

Release no. 11 – 2007

Report on the first half of 2007

To OMX Nordic Exchange Copenhagen A/S

This is a translation of the Danish version.

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Page 1/7

29 August 2007

Report on the first half of 2007

for Rockwool International A/S

Today the Board of Rockwool International A/S has approved the following report on the first half of 2007.

Highlights

- Sales in the first half increased by 26% compared to the first half 2006.
- EBIT increased by 183 % compared to the first half 2006.
- Expectations for sales growth for the year are upgraded to 22%.
- Expectations for profit for the year (after minorities' interests) are upgraded by DKK 300 million to around DKK 1,900 million.

Further information: Gilles Maria, Chief Financial Officer

Release no. 11 – 2007
Report on the first half of 2007
To OMX Nordic Exchange Copenhagen A/S
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Page 2/7

Main figures / key figures for the Group

	2 nd qtr. 2007	2 nd qtr. 2006	Acc. 2 nd qtr. 2007	Acc. 2 nd qtr. 2006	Full year 2006
	Unaudited				Audited
Income statement items in DKK million:					
Net sales	3,442.1	2,827.5	6,697.5	5,303.7	11,536.9
EBDIT	862.8	512.7	1,647.4	896.1	2,121.9
Operating profit before financial items (EBIT)	686.9	245.4	1,301.4	459.0	1,404.5
Financial items	4.0	-14.8	0.3	-29.1	-33.5
Profit before tax	697.6	235.9	1,314.9	440.3	1,400.8
Profit for the period after minorities' interests	477.0	160.0	904.8	302.9	950.0
Cash flow (from operating activities)	670.7	579.5	1,093.8	532.4	1,809.8
Balance sheet items in DKK million:					
Fixed assets			5,633.8	5,032.2	5,290.9
Current assets			4,148.5	3,090.7	3,320.0
Total assets			9,782.3	8,122.9	8,610.9
Equity including minorities' interests			6,821.2	5,316.9	6,033.2
Provisions			864.7	702.8	722.8
Long-term debt			40.7	224.3	77.9
Short-term debt			2,055.7	1,878.9	1,777.0
Other items in DKK million:					
Investments and acquisitions			659.1	410.9	1,004.4
Depreciation			346.0	437.1	717.4
Number of employees:					
Number of employees			8,406	7,714	8,017
Ratios:					
EBIT ratio (%)			19.4	8.7	12.2
Profit per share of DKK 10			42.1	13.9	44.0
Intrinsic value per share of DKK 10			316.1	238.7	274.0
Equity ratio (%)			69.7	65.4	70.1
Main figures in EUR million:					
Net sales	462.0	379.0	898.8	710.9	1,546.7
Operating profit before financial items (EBIT)	92.2	32.9	174.7	61.5	188.3
Profit before tax	93.6	31.6	176.5	59.0	187.8
Profit for the period after minorities' interests	64.0	21.5	121.4	40.6	127.4
Cash flow (from operating activities)	90.0	77.7	146.8	71.8	242.6
Total assets			1,314.4	1,089.0	1,154.9
Equity including minorities' interests			916.6	712.8	809.2
Investments and acquisitions			88.5	55.1	134.7
Depreciation			46.4	58.6	96.2
Exchange rate DKK	7.45	7.46	7.45	7.46	7.46

The ratios have been calculated in accordance with recommendations issued by the Danish Association of Financial Analysts (2005 edition).

Release no. 11 – 2007
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Page 3/7

Management report for the period from 1 January to 30 June 2007

Income statement

The Rockwool Group generated sales in the first half of 2007 of DKK 6,698 million corresponding to an increase of 26% compared to the same period last year. In all markets, the very positive sales price development of the first quarter continued.

Sales in the Insulation Division including intercompany sales increased by 25% to DKK 6,326 million. The external sales increased by 28%.

Systems Division's sales increased by 14% to DKK 870 million.

EBDIT for the Group totalled DKK 1,647 million which is 84% up on the year before. EBIT ended at DKK 1,301 million – an increase of DKK 842 million which is 183 % more compared to first half 2006.

EBIT in the Insulation Division rose by 241% to DKK 1,230 million. Systems Division generated an EBIT of DKK 59 million which is an increase of 45% compared to the first half 2006.

Net financial items ended up positive at DKK 0.3 million which is DKK 29 million better than in first half 2006.

Profit after minorities interests for the first half was DKK 905 million which is DKK 602 million higher than last year, corresponding to an increase of 200%.

Cash flow

Cash flow from operations for the period is DKK 1,094 million which is DKK 561 million better than last year. This increase is mainly caused by the positive development in Group profit.

The working capital has increased by DKK 363 million in first half 2007 compared to an increase of DKK 91 million in the same period last year. The reason why the working capital has increased relatively more in the first half 2007 compared to the year before is mainly due to a higher level of commercial debtors.

Investment expenditure in the first half was DKK 659 million which is an increase of DKK 248 million compared to the first half 2006.

Release no. 11 – 2007**Report on the first half of 2007****To OMX Nordic Exchange Copenhagen A/S***This is a translation of the Danish version.**Only the Danish version is legally binding.*

Page 4/7

Balance sheet

As per 30 June 2007 total assets amounted to DKK 9,782 million. The equity ratio at the end of the period was 69.7%

Expectations for 2007

Some signs of weaknesses in residential new building can be seen in Western Europe whereas renovation is doing well. In non-residential segments, both new building and renovation, strong development is expected to continue.

The expected sales increase for the year is adjusted upwards to 22% which will give total sales for the year of DKK 14.1 billion.

For 2007, a profit of around DKK 1,900 million after minorities' interests is now expected which is an increase of DKK 300 million compared to the expectations announced in the quarterly announcement from May 2007.

The investment level for the year is expected to be at approx. DKK 1.5 billion.

Release no. 11 – 2007**Report on the first half of 2007****To OMX Nordic Exchange Copenhagen A/S***This is a translation of the Danish version.**Only the Danish version is legally binding.*

Page 5/7

Management statement

The Board and Group Management have today approved this interim report for the first half of 2007.

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

We believe that the accounting policies applied – which are unchanged from those applied in the annual report for 2006 – are appropriate and that the accounting estimates made are reasonable. In our opinion this interim report presents a true and fair view of the Group's assets, liabilities and financial position on 30 June 2007 and of earnings and cash flows during the period.

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

*Neuburg, 29 August 2007***Group Management**

Eelco van Heel

Gilles Maria

Carsten B. Winther

Bestyrelse

Tom Kähler

Henrik Nyegaard

Preben Damgaard

Connie Enghus

Lars Elmekilde Hansen

Jan W. Hillege

Gustav Kähler

Peter Nørgård

Jürgen Sengera

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Income statement

DKK million	2 nd qtr.	2 nd qtr.	Acc.	Acc.	Full year
	2007	2006	2 nd qtr.	2 nd qtr.	
	Unaudited				Audited
Net sales	3,442.1	2,827.5	6,697.5	5,303.7	11,536.9
Operating income	3,489.7	2,896.1	6,777.7	5,411.7	11,704.6
Operating costs	2,803.4	2,650.7	5,476.3	4,952.7	10,300.1
EBDIT	862.8	512.7	1,647.4	896.1	2,121.9
Operating profit before financial items (EBIT)	686.9	245.4	1,301.4	459.0	1,404.5
Income from associated companies	6.7	5.3	13.2	10.4	29.8
Financial items	4.0	-14.8	0.3	-29.1	-33.5
Profit before tax	697.6	235.9	1,314.9	440.3	1,400.8
Tax on profit for the period	195.3	84.3	368.2	145.6	431.8
Minorities' interests	25.3	-8.4	41.9	-8.2	19.0
Profit for the period after minorities' interests	477.0	160.0	904.8	302.9	950.0

Cash flow statement

DKK million	2 nd qtr.	2 nd qtr.	Acc.	Acc.	Full year
	2007	2006	2 nd qtr.	2 nd qtr.	
	Unaudited				Audited
Profit for the period	502.3	151.6	946.7	294.7	969.0
Adjustments	377.8	256.1	734.7	524.7	1,170.0
Change in net working capital	-118.0	288.5	-363.3	-91.3	-4.0
Cash flow from operations before financial items and tax	762.1	696.2	1,318.1	728.1	2,135.0
Cash flow from operations activity	670.7	579.5	1,093.8	532.4	1,809.8
Cash flow from investments activities	-315.2	-200.8	-659.1	-410.9	-1,004.4
Cash flow from operating and investments activities (free cash flow)	355.5	378.7	434.7	121.5	805.4
Cash flow from finance activities	-206.4	-160.5	-238.6	-68.1	-438.5
Change in cash available	149.1	218.2	196.1	53.4	366.9
Cash available – beginning of period	732.5	156.4	689.8	323.2	323.3
Adjustments to exchange rates	1.0	-2.1	-3.3	-4.1	-0.4
Cash available – end of period	882.6	372.5	882.6	372.5	689.8
Unutilised committed credit facilities			1,450.0	1,515.3	1,450.0

Individual items in the statement of funds cannot be directly deduced from the consolidated balance sheet, as balance sheet items of the foreign companies at the beginning of the year have been converted at the rates of exchange on 30 June.

Segment reporting

DKK million	2 nd qtr.	2 nd qtr.	Acc.	Acc.	Full year
	2007	2006	2 nd qtr.	2 nd qtr.	
	Unaudited				Audited
Net sales per business segment					
Insulation	3,250.4	2,698.6	6,325.9	5,046.6	10,851.1
Systems Division	444.7	381.8	869.7	760.3	1,793.0
Group eliminations and holding companies	-253.0	-252.9	-498.1	-503.2	-1,107.2
The Group	3,442.1	2,827.5	6,697.5	5,303.7	11,536.9
Operating profit before fin. items per business segment					
Insulation	663.7	162.6	1,230.3	360.6	1,149.9
Systems Division	30.6	24.4	58.9	40.7	170.9
Group eliminations and holding companies	-7.4	58.4	12.2	57.7	83.7
The Group	686.9	245.4	1,301.4	459.0	1,404.5

Release no. 11 – 2007
Report on the first half of 2007
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This is a translation of the Danish version.
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Page 7/7

Balance sheet

DKK million	2nd qtr.	2nd qtr.	Full year
	2007	2006	2006
	Unaudited		Audited
Assets			
Intangible fixed assets	165.7	99.9	109.7
Tangible fixed assets	5,128.0	4,513.0	4,849.6
Financial fixed assets	181.2	162.4	184.8
Deferred tax assets	158.9	256.9	146.8
Fixed assets	5,633.8	5,032.2	5,290.9
Stocks	960.0	864.2	769.1
Receivables	2,202.5	1,796.5	1,825.6
Cash funds	986.0	430.0	725.3
Total current assets	4,148.5	3,090.7	3,320.0
Total assets	9,782.3	8,122.9	8,610.9
Liabilities and equity			
Share capital	219.7	219.7	219.7
Other reserves	6,459.7	5,021.2	5,712.9
Minorities interests	141.8	76.0	100.6
Total equity	6,821.2	5,316.9	6,033.2
Total provisions	864.7	702.8	722.8
Long-term debt	40.7	224.3	77.9
Short-term debt	2,055.7	1,878.9	1,777.0
Total long-term and short-term debts	2,096.4	2,103.2	1,854.9
Total liabilities and equity	9,782.3	8,122.9	8,610.9

Changes in equity

DKK million	2nd qtr.	2nd qtr.	Full year
	2007	2006	2006
Equity as of 1 January	6,033.2	5,075.2	5,075.2
Exchange rate adjustments	26.9	-37.2	15.1
Tax on changes in equity	-	-	-25.6
Profit for the period	946.7	294.7	969.0
Acquisition of own shares	14.8	15.2	26.9
Expensed value of options issued	8.1	4.0	7.9
Paid dividend	-208.5	-103.8	-103.7
Minorities' interests – addition and dividend (net)	0.0	68.8	68.4
Equity as of end of period	6,821.2	5,316.9	6,033.2