of the share options has been calculated using the Black-Scholes option pricing model with assumptions as shown below:

	2012	2011
Expected life of the option in years (average)	5	3
Expected volatility	37.2%	51%
Expected dividend per share	1.86%	1.51%
Risk-free interest rate	0.68%	1.84%
ROCKWOOL B share price at the date of grant (DKK)	525	515

Notes

5. Depreciation, amortisation and write-downs	Group		Parent Company	
DKK million	2012	2011	2012	2011
Amortisation of intangible assets	80	68	66	57
Reversal of previous write-down of intangible assets	-23	-46	-23	-46
Depreciation of tangible assets	944	872	9	16
Write-down of tangible assets	98	6	0	0
Total	**1,099**	**900**	**52**	**27**

As a consequence of impairment tests and other assets evaluations the Group made write-downs of the booked value of some of the non-current assets in the Insulation segment in 2012 at an amount of DKK 98 million. Furthermore some of the previous write-downs of development projects have been reversed at an amount of DKK 23 million due to improvement of performance in the specific projects.

The Group has in 2011 as a consequence of impairment tests and other assets evaluations reversed some of the previous write-downs of development projects at an amount of DKK 46 million due to improvement of performance in the specific projects. No significant write-downs were made in 2011.

The impairment tests are calculated using the expected future cash flows. The assessment of future cash flows is based on 5-year management approved budgets and business plans where the last year is used as a normalized terminal year. The expected future cash flows are discounted at a rate based on a "normalised" interests level in the countries involved, including a risk premium. Discount rates range from 7%-12% (2011: 6%-8%). The average growth rate in the terminal period has been set at zero both this year and last year.

6. Income from investments in subsidiaries	Parent Company	
DKK million	2012	2011
Dividends received from subsidiaries	603	715
Write-down of shares in and loans to subsidiaries	0	-29
Total	**603**	**686**

7. Financial income	Group		Parent Company	
DKK million	2012	2011	2012	2011
Interest income	36	28	3	21
Interest income from subsidiaries	0	0	55	38
Exchange gains	79	92	26	16
Total	**115**	**120**	**84**	**75**
Net financial income on financial assets at amortised cost	40	29	2	22

Notes

8. Financial expenses	Group		Parent Company	
DKK million	2012	2011	2012	2011
Interest expenses etc.	67	49	28	29
Interest expenses to subsidiaries	0	0	1	5
Exchange losses	103	118	53	25
Total	**170**	**167**	**82**	**59**
Net financial expenses on financial liabilities at amortised cost	74	49	28	23

9. Tax on profit for the year	Group		Parent Company	
DKK million	2012	2011	2012	2011
Current tax	299	288	4	-8
Adjustments to previous years	-9	-5	0	-19
Change in deferred tax	48	-18	14	17
Other taxes	0	2	0	0
Total	**338**	**267**	**18**	**-10**
Distributed between:				
Tax on profit for the year	324	276	18	-10
Tax on comprehensive income	14	-9	0	0

Reconciliation of tax percentage	Group	
	2012	2011
Danish tax percentage	25.0%	25.0%
Deviation in non-Danish subsidiaries' tax compared to Danish tax percentage	5.0%	4.7%
Associated companies included after tax	-0.2%	-1.4%
Adjustment to valuation of tax assets	-1.1%	1.9%
Other deviations	0.8%	0.5%
Effective tax percentage	29.5%	30.7%

10. Earnings per share	Group	
DKK million	2012	2011
Profit for the year after minority interests	**772**	**640**
Average number of shares (million)	22.0	22.0
Average number of own shares (million)	0.4	0.4
Average number of shares outstanding (million)	**21.6**	**21.6**
Dilution effect of share options	0.0	0.0
Diluted average number of outstanding shares (million)	**21.6**	**21.6**
Earnings per share of DKK 10	35.8	29.6
Earnings per share of DKK 10, diluted	35.7	29.5

11. Intangible assets

DKK million	Group					Parent Company		
2012	Goodwill	Software	Customer relation-ships	Other	Total	Software	Other	Total
Cost:								
Accumulated 1/1 2012	291	358	189	174	1,012	322	232	554
Exchange rate adjustment	4	1	9	0	14	0	0	0
Additions for the year	0	74	0	0	74	74	0	74
Business combinations	0	0	0	0	0	0	0	0
Disposals for the year	0	-2	0	-27	-29	-2	0	-2
Accumulated 31/12 2012	**295**	**431**	**198**	**147**	**1,071**	**394**	**232**	**626**
The above costs include:								
Intangible assets under construction	0	65	0	0	65	65	0	65
Amortisation and write-downs:								
Accumulated 1/1 2012	158	204	15	76	453	170	49	219
Exchange rate adjustment	1	0	1	0	2	0	0	0
Amortisation for the year	0	49	20	11	80	48	18	66
Reversal of write-downs for the year	0	0	0	-23	-23	0	-23	-23
Disposals for the year	0	-2	0	-27	-29	-2	0	-2
Accumulated 31/12 2012	**159**	**251**	**36**	**37**	**483**	**216**	**44**	**260**
Net book value 31/12 2012	**136**	**180**	**162**	**110**	**588**	**178**	**188**	**366**

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

Goodwill is allocated to the business segment Insulation and has been impairment tested in 2012 and 2011, which did not lead to any impairment write-downs. The impairment test of goodwill is based on current and future results for the identified cash generating units. Most of the goodwill in the Group is related to the acquisition of CSR in 2010 and this part of the Group is performing according to plan. For a description of impairment test on intangible assets please refer to note 5.

The net book value of other intangible assets includes development projects amounting to DKK 76 million (2011: DKK 60 million).

Notes

12. Tangible assets

DKK million	Group					
2012	Buildings and sites	Plant and machinery	Other operating equipment	Prepayments and tangible assets under construction	Investment grants	Total
Cost:						
Accumulated 1/1 2012	5,630	12,303	746	954	-609	19,024
Exchange rate adjustment	111	226	13	45	-10	385
Additions for the year	18	78	14	794	-2	902
Business combinations	0	0	0	0	0	0
Transfer of assets under construction	446	828	5	-1,279	0	0
Disposals for the year	-17	-183	-86	-5	31	-260
Accumulated 31/12 2012	**6,188**	**13,252**	**692**	**509**	**-590**	**20.051**
Depreciation and write-downs:						
Accumulated 1/1 2012	2,248	8,467	639	2	-434	10,922
Exchange rate adjustment	38	150	10	0	-3	195
Depreciation for the year	181	748	33	0	-18	944
Write-downs for the year	0	98	0	0	0	98
Disposals for the year	-10	-179	-85	0	14	-260
Accumulated 31/12 2012	**2,457**	**9,284**	**597**	**2**	**-441**	**11,899**
Net book value 31/12 2012	**3,731**	**3,968**	**95**	**507**	**-149**	**8,152**
Investment grants	**-78**	**-71**	**0**	**0**	**149**	**0**
Net book value after investment grants 31/12 2012	**3,653**	**3,897**	**95**	**507**	**0**	**8,152**
2011						
Cost:						
Accumulated 1/1 2011	5,618	12,193	778	619	-575	18,633
Exchange rate adjustment	-76	-135	-8	-47	7	-259
Additions for the year	54	238	26	768	-43	1,043
Business combinations	10	17	3	10	0	40
Transfer of assets under construction	76	271	26	-373	0	0
Disposals for the year	-52	-281	-79	-23	2	-433
Accumulated 31/12 2011	**5,630**	**12,303**	**746**	**954**	**-609**	**19,024**
Depreciation and write-downs:						
Accumulated 1/1 2011	2,174	8,192	655	2	-417	10,606
Exchange rate adjustment	-27	-133	-7	0	0	-167
Depreciation for the year	152	684	54	0	-18	872
Write-downs for the year	1	5	0	0	0	6
Disposals for the year	-52	-281	-63	0	1	-395
Accumulated 31/12 2011	**2,248**	**8,467**	**639**	**2**	**-434**	**10,922**
Net book value 31/12 2011	**3,382**	**3,836**	**107**	**952**	**-175**	**8,102**
Investment grants	**-67**	**-107**	**-1**	**0**	**175**	**0**
Net book value after investment grants 31/12 2011	**3,315**	**3,729**	**106**	**952**	**0**	**8,102**

12. Tangible assets (continued)

Of the total net book value of buildings and sites, DKK 512 million (2011: DKK 510 million) represents sites not subject to depreciation. Costs for building and machinery acquired as finance lease at DKK 45 million (2011: DKK 52 million) represents a net book value of DKK 11 million (2011: DKK 16 million).

Accumulated capitalised interests amounting to DKK 48 million (2011: DKK 46 million) are included in the cost of tangible assets. The range of interests rates used is 2%-9% (2011: 2%-9%).

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

Contractual obligations for purchase of tangible assets amounts to DKK 74 million (2011: DKK 63 million).

DKK million	Parent Company					
2012	Buildings and sites	Plant and machinery	Other operating equipment	Prepayments and tangible assets under construction	Investment grants	Total
Cost:						
Accumulated 1/1 2012	134	0	99	0	0	233
Additions for the year	0	0	37	0	0	37
Disposals for the year	0	0	-11	0	0	-11
Accumulated 31/12 2012	**134**	**0**	**125**	**0**	**0**	**259**
Depreciation and write-downs:						
Accumulated 1/1 2012	87	0	83	0	0	170
Depreciation for the year	3	0	6	0	0	9
Disposals for the year	0	0	-11	0	0	-11
Accumulated 31/12 2012	**90**	**0**	**78**	**0**	**0**	**168**
Net book value 31/12 2012	**44**	**0**	**47**	**0**	**0**	**91**
Investment grants	**0**	**0**	**0**	**0**	**0**	**0**
Net book value after investment grants 31/12 2012	**44**	**0**	**47**	**0**	**0**	**91**
2011						
Cost:						
Accumulated 1/1 2011	134	0	103	0	0	237
Additions for the year	0	0	6	0	0	6
Disposals for the year	0	0	-10	0	0	-10
Accumulated 31/12 2011	**134**	**0**	**99**	**0**	**0**	**233**
Depreciation and write-downs:						
Accumulated 1/1 2011	84	0	80	0	0	164
Depreciation for the year	3	0	13	0	0	16
Disposals for the year	0	0	-10	0	0	-10
Accumulated 31/12 2011	**87**	**0**	**83**	**0**	**0**	**170**
Net book value 31/12 2011	**47**	**0**	**16**	**0**	**0**	**63**
Investment grants	**0**	**0**	**0**	**0**	**0**	**0**
Net book value after investment grants 31/12 2011	**47**	**0**	**16**	**0**	**0**	**63**

Notes

13. Financial assets

DKK million	Group	Parent Company			
2012	Shares in associated companies	Shares in subsidiaries	Loans to subsidiaries	Shares in associated companies	Total
Cost:					
Accumulated 1/1 2012	66	7,897	1,860	35	9,792
Exchange rate adjustment	0	0	0	0	0
Additions for the year	0	639	519	0	1,158
Reductions for the year	0	0	-819	0	-819
Accumulated 31/12 2012	**66**	**8,536**	**1,560**	**35**	**10,131**
Adjustments:					
Accumulated 1/1 2012	268	-891	-37	0	-928
Exchange rate adjustment	3	0	0	0	0
Profit for the year after tax	12	0	0	0	0
Dividend	-15	0	0	0	0
Accumulated 31/12 2012	**268**	**-891**	**-37**	**0**	**-928**
Net book value 31/12 2012	**334**	**7,645**	**1,523**	**35**	**9,203**
2011					
Cost:					
Accumulated 1/1 2011	66	6,177	1,855	35	8,067
Exchange rate adjustment	0	0	0	0	0
Additions for the year	0	1,720	5	0	1,725
Accumulated 31/12 2011	**66**	**7,897**	**1,860**	**35**	**9,792**
Adjustments:					
Accumulated 1/1 2011	219	-862	-37	0	-899
Exchange rate adjustment	28	0	0	0	0
Profit for the year after tax	42	0	0	0	0
Dividend	-21	0	0	0	0
Write-downs of financial assets	0	-29	0	0	-29
Accumulated 31/12 2011	**268**	**-891**	**-37**	**0**	**-928**
Net book value 31/12 2011	**334**	**7,006**	**1,823**	**35**	**8,864**

Associated companies, main figures	Transys		RESO SA		Flumroc AG	
Shares owned in the Group	**30%**		**20%**		**42.3%**	
DKK million	2012	2011	2012	2011	2011	2010
Net sales	27	26	798	765	518	547
Profit for the year	2	1	19	16	22	64
Total assets	15	11	332	316	895	919
Liabilities	8	7	249	238	160	168

In 'Loans to subsidiaries' an amount of DKK 532 million (2011: DKK 117 million) is recognised as an addition to the share investment. Reference is made to the list of Group companies page 61.
In the parent company impairment tests have been made of the value of the shares in subsidiaries and the loans to subsidiaries. The calculated values of a few subsidiaries are close to the net book value. If the assumptions in these impairments were to change negatively for the sales prices, inflation or discount rate there would be a need for a write-down of the cost price of the shares in these subsidiaries or the loans. Such a write-down will not impact the Group's result.

In connection with the raising of loans and credit facilities, the parent company has accepted restrictions of its rights of disposal of the shares in subsidiaries representing a book value of DKK 2,283 million (2011: DKK 2,648 million).

Notes

14. Own shares (A and B shares)

DKK million	Group 2012 Number of shares	Share value	% of share capital	Group 2011 Number of shares	Share value	% of share capital
Own shares 1/1	379,702		1.7	303,000		1.4
Purchase	47,608	514	0.2	108,250	634	0.5
Sale	0	0	0	31,548	509	-0.2
Own shares 31/12	**427,310**		**1.9**	**379,702**		**1.7**

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

15. Inventories

DKK million	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Inventory before write-downs	1,326	1,145	3	6
Write-downs 1/1	-35	-38	0	0
Movements in the year	-23	3	0	0
Write-downs 31/12	-58	-35	0	0
Inventories 31/12	**1,268**	**1,110**	**3**	**6**

Specification of inventories

DKK million	Group 2012	Group 2011	Parent Company 2012	Parent Company 2011
Raw material and consumables	683	650	3	6
Work in progress	61	39	0	0
Finished goods	524	421	0	0
Inventories 31/12	**1,268**	**1,110**	**3**	**6**

16. Trade receivables

DKK million	Group 2012	Group 2011
Trade receivables before write-downs (maximum credit risk)	1,601	1,630
Write-downs 1/1	-89	-92
Movements during the year	-14	-5
Realised losses during the year	11	8
Write-downs 31/12	-92	-89
Trade receivables 31/12	**1,509**	**1,541**

Trade receivables (gross) can be specified as follows:

DKK million	Group 2012	Group 2011
Not due	1,233	1,353
Overdue by:		
1-60 days	282	194
60-360 days	42	41
Older	44	42
Trade receivables before write-downs	**1,601**	**1,630**

Primarily trade receivables overdue more than 90 days are written off.

Notes

17. Share capital	Parent Company	
DKK million	2012	2011
A shares - 11,231,627 shares of DKK 10 each	112	112
B shares - 10,743,296, shares of DKK 10 each	108	108
Total 31/12	**220**	**220**

Each A share of a nominal value of DKK 10 carries 10 votes, and each B share of a nominal value of DKK 10 carries 1 vote. The total share capital has been unchanged for the last 14 years.

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

18. Specification of tax assets and deferred tax	Group			
DKK million	2012		2011	
	Assets	Liabilities	Assets	Liabilities
Non-current assets	135	414	235	370
Current assets	86	6	11	19
Non-current liabilities	125	0	93	0
Current liabilities	35	43	18	65
Tax loss carried forward	90	0	133	0
Retaxable amounts	0	185	0	185
Total	**471**	**648**	**490**	**639**
Set-off within legal tax entities and jurisdictions	-201	-201	-175	-175
Deferred tax year-end	**270**	**447**	**315**	**464**
The tax assets expire as follows:				
Within 1 year of balance sheet date	3		2	
Within 1-5 years of balance sheet date	52		17	
After 5 years of balance sheet date	38		33	
Do not expire	177		263	
Total	**270**		**315**	

Tax assets not recognised amount to DKK 219 million (2011: DKK 231 million). The tax assets have not been recognised as they have arisen in subsidiaries that have been loss-making for some time and there is no evidence of recoverability in the near future.

Deferred tax assets and liabilities are offset in the consolidated balance sheet if the Group has a legally enforceable right to set off current tax liabilities and the deferred tax assets and liabilities relate to the same legal tax entity/consolidation. Of the total deferred tax assets recognised, DKK 90 million (2011: DKK 133 million) relate to tax loss carry forwards. The valuation of tax assets is done on a yearly basis and is based on expected positive taxable income within the next 3-5 years.

19. Pension obligations

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

The retirement benefit plans in the UK and Belgium have assets placed in independent pension funds. A number of plans in Germany and Norway are unfunded. For these plans the retirement benefit obligations amount to approximately 25% (2011: 22%) of the total gross liability.

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

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

	Group	
DKK million	2012	2011
Defined contribution plans		
Pension costs for the year, total	**135**	**131**
Defined benefit plans		
Pension costs	3	5
Interest costs	35	35
Expected return of plan assets	-24	-26
Pension costs, total	**14**	**14**

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

	Group	
DKK million	2012	2011
Interest rate	2.7%	3.0%
Increase in salaries and wages	2.4%	2.8%
Discount rate	4.3%	4.9%
Expected return of plan assets	4.9%	4.9%

Plan assets in major categories held as a percentage of total plan assets	Group	
DKK million	2012	2011
Equities	58%	57%
Bonds	39%	39%
Other	3%	4%

Development in the present value of the defined benefit obligation	Group		Parent Company	
DKK million	2012	2011	2012	2011
Balance 1/1	727	700	0	1
Exchange rate adjustments	16	13	0	0
Pension costs	2	-4	0	0
Interests costs	35	36	0	0
Actuarial gains/losses	22	29	0	0
Benefits paid	-29	-28	0	0
Other adjustments	0	-19	0	-1
Total 31/12	**773**	**727**	**0**	**0**

Notes

19. Pension obligations (continued)

Development in the fair value of the plan assets:	Group		Parent Company	
DKK million	2012	2011	2012	2011
Balance 1/1	493	488	0	0
Exchange rate adjustments	13	12	0	0
Expected return on plan assets	24	26	0	0
Actuarial gains/losses	32	-8	0	0
Employer's contribution	5	4	0	0
Benefits paid	-18	-29	0	0
Total 31/12	**549**	**493**	**0**	**0**

Net value of pension plans	Group				
DKK million	2012	2011	2010	2009	2008
Present value of pension liabilities	773	727	700	669	510
Value of plan assets	-549	-493	-488	-457	-356
Net value of pension plans 31/12	**224**	**234**	**212**	**212**	**154**

20. Other provisions	Group		Parent Company	
DKK million	2012	2011	2012	2011
Provision for employees 1/1	132	144	2	2
Exchange rate adjustments	2	-3	0	0
Additions for the year	15	16	0	0
Used during the year	-29	-14	0	0
Reversed during the year	-1	-11	0	0
Total 31/12	**119**	**132**	**2**	**2**
Provisions for claims and legal proceedings 1/1	25	32	0	0
Exchange rate adjustments	0	0	0	0
Additions for the year	16	9	0	0
Used during the year	-4	-2	0	0
Reversed during the year	-7	-14	0	0
Total 31/12	**30**	**25**	**0**	**0**
Other provisions 1/1	103	63	8	0
Exchange rate adjustments	1	-1	0	0
Additions for the year	60	82	0	8
Used during the year	-45	-26	-8	0
Reversed during the year	-12	-15	0	0
Total 31/12	**107**	**103**	**0**	**8**
Total provisions	**256**	**260**	**2**	**10**
Specification of provisions:				
Non-current liabilities	158	181	2	10
Current liabilities	98	79	0	0
Total provisions	**256**	**260**	**2**	**10**

Provisions relate primarily to employee obligations other than retirement benefits, and ongoing disputes, lawsuits etc.
As at 31 December 2012 other provisions include a provision of DKK 66 million (2011: DKK 75 million) for restructuring measures.
These are expected to be utilized within 1-3 years.

Notes

21. Bank loans and other financial liabilities	Group		Parent Company	
DKK million	2012	2011	2012	2011
Redemption				
Redemption within 1 year	**2,430**	**2,596**	**1,567**	**1,847**
Redemption between 1 and 3 years	174	447	983	103
Redemption between 3 and 5 years	20	26	0	871
Falling due after 5 years	10	16	0	0
Total non-current	**204**	**489**	**983**	**974**
Interest assessment time				
Reassessed less than 12 months	49	3	875	863
Reassessed after more than 12 months or is fixed-interest	155	486	108	111
Total	**204**	**489**	**983**	**974**
Yield				
Non-interests bearing	100	100	100	100
Below 4%	5	191	875	863
Between 4% and 6%	99	62	8	11
Between 6% and 8%	0	136	0	0
Total	**204**	**489**	**983**	**974**

Of the total debt DKK 2 million (2011: DKK 7 million) comprise capitalised finance lease commitment.

22. Company tax	Group		Parent Company	
DKK million	2012	2011	2012	2011
Balance 1/1	-27	-62	-83	-75
Exchange rate adjustment	-3	3	0	0
Adjustment of deferred tax previous years	0	1	58	0
Tax paid during the year	-260	-260	18	0
Current tax provided in the year	289	304	4	-8
Other taxes provided in the year	-7	-13	-1	0
Total 31/12	**-8**	**-27**	**-4**	**-83**

23. Adjustments	Group		Parent Company	
DKK million	2012	2011	2012	2011
Provisions	-7	26	-8	25
Expensed value of options issued	10	15	4	6
Gain/loss on sale of intangible and tangible assets	-10	17	0	0
Income from subsidiaires and associated companies	0	0	616	734
Total adjustments	**-7**	**58**	**612**	**765**

Notes

24. Change in net working capital	Group		Parent Company	
DKK million	2012	2011	2012	2011
Change in inventories	-135	-103	104	-11
Change in trade receivables	61	-139	0	0
Change in other receivables	-44	-34	111	43
Change in trade payables	-92	148	43	-5
Change in other debt	33	81	83	369
Change in net working capital	**-177**	**-47**	**341**	**396**

25. Cash available	Group		Parent Company	
DKK million	2012	2011	2012	2011
Cash	484	347	0	0
Bank debts	-295	-475	-117	-436
Cash available 31/12	**189**	**-128**	**-117**	**-436**

26. Financial risks and instruments

As a consequence of the ROCKWOOL Group's extensive international activities the Group's income statement and equity are subject to a number of financial risks. The Group manages these risks in the following categories:

- Exchange-rate risk
- Interest-rate risk
- Liquidity risk
- Credit risk

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

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

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

The Group's net sales and expenditures will be subject to exchange-rate fluctuations on translation into to Danish Kroner; however, the risk is assessed to be limited. A sensitivity analysis showing the exchange rate effect on the result and monetary items has been made. The sensitivity analysis shows the impact of a 1% change in the exchange rates on the net result and the monetary items without taking any hedging activity into consideration:

Sensitivity analysis based on a 1% change in the exchange rates	Effect on Result	Effect on monetary items	Effect on Result	Effect on monetary items
DKK million	2012	2012	2011	2011
CAD	+/-2.1	+/-0.8	+/-1.6	+/-0.7
RUB	+/- 4.2	+/-1.4	+/-1.5	+/-0.2
USD	+/-4.0	+/-0.1	+/-2.8	+/-2.7
PLN	+/-0.7	+/-5.3	+/-2.8	+/-1.6

26. Financial risks and instruments (continued)

The impact on the net sales of the difference between average rate and year-end rate amounts to DKK -21 million for the 4 largest currencies except for Euro, which is seen to be insignificant.

Parent company:
The Group's policy is not to hedge exchange rate risks in long-term investments in subsidiaries

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

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

Interest-rate risk

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

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

Liquidity risk

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

Parent company:
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 has guaranteed for some credit facilities and loans. Please refer to note 13 for further specification of the loans.

The parent company has issued ownership clauses and/or deed of postponements in connection with intercompany loans.

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

Credit risk

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

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

No customers exceed 10% of the Group's net sales neither this year nor last year.

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 (level 2).

26. Financial risks and instruments (continued)

	Group		Parent Company	
DKK million	2012	2011	2012	2011
Financial instruments for hedging of future cash flows	10	1	0	0
Fair value hedges	0	4	0	0
Financial assets at fair value	**10**	**5**	**0**	**0**
Trade receivables	1,509	1,541	0	0
Other receivables	249	204	2,268	2,847
Cash	484	347	0	0
Receivables at amortised costs	**2,242**	**2,092**	**2,268**	**2,847**
Financial instruments for hedging of future cash flows	14	14	0	0
Fair value hedges	0	4	0	0
Financial liabilities at fair value	**14**	**18**	**0**	**0**
Bank loans incl. short term	357	623	111	214
Bank debt	295	475	117	436
Trade payables	1,044	1,103	83	40
Other payables	938	884	2,226	2,131
Financial liabilities at amortised costs	**2,634**	**3,085**	**2,537**	**2,821**

The value of the Group's and the parent company's financial assets and liabilities measured at amortised costs are assessed not to deviate significantly from the fair value.

27. Auditors fee

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

	Group		Parent Company	
DKK million	2012	2011	2012	2011
Statutory audit	9	9	2	2
Other opinions	0	1	0	0
Tax consultancy	2	2	1	1
Other services	2	1	0	0
Total	**13**	**13**	**3**	**3**

28. Commitments and contingent liabilities

For the Group, commitments comprise DKK 95 million (2011: DKK 110 million). Contingent liabilities amounts to DKK 11 million (2011: DKK 11 million). Contractual obligations for purchase of tangible assets are mentioned in note 12. 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 2012 (as well as at 31 December 2011).

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

	Group		Parent Company	
DKK million	2012	2011	2012	2011
Within 1 year	102	102	2	3
Between 1 and 5 years	123	150	1	1
After 5 years	1	3	0	0
Total	**226**	**255**	**3**	**4**

Lease costs amounting to DKK 102 million (2011: DKK 110 million) are included in the income statement.

For certain loans provided by the parent company amounting to DKK 642 million (2011: DKK 1,695 million) deeds of postponement have been given.

29. Related parties

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

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

	2012		2011	
	Share capital	Votes	Share capital	Votes
ROCKWOOL Foundation, DK-1360 Copenhagen K	23%	25%	23%	25%
15th June Foundation, DK-1553 Copenhagen K	6%	10%	6%	10%
Gustav Kähler, DK-2942 Skodsborg	7%	9%	7%	9%
Dorrit Eegholm Kähler, DK-2830 Virum	4%	6%	4%	6%
Jan Kähler, DK-2630 Taastrup	4%	6%	4%	6%
Tom Kähler, DK-3540 Lynge	3%	5%	3%	5%

The Company has no related parties with controlling interests.

The Company's related parties with substantial interests comprise the Company's shareholder the ROCKWOOL Foundation, and the Company's Board and Management. Against a fee the Company provides administrative functions for related parties, mainly the ROCKWOOL Foundation, calculated according to market terms. Apart from dividends no transactions were carried out with the shareholders during the year. For transactions with the Board and Management please refer to note 4.

The parent company's related parties also include the subsidiaries and associated companies listed as Group companies on page 61. Transactions with these companies include consultancy work - including support on establishing and expanding production capacity, use of know-how, use of central IT and procurement resources etc. - and financing.

The income statement and balance sheet include the following transactions with other companies in the Group:

	Parent Company	
DKK million	2012	2011
Income from the engineering business	132	104
Royalty and services	441	339
Dividend from subsidiaries and associated companies	616	734
Loans to subsidiaries	1,523	1,823
Receivables from subsidiaries	665	807
Loans from subsidiaries	875	863
Payables to subsidiaries	1,241	1,183

Notes

30. Acquisition of subsidiaries and activities

2011

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

The total consideration was DKK 101 million, of which DKK 101 million was paid in cash. Net assets at fair value amounts to DKK 86 million. The assessment of the fair value of sites and buildings is based on an independent valuation by external appraisers. The machinery is revaluated to its original purchase price, since the machines are relatively new. The fair value of customer relationships is based on an excess earnings model with estimates for future cash flows and customer attrition rates etc. After recognition of identifiable assets and liabilities at fair value, goodwill was recognized with a fair value of DKK 15 million. Goodwill represents the value of employees and knowhow and expected synergies from the merger with ROCKWOOL International A/S. The goodwill recognized is not tax deductible.

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

31. Main figures in EUR

Main figures in EUR million	2012	2011	2010	2009	2008
Net sales	1,969	1,845	1,575	1,501	1,837
Profit before tax	147	121	109	75	207
Profit for the year	104	83	72	47	145
Total assets	1,741	1,705	1,642	1,522	1,563
Equity	1,263	1,162	1,176	1,103	1,068
Investments and acquisitions	129	161	190	157	355
Depreciation, amortisation and write-down	148	121	133	128	117
Exchange rate (year end rates)	7.46	7.43	7.45	7.44	7.45

Notes

32. Accounting policies applied

The Annual Report for ROCKWOOL International A/S 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 fiscal year for the Group is 1 January – 31 December 2012.

The accounting policies are unchanged compared to last year. Some comparable figures have been adjusted, primarily in other operating revenue, segments and leasing obligations.

New and changed standards and interpretations
In 2012 no new IFRS standards or amendments to existing standards which have material impact on measurement, recognition and disclosures in the notes in the Annual Report have been adopted.

New and changed standards and interpretations not yet entered in to force
Standards and amendments issued by IASB with effective date after 31 December, 2012, or not adopted by the EU and therefore not implemented, comprise:
• Annual Improvements to IFRSs (2009–2011)
• IFRS 9 "Financial Instruments"
• IFRS 10 "Consolidated Financial Statements"
• IFRS 11 "Joint Arrangements"
• IFRS 12 "Disclosures of Interests in Other Entities"
• IFRS 13 "Fair Value Measurement"
• IFRS 13 "Fair Value Measurement"
• Amendments to IFRS 7/IAS 32 "Disclosures – Offsetting Financial Assets and Financial Liabilities"
• Amendments to IFRS 10, IFRS 11 and IFRS 12 "Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance"
• Revised IAS 28 "Investments in Associates and Joint Ventures"
• Amendments to IAS 1 "Presentation of Items of Other Comprehensive Income"

Implementation of these will lead to further specifications in the Notes and reclassifications but no material changes in recognition and measurement.

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

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

Besides shares, capital investments in subsidiaries include long-term loans to subsidiaries if such loans constitute an addition to the shareholding.

Business combinations
Newly acquired or newly established enterprises are recognised in the consolidated financial statements at the time such enterprises are taken over. Divested or terminated enterprises are recognised in the consolidated income statement until the time of disposal. No adjustments are made to the comparative figures for newly acquired or divested enterprises.

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

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

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

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

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

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

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

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

Transactions in foreign currency are translated using the exchange rate at the transaction date or a hedged rate. Monetary items in foreign currency are translated using the exchange rates at the

32. Accounting policies applied (continued)

balance sheet date. Accounts of foreign subsidiaries are translated using the exchange rates at the balance sheet date for balance sheet items, and average exchange rates for items of the income statement.

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

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

These value adjustments are recognised directly under other comprehensive income.

Derivative financial instruments

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

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

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

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

INCOME STATEMENT

Net sales

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

Investment grants

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

Research and development activities

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

Financial items

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

Tax

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

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

BALANCE

Intangible assets

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

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

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

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

Tangible assets

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

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

32. Accounting policies applied (continued)

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 other operating revenue for the year.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

32. Accounting policies applied (continued)

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

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

CASH FLOW STATEMENT

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

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

SEGMENT ACCOUNTS

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

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

Quarterly follow-up

DKK million	2012 1st qtr.	2012 2nd qtr.	2012 3rd qtr.	2012 4th qtr.	2011 1st qtr.	2011 2nd qtr.	2011 3rd qtr.	2011 4th qtr.
				Unaudited				
Income statement								
Net sales	3,249	3,603	3,875	3,937	2,933	3,368	3,636	3,811
Operating income	3,294	3,633	3,909	4,017	2,969	3,413	3,678	3,829
Operating costs	3,141	3,356	3,525	3,690	2,865	3,223	3,397	3,500
EBITDA	408	537	688	608	347	431	528	498
Operating profit before financial items (EBIT)	154	277	384	327	104	190	281	329
Income from investments associated companies	4	2	2	4	3	10	5	24
Financial items	-16	-18	-14	-8	-16	-14	-14	-3
Profit before tax	142	261	372	323	91	186	272	350
Tax on profit for the period	42	81	115	86	31	63	82	100
Profit for the period	**100**	**180**	**257**	**237**	**60**	**123**	**190**	**250**
EBITDA ratio	*12.6%*	*14.9%*	*17.8%*	*15.4%*	*11.8%*	*12.8%*	*14.5%*	*13.1%*
EBIT ratio	*4.7%*	*7.7%*	*9.9%*	*8.3%*	*3.5%*	*5.6%*	*7.7%*	*8.6%*
Statement of comprehensive income								
Profit for the period	100	180	257	237	60	123	190	250
Exchange rate adjustments of foreign subsidiaries	176	-50	117	-20	-44	-32	-214	105
Change in pension obligation	0	0	0	10	0	0	0	-33
Hedging instruments, value adjustments	6	-3	5	-15	7	2	-15	-3
Tax on comprehensive income	-1	0	-1	16	-2	-1	5	7
Total comprehensive income	**281**	**127**	**378**	**228**	**21**	**92**	**-34**	**326**
Cash flow statement								
Operating profit before financial items	154	277	384	327	104	190	281	329
Adjustments for depreciation, amortisation and write-downs	254	260	304	281	243	241	247	169
Other adjustments	-19	5	23	-16	18	-9	-1	50
Change in net working capital	-247	-176	244	2	-339	-23	194	121
Cash flow from operations before financial items and tax	142	366	955	594	26	399	721	669
Cash flow from operating activities	**51**	**285**	**886**	**531**	**-25**	**308**	**646**	**598**
Cash flow from investing activities	-260	-150	-289	-265	-280	-259	-363	-298
Cash flow from operating and investing activities (free cash flow)	**-209**	**135**	**597**	**266**	**-305**	**49**	**283**	**300**
Cash flow from financing activities	-60	-305	-28	-72	-64	-361	-51	-38
Change in cash available	-269	-170	569	194	-369	-312	232	262
Segment reporting								
Insulation segment:								
External net sales	2,660	2,986	3,236	3,108	2,392	2,781	3,072	3,021
Internal net sales	335	364	385	476	306	330	334	400
EBIT	85	213	312	156	35	124	205	187
EBIT ratio	*2.8%*	*6.4%*	*8.6%*	*4.4%*	*1.3%*	*4.0%*	*6.0%*	*5.5%*
Systems segment:								
External net sales	589	617	639	828	541	587	564	790
Internal net sales	0	0	0	0	0	0	0	0
EBIT	64	67	70	98	70	78	71	134
EBIT ratio	*10.9%*	*10.9%*	*11.0%*	*11.8%*	*12.9%*	*13.3%*	*12.6%*	*17.0%*
Geographical split of external net sales:								
Western Europe	2,164	2,229	2,290	2,287	2,046	2,212	2,247	2,280
Eastern Europe including Russia	565	827	1,008	980	475	727	904	917
North America, Asia and others	520	547	577	670	412	429	485	614
Total external net sales	3,249	3,603	3,875	3,937	2,933	3,368	3,636	3,811

Definitions of key figures and ratios

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

Group companies

	Country	Shares owned %
Parent company		
ROCKWOOL International A/S	Denmark	
Subsidiaries		
Insulation segment		
ROCKWOOL Handelsgesellschaft m.b.H.	Austria	100
ROCKWOOL N.V.	Belgium	100
s.a. Etablissements N.V. Charles Wille & Co	Belgium	100
ROXUL Brazil Parts Ltda.	Brazil	100
ROCKWOOL Bulgaria Ltd.	Bulgaria	100
ROXUL Inc.	Canada	100
ROCKWOOL Firesafe Insulation (Guangzhou) Co. Ltd.	China	100
ROCKWOOL Firesafe Insulation (Shanghai) Co. Ltd.	China	94.84
ROCKWOOL Building Materials (Tianjin) Co. Ltd.	China	94.84
ROCKWOOL Adriatic d.o.o.	Croatia	100
ROCKWOOL a.s.	Czech Republic	100
ROCKWOOL A/S	Denmark	100
ROXUL ROCKWOOL Technical Insulation Middle East FZE	Dubai	100
ROCKWOOL EE Oü	Estonia	100
ROCKWOOL Finland OY	Finland	100
ROCKWOOL France S.A.S	France	100
Deutsche ROCKWOOL Mineralwoll GmbH & Co. OHG	Germany	100
ROCKWOOL Mineralwolle GmbH Flechtingen	Germany	100
ROCKWOOL Limited	Great Britain	100
ROCKWOOL Building Materials Ltd.	Hong Kong	100
ROCKWOOL Hungary Kft.	Hungary	100
ROXUL ROCKWOOL Insulation India Ltd.	India	100
ROXUL ROCKWOOL Technical Insulation India Pvt. Ltd.	India	100
ROCKWOOL Ltd.	Ireland	100
ROCKWOOL Italia S.p.A.	Italy	100
SIA ROCKWOOL	Latvia	100
ROCKWOOL UAB	Lithuania	100
ROCKWOOL Malaysia Sdn. Bhd.	Malaysia	94.84
ROCKWOOL Insulation Sdn. Bhd.	Malaysia	100
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
FAST Sp. z o.o.	Poland	100
ROCKWOOL Romania s.r.l.	Romania	100
CSJC Mineralnaya Vata	Russia	100
LLC ROCKWOOL North	Russia	100
LLC ROCKWOOL Ural	Russia	100
LLC ROCKWOOL Volga	Russia	100
ROCKWOOL Building Materials (Singapore) Pte Ltd.	Singapore	100
ROCKWOOL Slovensko s.r.o.	Slovakia	100
ROCKWOOL Peninsular S.A.	Spain	100
ROCKWOOL AB	Sweden	100
ROCKWOOL GmbH	Switzerland	100
ROCKWOOL Limited	Thailand	94.84
ROCKWOOL Insaat ve Yelitim Sistemleri San. Ve Tic. Ltd. Sti.	Turkey	100
LLC ROCKWOOL Ukraine	Ukraine	100
ROXUL USA INC.	USA	100
Systems Segment		
GRODAN Inc.	Canada	100
ROCKWOOL ROCKFON GmbH	Germany	100
GRODAN S. de R.L de C.V.	Mexico	100
Fortalan Asesores S.L. in liquidation	Spain	55
GRODAN MED S.A.	Spain	100
GRODAN Inc.	USA	100
Other subsidiaries		
BuildDesk A/S	Denmark	100
ROCKWOOL LAT S.A.S.	France	100
ROCKWOOL Beteiligungs GmbH	Germany	100
Rockwool.com GmbH	Germany	100
ROCKWOOL Benelux Holding B.V.	Netherlands	100
BuildDesk Polska Sp. z o.o.	Poland	100
Associated companies		
Transys spol. s r. o.	Czech Republic	30
RESO SA	France	20
Flumroc AG	Switzerland	42.3

Contact information can be found at
www.rockwool.com/near+you

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ROCKWOOL International A/S
Hovedgaden 584
DK-2640 Hedehusene
Denmark
CVR No. 54879415
Tel: +45 46 56 03 00
www.rockwool.com

ROCKWOOL
FIRESAFE INSULATION