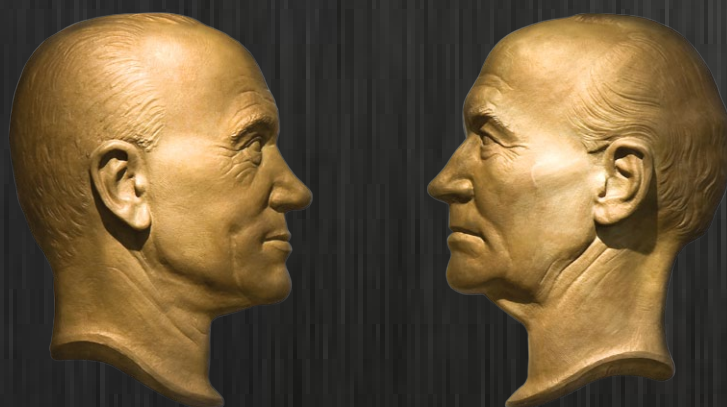


AO



20
13

Annual Report 2013
Brødrene A & O Johansen A/S
CVR-nr. 58 21 06 17

CONTENTS

FINANCIAL SUMMARY	4
MANAGEMENT'S REVIEW	6
The year in operation	6
Assets and liabilities	6
Business development	6
Value and strategy	7
Financial calendar	8
Corporate Governance	8
Corporate social responsibility	14
Shareholder information	14
MANAGEMENT'S REPORT	19
INDEPENDENT AUDITOR'S REPORT	20
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR JANUARY 1-31 DELIVERED	21
BALANCE SHEET	23
STATEMENT OF CHANGES IN EQUITY	26
CONSOLIDATED CASH FLOW STATEMENT	27
COMPANY CASH FLOW STATEMENT	28
NOTES	29
COMPANY INFORMATION	59
SALES OUTLETS AND OFFICES	60
STATEMENT ABOUT THE BOARD OF DIRECTORS' MANAGERIAL POSITS	61

This Report is available in Danish and English. In case of doubt, the Danish version shall prevail.





Mr. J. J. Johnson
1914 - 1988



Mr. J. J. Johnson
1914 - 1988



Mr. J. J. Johnson
1914 - 1988



Mr. J. J. Johnson
1914 - 1988



Mr. J. J. Johnson
1914 - 1988



Mr. J. J. Johnson
1914 - 1988



Mr. J. J. Johnson
1914 - 1988



Mr. J. J. Johnson
1914 - 1988



Mr. J. J. Johnson
1914 - 1988

CONTENTS

FIVE-YEAR SUMMARY.....	4
MANAGEMENT'S REVIEW	6
The year in outline	6
Activities of the year	6
Business foundation	6
Vision and strategy.....	7
Financial review	8
Outlook	8
Corporate governance	8
Corporate social responsibility	14
Shareholder information	14
MANAGEMENT'S STATEMENT	19
INDEPENDENT AUDITOR'S REPORT	20
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR 1 JANUARY – 31 DECEMBER.....	21
BALANCE SHEET	23
STATEMENT OF CHANGES IN EQUITY	26
CONSOLIDATED CASH FLOW STATEMENT.....	27
COMPANY CASH FLOW STATEMENT	28
NOTES	29
COMPANY INFORMATION	59
AO'S OUTLETS AND OFFICES.....	60
INFORMATION ABOUT THE BOARD OF DIRECTORS' MANAGERIAL POSTS	61

This financial statement is available in Danish and English. In case of doubt, the Danish version shall apply.



Consolidated Five-Year Summary

(DKKm)

Key figures	2013	2012	2011	2010	2009
Revenue	2,309.7	2,272.7	2,366.1	2,130.9	1,991.1
Gross margin	691.1	675.8	669.1	597.5	601.5
Costs	(564.0)	(548.4)	(550.6)	(572.5)	(577.4)
Operating profit or loss (EBIT)	127.1	127.3	118.5	25.0	24.0
Financial income and expenses, net	(1.9)	(5.4)	(12.6)	(17.8)	(20.2)
Profit or loss before tax (EBT)	125.2	121.9	105.9	7.2	3.8
Tax on profit or loss for the year	(26.6)	(30.8)	(26.1)	(1.0)	(1.1)
Net profit or loss for the year	98.6	91.1	79.8	6.1	2.7
Non-current assets	721.7	633.7	627.0	647.8	635.1
Current assets	709.5	652.7	649.2	776.8	771.7
Total assets	1,431.3	1,286.4	1,276.2	1,424.6	1,406.8
Share capital	57.0	57.0	57.0	57.0	57.0
Equity	863.0	766.3	671.3	596.9	580.8
Non-current liabilities	199.7	203.5	275.9	343.8	357.4
Current liabilities	368.5	316.6	329.1	483.9	468.6
Cash flow from operating activities	165.0	266.6	292.5	0.2	191.2
Cash flow from investing activities	(126.1)	(42.9)	(29.1)	(47.3)	(24.9)
Of which investments in property, plant and equipment, net	(109.5)	(38.1)	(19.4)	(37.3)	(9.2)
Cash flow from financing activities	(2.4)	(207.7)	(265.5)	38.2	(172.6)
Cash flow for the year	36.6	15.9	(2.0)	(8.9)	(6.3)
Financial ratios					
Gross profit margin	29.9%	29.7%	28.3%	28.0%	30.2%
Profit margin	5.5%	5.6%	5.0%	1.2%	1.2%
Return on capital employed	9.4%	9.9%	8.8%	1.8%	1.6%
Return on equity	12.1%	12.7%	12.6%	1.0%	0.5%
Solvency ratio	60.3%	59.6%	52.6%	41.9%	41.3%
Book value	1,514	1,344	1,178	1,047	1,019
Share price at the end of the year	1,335	1,050	775	516	508
Price Earnings Basic (P/E Basic)	6.6	5.7	5.3	46.9	103.3
Dividend per DKK 100 share	0.0	0.0	0.0	0.0	0.0
Earnings per share (EPS Basic), DKK	201	186	145	11	5
Diluted earnings per share (EPS-D), DKK	198	183	144	11	5
Number of employees	650	636	639	677	747

Basic EPS and diluted EPS have been calculated in accordance with IAS 33 (note 17). Other financial ratios have been calculated in accordance with the Danish Society of Financial Analysts' "Recommendations and Financial Ratios 2010".



AO's headquarters in Nørregade 1914.



1919 – AO's staff in Nørregade.

MANAGEMENT'S REVIEW

THE YEAR IN OUTLINE

In 2013, Brødrene A & O Johansen (AO) opened a branch in Stockholm and relocated several stores to new and better locations with modern interior designs.

Through AO's 100 years of history, the stores have always been the core of the company's local customer service. During the year, focus has been placed on optimising processes and routines where the customer is the centre of attention – 'The Customer is King at AO'.

It has been decided to invest in a new high-bay warehouse and a renovation of the central warehouse in Albertslund. Total investment in connection with this project to be completed in 2014 is estimated at approximately DKK 175 million, and a positive effect on operations is expected as of 2015.

AO's central IT system, Movex, was upgraded in Denmark and Sweden.

Profit before tax of DKK 125.2 million is in line with previous announcements and considered satisfactory.

Net profit for the year of DKK 98.6 million is DKK 7.5 million or 8% more than in 2012.

Consolidated revenue for the year was DKK 2,309.7 million against DKK 2,272.7 million in 2012. The increase of DKK 37.0 million or 2% is primarily attributable to the Danish operations.

Gross profit for the year was DKK 691.1 million, an increase of DKK 15.3 million or 2%. The gross profit margin of 29.9% increased by 0.2 percentage point compared with 2012.

Total expenses for the year amounted to DKK 564.0 million, DKK 15.6 million or 3% more than reported for 2012.

Operating profit (EBIT) was DKK 127.1 million against DKK 127.3 million in 2012. The profit margin was 5.5% against 5.6% last year.

As at 31 December 2013, the Group's total assets amounted to DKK 1,431.3 million, which is DKK 144.9 million more than last year. The increase is attributable to investments in non-current assets of DKK 88.0 million, increased current assets of DKK 20.9 million, i.e., as a result of the opening in Stockholm, and increased cash and cash equivalents of DKK 35.9 million.

Cash flow from operating activities amounted to DKK 165.0 million, DKK 101.6 million less than last year, but DKK 29.4 million more than profit after tax plus depreciation and amortisation.

In 2013, investments amounted to net DKK 126.1

million, which is DKK 83.2 million more than last year. The investment is attributable to the new stores and, the high-bay warehouse and the upgrading of Movex.

On average, AO had 650 employees in 2013 against 636 the year before.

The Management is of the opinion that results for 2014 will be at the same level as in 2013, corresponding to a profit before tax of approximately DKK 125 million.

The Board of Directors proposes that no dividend be distributed for 2013.

Development of the fourth quarter of 2013

Consolidated revenue for the fourth quarter of 2013 was 608.0 million, which is DKK 25.5 million or 4% less than reported for the same quarter last year. The decline is attributable to activities in Denmark.

Gross profit for the quarter amounted to DKK 180.9 million, which is DKK 1.7 million more than reported for the fourth quarter of 2012. Gross profit margin for the quarter was 29.8%, which is 1.5 percentage points higher than last year.

Total operating expenses for the fourth quarter of 2013 totalled DKK 145.6 million, which is DKK 0.3 million more than for the same period last year.

A pre-tax profit of DKK 34.7 million was recorded for the fourth quarter of 2013. It is DKK 2.3 million more than for the same quarter last year.

ACTIVITIES OF THE YEAR

2013 was a year full of activity for AO, from the opening of a branch in Stockholm to the relocation of the stores in Nykøbing Falster, Hillerød, Helsingør, Nørrebro, Hørsholm and Vejle to new and better locations with modern interior designs. In addition, in January 2013, a new store was established in Viby, Århus, and the store in Slagelse was relocated. Consequently, there are now 49 stores in Denmark, six in Sweden and one in Estonia.

The stores have always been the core of the company's local customer service. Apart from ensuring proximity to its customers, the stores are used for the marketing of new products and installation methods towards the local installers.

AO's culture is based on sound business practice, competent employees having the basic attitude that 'the customer is king'. Focus is on meeting the customers' needs by combining professional service, a broad product range and local presence supplemented with efficient on-

line self-service systems and an effective central warehouse and distribution system. In this way, the lowest costs are achieved without having to compromise on customer expectations.

During the year, investments have been made in increasing the stocked ranges of electrical equipment and components, water supply and drainage products and tools, so that the many new customers buying these products are ensured the same high level of service which is provided to the customers buying plumbing, heating and sanitary ware products.

Lean has become an integral part of the way the company operates. More than 100 employees have undergone training to become Lean Sales Managers, thus strengthening the organisation and the internal cohesion.

Over the years, a national business model has been built up around the professional market in Denmark. In Sweden a regional strategy focused on water supply and drainage products and tools has been chosen.

To an increasing extent, AO's customers want electronic commerce through AO.dk and AO.dk Mobil. Thus, the number of orders via AO.dk increased by 22%, and the number of orders via AO.dk Mobil went up by 85% in 2013. Customer requirements as to how and when they want to do business with AO are increasing. AO's digital services are therefore a major focus area, and they are constantly evolving. AO.dk Mobil is downloaded by 15,000 tradesmen, and AO.dk has 28,000 registered users.

As a supplement to AO's existing mini load and sorting system (automated robot-controlled storage and retrieval system), investments in a new high-bay warehouse and a renovation of the central warehouse in Albertslund were made in 2013. Total investment in connection with this project to be completed in 2014 is estimated at approximately DKK 175 million, and a positive effect on operations is expected as of 2015. After the completion of the project, it is expected that the central warehouse in Albertslund will be able to provide goods to both Denmark and Sweden.

BUSINESS FOUNDATION

The company Brødrene A & O Johansen A/S (AO) was established in 1914 and listed on the Copenhagen Stock Exchange in 1963.

AO is a commercial and knowledge enterprise with a wide technical range of heating, plumbing and sanitary ware products, electrical equipment and components, water supply and drainage products, and tools, including logistics tools.

The Group has more than 20,000 customers who are offered a stock of approximately 60,000 different items. As AO wants to stock products required by the customers, the product range is improved continuously in accordance with the customers' needs.

AO is active in Denmark, Sweden and Estonia. In 2013, international revenue constituted 10% of the Group's total revenue.

AO supplies goods to the following markets:

The professional market (the PROF market) which is fragmented, with many small customers.

The do-it-yourself market (the DIY market) which is characterised by relatively few, large customers.

THE PROFESSIONAL MARKET (THE PROF MARKET)

AO's primary business is directed towards the PROF market in Denmark which is supplied with a wide range of products within the fields of heating, plumbing and sanitary ware, electrical equipment, water supply and drainage, and tools. The above-mentioned market may be divided into the following sectors: new building work and repair, renovation and maintenance work.

The market for repair, renovation and maintenance work is relatively stable, as it is characterised by many small assignments. The assignments are difficult to plan, and the need for materials in connection with each individual assignment is therefore difficult to predict. This market fits into AO's decentral strategy where 49 stores all over Denmark offer their customers a 'one-stop shopping' solution. All outlets stock a wide technical range of heating, plumbing and sanitary ware products, electrical equipment and components, water supply and drainage products, and tools.

The market for new building work is very sensitive to fluctuations in economy, and it may therefore vary a lot from year to year. AO's product range represents approximately 50% of all materials needed in a building.

Through an efficient storage and distribution system AO is able to effect prompt deliveries to its customers who are professional tradesmen

All subsidiaries are wholly-owned by Brødrene A & O Johansen A/S. AO Sverige AB owns the company of Betongkomplement i Stockholm AB.

such as plumbers, electricians, building contractors, sewer contractors as well as construction companies, municipalities, utilities and public institutions.

AO's revenue from the professional market is, in principle, generated via three sales channels:

1. AO stores

With 49 stores in Denmark, AO focuses on the need for local presence. The local stores provide the customers with goods and advice on various products and sales channels.

2. The competency centre

Through AO's competency centre the customers may place orders and get advice and direction as well as offers over the phone. The competency centre employees attend skills upgrading programmes on a regular basis to be able to offer the customers the best possible professional service. To get even closer to the customers, several competency centre employees have been based in the individual stores.

The projects department is one of AO's competency centres focusing on major new construction and renovation projects as well as 'large customers'. Here expertise of all business areas is assembled so that offers involving all technical lines of business may be optimised.

3. Online trading

At AO.dk and through AO's app for smartphones the customers may, among other things, order goods 24 hours a day, see pictures of the goods, and track invoices. AO.dk and the app undergo constant development, and it has contributed to the fact that revenue through this sales channel increased in 2013.

In Sweden, AO generates revenue through five stores with stocks in Stockholm, Borås, Gothenburg, Malmö, Tågarp and Kristianstad. In Sweden, focus is primarily on water supply and drainage products as well as tools.

From the Group's address in Estonia primarily water supply and drainage products are supplied to local tradesmen.

THE DIY MARKET

The Danish DIY market is serviced by AO's SEKO section with a technical product range that prim-

arily covers electrical equipment as well as heating, plumbing and sanitary ware products. Only business-to-business (B2B) sales are made, and primary customer groups of the section are retailers, DIY centres and specialised stores.

VISION AND STRATEGY

In the professional segment it is AO's vision to be the tradesmen's preferred supplier of technical installation materials to the market for repairs, renovations and maintenance and one of the preferred suppliers to the market for new build-ing projects.

In the DIY market, it is the Group's vision to be one of the preferred suppliers of electrical equipment as well as heating, plumbing and sanitary ware products.

The key concept is one-stop shopping where the customers are offered a complete product range as part of a collection and delivery system, which is supported by strong online trading systems. The concept is strengthened by import and development of own products targeting both the professional and the DIY markets. In this regard, AO participates in international collaboration through WIM (Wholesalers of Installation Mater-ials), a network of European wholesalers. The purpose of this collaboration is to exchange experience and purchase goods at competitive prices.

A high service level, innovation, knowledge sharing, and dedicated employees are the basis for AO's ability to remain competitive.

AO wants to provide value-added services for its customers, partly by being a trendsetter with new services and concepts, partly by developing the Group's decentralised profile with stores that are close to the customers. This is supported by AO's concepts and culture where the employees with their extensive product knowledge and reliable customer service are the key communicators of the Group's philosophy.

AO has developed a number of IT concepts and online trading solutions to strengthen the customers' ability to compete and streamline their business procedures. Through AO.dk and apps for iPhones/iPads and Androids customers may access these concepts, just as they may order goods 24 hours a day, see pictures of the goods, and track invoices, etc.



The Group's financial objective is:

- to realise a pre-tax profit of approximately 6% of revenue
- to generate a positive cash flow from operating activities of approximately 6% of revenue
- to achieve profitable growth both organically and through acquisitions
- to maintain a solvency ratio of at least 40%.

FINANCIAL REVIEW

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

In 2013, AO achieved revenue of DKK 2,309.7 million against DKK 2,272.7 million in 2012, equalling an increase of DKK 37.0 million or 2%. This improvement is mainly attributable to AO's operations in Denmark, which increased by DKK 23.9 million or 1.2%. Foreign operations increased by a total of DKK 13.1 million or 5.5%.

AO realised a gross profit of DKK 691.1 million against DKK 675.8 million in 2012. The increase of DKK 15.3 million or 2.3% is attributable to the increased revenue. The gross profit margin of 29.9% increased by 0.2 percentage point compared with last year.

In 2013, total operating expenses amounted to DKK 564.0 million, which is DKK 15.6 million or 2.8% higher than the year before. The increase is primarily attributable to external expenses which went up by DKK 15.2 million mainly as a result of increased transport costs.

In 2013, staff costs increased by DKK 5.3 million to DKK 314.7 million as a result of the opening of a branch in Stockholm and ordinary indexation adjustments. During the year the average number of employees increased by 14 persons to 650.

Depreciation, amortisation and write-downs of DKK 37.0 million are DKK 0.4 million less than last year.

Other operating expenses (bad debts) of DKK 6.0 million constitute 0.25% of revenue. During the year bad debts were reduced by DKK 4.6 million as a result of a tighter credit policy involving immediate and close follow-up on past-due receivables.

As a result of reduced drawings on bank credit facilities, financial expenses decreased by DKK 3.6 million to a total of DKK 5.0 million in 2013.

Tax on net profit for the year amounted to DKK 26.6 million against DKK 30.8 million in 2013. The calculated tax is positively affected by a resolution passed by the Danish Parliament to gradually reduce the corporation tax rate from

25% to 22%, resulting in a deferred tax income of DKK 3.7 million.

In 2013, the Group recorded a pre-tax profit of DKK 125.2 million against DKK 121.9 million in 2012.

The Group's post-tax profit for the year was DKK 98.6 million, compared to DKK 91.1 million in 2012.

The actual results achieved for 2013 are in line with the announced expectations and are considered satisfactory.

BALANCE SHEET

As at 31 December 2013, Group assets amounted to DKK 1,431.3 million against DKK 1,286.4 million in 2012.

Non-current assets totalled DKK 721.7 million, which is DKK 88.0 million more than in 2012. The increase is attributable to investments in new stores, and as a result the carrying amount of land of buildings increased by DKK 44.8 million. Fixtures and operating equipment of DKK 107.8 million went up by DKK 42.0 million, primarily as a result of fixtures and equipment for the new stores and the already started investment in a high-bay warehouse.

Current assets amounted to DKK 709.5 million against DKK 652.7 million in 2012. The increase of DKK 56.8 million is mainly attributable to the fact that the Group's cash and cash equivalents increased by DKK 35.9 million, and that inventories of DKK 329.0 million increased by DKK 25.8 million. The increase in inventories is attributable partly to the expansion of the product range, partly to the opening of new stores in Stockholm and Viby. Due to low activity in the market at the end of the year, trade receivables amounted to DKK 289.1 million, a reduction of DKK 7.6 million compared to last year.

As at 31 December 2013, AO's equity totalled DKK 863.0 million equalling a solvency ratio of 60.3%.

Non-current liabilities of DKK 199.7 million are DKK 3.8 million lower than in 2012. The decrease is attributable to a change in deferred tax of DKK 1.9 million arisen partly in consequence of a resolution passed by the Danish Parliament to reduce the corporation tax rate to 22%. During the year, debt to credit institutions has been reduced by DKK 1.9 million.

AO's current liabilities of DKK 368.5 million increased by DKK 51.9 million, mainly as a result of the fact that trade payables increased by DKK 56.6 million to DKK 315.5 million.

CASH FLOW STATEMENT

Cash flow from operating activities was positive at DKK 165.0 million which is DKK 29.4 million more than profit after tax plus depreciation and

amortisation. Cash flow from operating activities for the year is DKK 101.6 million lower than last year, primarily as a result of an increase in inventories and minor cash flow effect from trade payables.

Net investments amounted to a total of DKK 126.1 million against DKK 42.9 million the year before. During the year DKK 59.7 million was invested in land and buildings for the new stores. At the same time, investments have been made in fixtures and equipment for these stores, and investment in a high-bay warehouse has been initiated. Consequently, investment in fixtures and operating equipment totals DKK 54.2 million. Investment in software of DKK 14.7 million is primarily related to the upgrade and extension of Movex, the Group's ERP system.

Increased draw on the Group's credit facilities totalling DKK 2.4 million is included in cash flow from financing activities.

Total cash flow amounted to DKK 36.3 million, and the Group's cash totalled DKK 55.1 million as at 31 December 2013.

OUTLOOK

In 2014, the Management expects that the activity on AO's primary markets will, on the whole, be at the same level as in 2013. After a weak first half of 2014, increasing demand is expected for the second half of 2014.

AO will continue to focus on optimising and ensuring scalability in both processes and working capital.

The Management is of the opinion that the Group's earnings in 2014 will be at the same level as in 2013, and therefore a profit before tax of approximately DKK 125 million is expected for 2014.

CORPORATE GOVERNANCE

INTERNAL CONTROLS

The Board of Directors/Audit Committee and the Executive Board have overall responsibility for the Group's internal controls and risk management in connection with the financial reporting process, including compliance with applicable legislation and other regulation in relation to financial reporting.

AO has established internal control and risk management systems to ensure that financial reporting is carried out in accordance with IFRS and other accounting regulations applicable to listed Danish companies. In addition, the systems increase the certainty that the internal and external financial reporting provides a true and fair presentation that is free from material misstatement.

On an ongoing basis, the Audit Committee mon-



1939 – AO's showroom in Vestergade 23.
The photo was taken in connection with the company's 25th anniversary.



1939 – AO's showroom in Vestergade 23.
The photo was taken in connection with the company's 25th anniversary.





1939 – AO's celebration of its 25th anniversary at the Copenhagen Craftsmen's Guild.

itors the control and risk management systems in the Group. In this context risks that may affect the Group's financial reporting process are assessed on an ongoing basis. The risk assessment is based on significant items and other business-critical areas.

On a regular basis, control activities are carried out to determine the main risks.

SPECIFIC RISK FACTORS

Intangible assets:

The most significant risk in connection with intangible assets relates to a decline in the carrying amount of goodwill caused by a considerable and continued negative development of the Group's operations in Denmark and Sweden and the risk of software impairment as a result of changed use or technical obsolescence. Goodwill and other intangible assets are assessed against the Group's operating activities on a regular basis.

Land and buildings:

AO's properties are solely used in connection with the Group's operations. Fluctuations in the market value of properties will not have any influence on the use of the properties and thus the valuation of the carrying amount. A changed use of AO's properties could affect the valuation of the carrying amount.

Inventories:

The main risk in connection with inventories is if the products become obsolete. AO's inventories are therefore assessed on a regular basis in relation to the Group's business activities. Continuous impairment is made on products having low marketability.

Receivables:

The Group has no major risks relating to individual customers or business partners. Credit is granted according to individual assessments of the customers and their financial situation. AO is not considered to have other credit risks than what is customary for the industry.

Interest-rate level:

AO's net interest-bearing debt, determined as payables to credit institutions less negotiable securities as well as cash and cash equivalents, was DKK 116.4 million against DKK 154.7 million last year. AO is mainly financed through loans with short-term interest rates. Hence, fluctuations in the level of interest rates will affect the Group's annual interest expenses.

Currencies:

AO's currency risk is assessed to be small, as the majority of sales is generated in Danish kroner, and purchases are primarily made in Danish kroner and Euros.

Foreign operations are not directly affected

by exchange rate fluctuations, as income and expenses are settled in local currencies. When translating the results of foreign operations the Group is affected by changes in the exchange rates.

Other business-critical areas:

AO's business is built on an efficient warehouse and logistics system as well as well-functioning IT systems. An extensive and prolonged breakdown in these areas will be business-critical for AO. An insurance programme and contingency plans have been drawn up to minimise the financial risk related thereto.

RECOMMENDATIONS FOR CORPORATE GOVERNANCE

In May 2013, the Danish Committee on Corporate Governance issued updated recommendations for corporate governance based on the "comply-or-explain" principle. The revised recommendations were implemented by NASDAQ OMX Copenhagen A/S and they apply to all listed companies.

All recommendations have been analysed and considered by the Board of Directors and the Executive Board of Brødrene A & O Johansen A/S, and the Board of Directors still finds that the management of Brødrene A & O Johansen A/S complies with the most important recommendations.

Listed below are the most important areas, where the Group has decided to follow another practice:

1. Communication and interaction by the company with its investors and other stakeholders

1.3 Takeover bids

1.3.1 It is recommended that the company set up contingency procedures in the event of takeover bids from the time that the board of directors has reason to believe that a takeover bid will be made. According to such contingency procedures, the board of directors should not without the acceptance of the general meeting, attempt to counter the takeover bid by making decisions which in reality prevent the shareholders from deciding on the takeover bid themselves.

The recommendations are complied with in part. In the light of the company's owner structure the Board of Directors reserves the right, in certain cases, to reject takeover bids without them being submitted to the shareholders.

3. Composition and organisation of the board of directors

3.1. Composition

3.1.4. It is recommended that the company's articles of association stipulate a retirement age for members of the board of directors.

The recommendations are not complied with. The company sees no need for fixing a retirement age for members of the Board of Directors, as the company attaches great importance to the fact that the Board consists of members with relevant professional experience.

3.3. Members of the board of directors and the number of executive functions

3.3.2. It is recommended that the management commentary, in addition to the provisions laid down by legislation, includes the following information about the members of the board of directors:

- the position of the relevant person,
- the age and gender of the relevant person,
- whether the member is considered independent,
- the date of appointment to the board of directors of the member,
- expiry of the current election period,
- other executive functions, e.g. memberships in executive boards, boards of directors, and supervisory boards, including board committees in foreign enterprises and
- demanding organisational tasks, and
- the number of shares, options, warrants, and similar in the company, and other group companies of the company, owned by the member, as well as changes in the portfolio of the member of the securities mentioned which have occurred during the financial year.

The recommendations are complied with in part, as it is considered sufficient to provide information about the total shareholding of the Board of Directors. It is considered a breach of privacy to disclose information about the shareholding of each individual member.

3.4. Board committees

3.4.3. It is recommended that the board of directors set up a formal audit committee composed such that

- the chairman of the board of directors is not the chairman of the audit committee,

and

- between them, the members should possess such expertise and experience as to provide an updated insight into and experience in the financial, accounting and audit aspects of companies whose shares are admitted to trading on a regulated market.

The recommendations are only complied with in part, as the chairman of the Board of Directors is also the chairman of the Audit Committee.

3.4.6. It is recommended that the board of directors establish a nomination committee chaired by the chairman of the board of directors with at least the following preparatory tasks:

- describe the qualifications required by the board of directors and the executive board, and for a specific membership, state the time expected to be spent on having to carry out the membership, as well as assess the competences, knowledge and experience of the two governing bodies combined,
- annually assess the structure, size, composition and results of the board of directors and the executive board, as well as recommend any changes to the board of directors,
- annually assess the competences, knowledge and experience of the individual members of management, and report to the board of directors in this respect,
- consider proposals from relevant persons, including shareholders and members of the board of directors and the executive board for candidates for the board of directors and the executive board, and
- propose an action plan to the board of directors on the future composition of the board of directors, including proposals for specific changes.

The recommendations are not complied with. On the basis of the size of the Board of Directors and the skills of the Board members, the Board of Directors has decided not to establish a nomination committee.

3.4.7. It is recommended that the board of directors establish a remuneration committee with at least the following preparatory tasks:

- to recommend the remuneration policy (including the general guidelines

for incentive-based remuneration) to the board of directors and the executive board for approval by the board of directors prior to approval by the general meeting,

- make proposals to the board of directors on remuneration for members of the board of directors and the executive board as well as ensure that the remuneration is in compliance with the company's remuneration policy and the assessment of the performance of the persons concerned. The committee should have information about the total amount of remuneration that members of the board of directors and the executive board receive from other companies in the group, and
- recommend a remuneration policy applicable for the company in general.

The recommendations are not complied with. On the basis of the size of the Board of Directors and the skills of the Board members, the Board of Directors has decided not to establish a remuneration committee.

4. Remuneration of management

4.1. Form and content of the remuneration policy

4.1.1. It is recommended that the board of directors prepare a clear and transparent remuneration policy for the board of directors and the executive board, including

- a detailed description of the components of the remuneration for members of the board of directors and the executive board,
- the reasons for choosing the individual components of the remuneration, and
- a description of the criteria on which the balance between the individual components of the remuneration is based.

The remuneration policy should be approved by the general meeting and published on the company's website.

The recommendations are not complied with. An actual remuneration policy applicable to the Board of Directors and the Executive Board has not been adopted. General guidelines for incentive remuneration for the Executive Board and the Board of Directors have, however, been adopted.

The balance between the individual components is adjusted to the requirements of the company on a regular basis.

4.1.2. It is recommended that, if the remuneration policy includes variable components,

- limits be set on the variable components of the total remuneration package,
- a reasonable and balanced linkage be ensured between remuneration for governing body members, expected risks and the value creation for shareholders in the short and long terms,
- there be clarity about performance criteria and measurability for award of variable components,
- there be criteria ensuring that qualifying periods for variable components in remuneration agreements are longer than one calendar year, and
- an agreement is made which, in exceptional cases, entitles the company to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.

The recommendations are complied with. However, the remuneration agreements for members of the Executive Board do not include a right for the company, in exceptional cases, to reclaim in full or in part variable components of remuneration that were paid on the basis of data, which proved to be misstated.

4.1.4. It is recommended that if share-based remuneration is provided, such programmes be established as roll-over programmes, i.e. the options are granted periodically and should have a maturity of at least three years from the date of allocation.

The recommendations are not complied with. The individual members of the Executive Board may be granted share options, and one year after the options have been granted, one-third of the share options is exercisable. Two years after the options have been granted, another third of the share options is exercisable, and three years after the granting of the share options, the remaining third is exercisable.

4.2. Disclosure of the remuneration policy

4.2.1. It is recommended that the company's remuneration policy and compliance with this policy be explained and justified annually in the chairman's statement at the company's general meeting.

The recommendations are not complied with, as no actual remuneration policy has been adopted.

4.2.2. It is recommended that the proposed remuneration for the board of directors for the current financial year be approved by the shareholders at the general meeting.

The recommendations are not complied with, as proposals to that effect are not put on the agenda for the general meeting.

4.2.3. It is recommended that the total remuneration granted to each member of the board of directors and the executive board by the company and other companies in the group, including information on the most important contents of retention and retirement/resignation schemes, be disclosed in the annual report and that the linkage with the remuneration policy be explained.

The recommendations are not complied with, as it is considered to be sufficient to provide information about the remuneration granted to the total Board of Directors and the total Executive Board. It is considered a breach of privacy to disclose information about the remuneration granted to each individual member of the Board of Directors and the Executive Board.

Brødrene A & O Johansen A/S's statutory report on corporate governance for the 2013 financial year can be viewed or downloaded from [www.ao.dk/Portals/0/HR/investor/Statutory Report on Corporate Governance 2013.pdf](http://www.ao.dk/Portals/0/HR/investor/Statutory%20Report%20on%20Corporate%20Governance%202013.pdf).

CORPORATE SOCIAL RESPONSIBILITY

In all of its business activities, AO respects human rights and the environment, and discourages corruption. It is expected that AO's suppliers adhere to the requirements of the company's Supplier Code of Conduct.

In addition to the established working environment policy, which focuses on continuous improvement of the company's environmental performance within the realm of what is technically and economically feasible, AO has several applicable staff policies that directly affect

the working environment, among these, policies on health and safety at work, drugs and alcohol, ethics, bullying and harassment.

In keeping with Danish Act No. 1383 of 23 December 2012 on the introduction of rules regarding target figures and policies for the gender composition of the supreme governing board and the reporting thereof, the company has, on 1 April 2013, decided that, in connection with the ordinary general meeting in 2017 at the latest, the shareholder-elected Board members are to be composed of 1 woman and 4 men. The target figure reflects the overall composition of men and women in the company's workforce (20% women and 80% men), and the company finds the target figure realistic. The full policy is available at ao.dk.

AO acts within the framework of applicable legislation and international conventions. AO respects and complies with rules on competition, environmental legislation, health and safety at work legislation, agreements and safety requirements, and other regulations that provide the framework for how the company conducts business.

The mandatory report on corporate social responsibility for the 2013 financial year can be viewed or downloaded from [www.ao.dk/Portals/0/HR/investor/Mandatory Report on Corporate Social Responsibility 2013.pdf](http://www.ao.dk/Portals/0/HR/investor/Mandatory%20Report%20on%20Corporate%20Social%20Responsibility%202013.pdf).

CLIMATE AND ENVIRONMENTAL ISSUES

AO's administration and central warehouse in Albertslund have been environmentally certified according to DS/EN ISO 14001 since 1999. Vaga Teknik, which is located together with the logistics centre in Horsens, was environmentally certified according to the same standard in 2001. In October 2008 all facilities at the address of the logistics centre in Horsens became certified, and the rental and service functions at Herstedvang 6 in Albertslund achieved certification in September of 2010.

AO's climate and environmental objectives for 2013-2015 are defined as follows:

Relative transport costs are to be reduced annually by 6%.

In mid-2013, a new external haulage contractor took over the job of transporting AO's goods which resulted in lots of extra expenses, and therefore the target of a 6% reduction in relative transport costs could not be met in 2013. In 2013 the relative transport costs increased by 2%. However, AO believes that the environmental impact in practice has been reduced in 2013 due to the fact that AO's new distribution system forms part of an existing distribution

setup. In 2014, a distribution system adapted to the actual needs with continued focus on reducing the current environmental impact is expected. The objective of reducing the relative transport costs by 6% is therefore expected to be met in 2014.

Supply of goods to customers through the company's stores is to be increased annually by 6%.

In 2013, 111,179 deliveries of stocked items were made through the company's stores which is an increase of 10% compared to last year. The target was therefore met.

At Rørvang total energy consumption, including electricity, heat and fuels, is to be reduced annually by 6%.

In 2013 AO decided to invest in a new high-bay warehouse and an extensive renovation of the central warehouse, and therefore no large energy-saving improvements have been completed in 2013. As a result, total energy costs increased by 2% in 2013. The central warehouse is currently undergoing a renovation of its building envelope. In addition to the building envelope work, a new energy-saving heat supply system will be installed, and energy-saving LED lighting will be mounted. Consequently, positive effects of these energy-saving measures are first expected in 2014/2015.

The company is to recycle more than 60% of its total waste (annually repeated objective).

AO continues to have full focus on the sorting of waste. According to the waste analyses for 2013, the company recycled 74% and 81% of its total waste at the central warehouse in Albertslund and at the logistics centre in Horsens.

Plastic boxes for packing and transportation of replenishment orders to AO's stores were introduced in 2012, and in 2013 it has resulted in a packaging reduction of more than 30% compared to previous years.

In 2013, AO also invested in several newly built and modern stores that are customer-friendly and energy efficient, and here AO will achieve a considerable saving of energy of benefit to both the economy and the environment.

SHAREHOLDER INFORMATION

DIVIDEND

The Board of Directors proposes that no dividend be distributed for 2013.

SHAREHOLDERS, CAPITAL AND VOTING RIGHTS

In 1963, AO was introduced on the Copenhagen Stock Exchange with an ownership structure consisting of a combination of ordinary shares and preference shares. The Board of Directors wants to maintain this owner structure, which among other things means that the company only can be taken over if the takeover has been accepted by the holders of ordinary shares. Ordinary shares cannot be negotiated without the approval of the Board, whereas preference shares are freely negotiable. In addition, this share class carries special rights in the form of payment of cumulative dividends.

The company's nominal share capital is DKK 57 million. Of this, DKK 5,640,000 are in the form of ordinary shares and DKK 51,360,000 are in the form of preference shares. Each ordinary share of DKK 1,000 carries 100 votes, whereas each preference share of DKK 100 carries one vote. In addition to the difference in the number of votes, the two share classes differ in the following respects:

The ordinary shares are nonnegotiable instruments whereas the preference shares are listed on NASDAQ OMX Copenhagen A/S under ID code DK0010231018.

The preference shares have a preferential cumulative dividend right of 6%. This means that no dividend will be paid for ordinary shares until the preference shares have achieved a cumulative dividend of 6%.

In case of liquidation, preference shares take precedence over ordinary shares.

Changes to the company's Articles of Association require that two thirds of cast votes and two thirds of the represented capital at a general meeting are in favour of the change.

The company's Board of Directors consists of five members who do not have to be shareholders. Holders of preference shares are entitled to appoint and elect one member of the Board of Directors while holders of ordinary shares elect the remaining Board members.

THE SHAREHOLDER COMPOSITION IS SHOWN BELOW:

	Number of ordinary shares	Number of preference shares	Number of shares –nominal value	Capital in %	Votes in %
Evoleska Holding AG Seerosenstrasse 20 CH-6362 Stansstad Switzerland	5,622	2,080	5,830,000	10.23%	52.36%
Sanistål A/S Håndværkervej 14 9000 Aalborg Denmark	0	223,005	22,300,500	39.12%	20.70%
J-F. Lemvig-Müller Holding A/S Stationsalleen 40 2730 Herlev Denmark	0	71,351	7,135,100	12.52%	6.62%
Other registered shares	18	145,304	14,548,400	25.53%	13.65%
Unregistered shares	0	48,590	4,859,000	8.52%	4.51%
Total, excl. treasury shares	5,640	490,330	54,673,000	95.92%	97.84%
Treasury shares	0	23,270	2,327,000	4.08%	2.16%
Total	5,640	513,600	57,000,000	100.00%	100.00%

SHARES OWNED BY TOP MANAGEMENT IN BRØDRENE A & O JOHANSEN A/S AT THE END OF DECEMBER 2013

According to the company's internal policy about the purchase and sale of securities issued by Brødrene A & O Johansen A/S, members of the company's Board of Directors, Executive Board and other individuals specified on the company's insider list may buy and sell such securities during a period of four weeks following the publication of the company's annual or interim financial report.

ID code: DK0010231018	Total holding of preference shares ⁴⁾	Share price ¹⁾
Board of Directors ²⁾⁺⁴⁾	1,706	2.277,510
Executive Board ²⁾⁺³⁾⁺⁴⁾⁺⁵⁾	25,023	33,405,705
Other insiders ²⁾	449	599,415
Total insiders ²⁾	27,178	36,282,630

NOTE:

- 1) The calculated share price of DKK 1,335 is based on the closing price on 31 December 2013.
- 2) The statement includes information about the shareholdings of related parties of the mentioned individuals.
- 3) Shares owned by individuals who are members of both the Board of Directors and the Executive Board have been included as part of the shareholdings of the Executive Board.
- 4) In addition, the Board of Directors, the Executive Board and the related parties of the mentioned individuals own ordinary shares at a nominal value of DKK 5,638,000.-. The total capital in the form of ordinary shares amounts to nominally DKK 5,640,000.-.
- 5) A total of 18,887 share options have been granted to the members of the Executive Board. Of these, 11,784 share options matured on 31 December 2013. As at 31 December 2013 the company's holding of treasury shares totalled 23,270 shares.

BOARD MEETINGS HELD IN 2013

DATE	TEXT
19 February 2013	Annual report for 2012.
15 March 2013	Annual general meeting and constituent board meeting.
24 May 2013	Interim financial report for the first quarter of 2013.
14 June 2013	Strategy.
26 August 2013	Interim financial report for the first half of 2013.
22 November 2013	Interim financial report for the first three quarters of 2013.
13 December 2013	Budget for 2014.

In addition, four audit committee meetings have been held.

1948 – Storeroom and dispatch department, Vermlandsgade 67.



COMPANY ANNOUNCEMENTS IN 2013

DATE	NO.	TEXT
5 February 2013	1	Insiders' tradings.
19 February 2013	2	Annual report for 2012.
19 February 2013	3	Notice convening the annual general meeting.
22 February 2013	4	Insiders' tradings.
15 March 2013	5	Results of annual general meeting.
24 May 2013	6	Interim financial report for the first quarter of 2013.
24 May 2013	7	Revised financial calendar for the remainder of 2013.
26 August 2013	8	Interim financial report for the first half of 2013.
4 September 2013	9	Insiders' tradings.
22 November 2013	10	Interim financial report for the first three quarters of 2013.
13 December 2013	11	Financial calendar for 2014.

FINANCIAL CALENDAR FOR 2014

DATE	TEXT
6 February 2014	Deadline for shareholders to propose items for the agenda of the annual general meeting.
24 February 2014	Annual report for 2013.
21 March 2014	The annual general meeting of Brødrene A & O Johansen A/S will be held at 11 a.m. at the company's head office.
23 May 2014	Interim financial report for the first quarter of 2014.
29 August 2014	Interim financial report for the first half of 2014.
21 November 2014	Interim financial report for the first three quarters of 2014.

The Board of Directors has decided to hold another two meetings, in June and December respectively.

PROPOSALS FOR THE ANNUAL GENERAL MEETING

1. TREASURY SHARES

At the annual general meeting, the Board of Directors will propose that the company be authorised to acquire treasury shares until 1 May 2015 up to the limit of 10% of the company's total share capital at a price corresponding to the listed share price at the time of acquisition +/-10%.

2. ARTICLES OF ASSOCIATION

At the annual general meeting the Board of Directors will propose an amendment of a technical nature to the Articles of Association in consequence of an amendment to the Danish Companies Act.

3. DISTRIBUTION OF NET PROFIT

	DKK '000
The Board of Directors proposes that the profit for the year, cf. the income statement and statement of comprehensive income of the company page 21.....	82,316
plus foreign currency translation adjustments	0
plus share-based payment.....	0
amount brought forward	<u>361,653</u>
total amount available	<u>443,969</u>
are distributed as follows:	
Acquisition of treasury shares.....	0
Dividend.....	<u>0</u>
Total transferred to retained earnings.....	<u>443,969</u>

MANAGEMENT'S STATEMENT

Today the Board of Directors and the Executive Board have discussed and approved the annual report of Brødrene A & O Johansen A/S for 2013.

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 and Company financial statements give a true and fair view of the Group's and the Company's assets, liabilities and financial position at 31 December 2013 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January – 31 December 2013.

Further, in our opinion the Management's review includes a fair review of the development in the Group's and the Company's operations and financial matters, the net profit or loss for the year and of the Group's and the Company's financial position as well as a description of the most significant risks and elements of uncertainty facing the Group and the Company.

The annual report is submitted to the annual general meeting for approval.

Albertslund, 24 February 2014

EXECUTIVE BOARD




Niels A. Johansen
CEO



Henrik T. Krabbe
COO and CFO

BOARD OF DIRECTORS



Henning Dyremose
Chairman of the Board



Michael Kjær
Deputy Chairman



René Alberg*



Erik Holm



Michael Delcke Jensen*



Carsten Jensen*



Niels A. Johansen



Preben Damgaard Nielsen

* Staff-elected Board member

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF BRØDRENE A & O JOHANSEN A/S

REPORT ON THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

We have audited the consolidated and Company financial statements of Brødrene A & O Johansen A/S for the financial year 1 January – 31 December 2013. The consolidated and Company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies, for the Group as well as for the Company. The consolidated and 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 AND COMPANY FINANCIAL STATEMENTS

Management is responsible for the preparation of consolidated and Company financial statements that give a true and fair view in accordance with International Reporting Standards as adopted by the EU and Danish disclosure requirements for listed companies and for such internal control as the Management determines is necessary to enable the preparation of consolidated and 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 and Company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish Audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated and 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 and Company financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated and Company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of consolidated and Company financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated and 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 did not result in any qualification.

OPINION

In our opinion, the consolidated and Company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2013 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 January – 31 December 2013 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

Pursuant to 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 and Company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated and Company financial statements.

Albertslund, 24 February 2014

KPMG

Statsautoriseret Revisionspartnerselskab



Peter Gath
State Authorised Public Accountant

This is an English version of the Danish annual report. The annual report has been translated by the Company, and KPMG has not read the translation. For this reason, the wording in this Independent Auditor's Report is only to be construed as covering the Danish version and is not to be taken to cover the English annual report.

BALANCE SHEET AS AT 31 DECEMBER

ASSETS

(All amounts are in DKK thousands)

COMPANY		NOTE:	CONSOLIDATED	
2012	2013		2013	2012
Non-current assets				
13 Intangible assets				
58,439	58,439	Goodwill	102,348	100,446
51,025	50,135	Software	51,982	52,644
<u>109,464</u>	<u>108,574</u>		<u>154,330</u>	<u>153,090</u>
13 Property, plant and equipment				
134,554	132,097	Land and buildings	456,085	411,290
3,457	2,263	Leasehold improvements	3,528	3,475
64,455	106,529	Fixtures and operating equipment	107,774	65,820
<u>202,465</u>	<u>240,889</u>		<u>567,387</u>	<u>480,585</u>
Other non-current assets				
132,574	132,574	14 Investments in group enterprises	0	0
<u>132,574</u>	<u>132,574</u>		<u>0</u>	<u>0</u>
444,504	482,037	Total non-current assets	721,717	633,675
Current assets				
266,201	291,485	15 Inventories	328,978	303,154
275,291	267,586	16 Trade receivables	289,057	296,713
6,611	47,420	Receivables from group enterprises	0	0
477	1,118	18 Corporation tax receivable	4,014	584
35,476	31,311	Other receivables	21,583	26,901
6,102	10,097	Prepayments	10,832	6,122
9,121	48,707	Cash at bank and in hand	55,082	19,202
<u>599,279</u>	<u>697,724</u>	Total current assets	709,545	652,676
1,043,782	1,179,761	Total assets	1,431,263	1,286,351

BALANCE SHEET AS AT 31 DECEMBER

EQUITY AND LIABILITIES

(All amounts are in DKK thousands)

COMPANY		NOTE:	CONSOLIDATED	
2012	2013		2013	2012
		19 Equity		
57,000	57,000	Share capital	57,000	57,000
200,000	200,000	Other reserves	200,000	200,000
0	0	Reserve for foreign currency translation adjustments	3,763	5,647
361,653	443,969	Retained earnings	602,252	503,609
0	0	Proposed dividend	0	0
618,653	700,969	Total equity	863,015	766,256
		Non-current liabilities		
4,672	7,632	20 Deferred tax	30,506	32,391
114,252	112,376	21 Credit institutions	169,209	171,060
118,924	120,008	Total non-current liabilities	199,715	203,451
		Current liabilities		
2,792	2,306	21 Credit institutions	2,280	2,792
256,488	311,170	Trade payables	315,488	258,905
46,925	45,309	Other payables	48,415	52,262
0	0	Deferred income	2,351	2,684
306,205	358,785	Total current liabilities	368,533	316,644
425,129	478,792	Total liabilities	568,248	520,095
1,043,782	1,179,761	Total equity and liabilities	1,431,263	1,286,351
		3 Segment information		
		22 Contingent liabilities, security, etc.		
		23-27 Notes without reference		





1964 – AO's celebration of its 50th anniversary at the Copenhagen Craftsmen's Guild.

STATEMENT OF CHANGES IN EQUITY

(All amounts are in DKK thousands)

	Share capital	Other reserves	Foreign currency translation adjustment	Retained earnings	Total equity
CONSOLIDATED					
Equity at 1 January 2013	57,000	200,000	5,647	503,609	766,256
Net profit for the year	0	0	0	98,642	98,642
Foreign currency translation adjustment relating to foreign entities	0	0	(1,884)	0	(1,884)
Total comprehensive income	0	0	(1,884)	98,642	96,759
Share-based payment	0	0	0	0	0
Dividends paid	0	0	0	0	0
Total transactions with owners	0	0	0	0	0
Equity at 31 December 2013	57,000	200,000	3,763	602,252	863,015
Equity at 1 January 2012	57,000	200,000	3,800	410,487	671,287
Net profit for the year	0	0	0	91,104	91,104
Foreign currency translation adjustment relating to foreign entities	0	0	1,847	0	1,847
Total comprehensive income	0	0	1,847	91,104	92,951
Share-based payment	0	0	0	2,019	2,019
Dividends paid	0	0	0	0	0
Total transactions with owners	0	0	0	2,019	2,019
Equity at 31 December 2012	57,000	200,000	5,647	503,610	766,256
COMPANY					
Equity at 1 January 2013	57,000	200,000	0	361,653	618,653
Net profit for the year	0	0	0	82,316	82,316
Foreign currency translation adjustment relating to foreign entities	0	0	0	0	0
Total comprehensive income	0	0	0	82,316	82,316
Share-based payment	0	0	0	0	0
Dividends paid	0	0	0	0	0
Total transactions with owners	0	0	0	0	0
Equity at 31 December 2013	57,000	200,000	0	443,969	700,969
Egenkapital pr. 1. januar 2012	57,000	200,000	1,219	283,925	542,144
Net profit for the year	0	0	0	74,491	74,491
Foreign currency translation adjustment relating to foreign entities	0	0	0	0	0
Total comprehensive income	0	0	0	74,491	74,491
Foreign currency translation adjustment relating to sale of branch	0	0	(1,219)	1,219	0
Share-based payment	0	0	0	2,019	2,019
Dividends paid	0	0	0	0	0
Total transactions with owners	0	0	(1,219)	3,238	2,019
Equity at 31 December 2012	57,000	200,000	0	361,653	618,653

CONSOLIDATED CASH FLOW STATEMENT

(All amounts are in DKK thousands)

	2013		2012	
Cash flow from operating activities				
Operating profit or loss		127,090		127,346
Financial income and expenses, net (interest paid)		(1,884)		(5,429)
Profit or loss before tax		<u>125,205</u>		<u>121,918</u>
Adjustment of non-cash operating items		0		2,019
Depreciation and amortisation:				
Intangible assets		14,395		11,236
Property, plant and equipment		<u>22,560</u>	<u>36,955</u>	<u>26,149</u>
Change in working capital:				
Change in trade receivables		7,656		11,787
Change in other receivables		607		(4,702)
Change in inventories		(25,823)		6,857
Change in trade payables		56,583		118,981
Change in other current liabilities		<u>(4,181)</u>	<u>34,842</u>	<u>5,051</u>
Corporation tax paid		<u>(31,971)</u>		<u>(32,734)</u>
Cash flow from operating activities		<u>165,032</u>		<u>266,561</u>
Cash flow from investing activities				
Goodwill		(1,902)		0
Software		(14,660)		(4,872)
Land and buildings		(59,654)		(28,639)
Leasehold improvements		(1,643)		(3,180)
Fixtures and operating equipment		(54,220)		(9,241)
Disposal of property, plant and equipment		<u>6,025</u>		<u>3,005</u>
Cash flow from investing activities		<u>(126,054)</u>		<u>(42,928)</u>
Cash flow from financing activities				
Net repayment of debt to/raising of loans with credit institutions		<u>(2,363)</u>		<u>(207,719)</u>
Cash flow from financing activities		<u>(2,363)</u>		<u>(207,719)</u>
Net change in cash and cash equivalents		36,616		15,914
Cash and cash equivalents at beginning of year		19,202		2,369
Foreign currency translation adjustment		<u>(736)</u>		<u>919</u>
Cash and cash equivalents at end of year		<u>55,082</u>		<u>19,202</u>

COMPANY CASH FLOW STATEMENT

(All amounts are in DKK thousands)

	2013		2012	
Cash flow from operating activities				
Operating profit or loss		106,317		101,143
Financial income and expenses, net (interest paid)		2,524		(1,665)
Profit or loss before tax		<u>108,841</u>		<u>99,478</u>
Adjustment of non-cash operating items		0		2,019
Depreciation and amortisation:				
Intangible assets	13,836		10,831	
Property, plant and equipment	<u>16,228</u>	30,063	<u>21,264</u>	32,095
Change in working capital:				
Change in trade receivables	7,705		4,936	
Change in other receivables	170		214	
Change in inventories	(25,284)		25,956	
Change in trade payables	54,682		127,957	
Change in payables to group enterprises	(40,809)		(104,722)	
Change in other current liabilities	<u>(1,617)</u>	(5,153)	<u>2,676</u>	57,016
Corporation tax paid		<u>(24,207)</u>		<u>(25,298)</u>
Cash flow from operating activities		<u>109,545</u>		<u>165,309</u>
Cash flow from investing activities				
Software		(13,806)		(4,265)
Land and building		(176)		(264)
Leasehold improvements		(396)		(3,180)
Fixtures and operating equipment		(53,580)		(9,083)
Disposal of property, plant and equipment		362		13,597
Cash flow from investing activities		<u>(67,597)</u>		<u>(3,195)</u>
Cash flow from financing activities				
Net repayment of debt to/raising of loans with credit institutions		<u>(2,362)</u>		<u>(153,162)</u>
Cash flow from financing activities		<u>(2,362)</u>		<u>(153,162)</u>
Net change in cash and cash equivalents		39,587		8,952
Cash and cash equivalents at beginning of year		9,121		199
Foreign currency translation adjustment		0		(31)
Cash and cash equivalents at end of year		<u>48,707</u>		<u>9,121</u>

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

NOTE:

1 ACCOUNTING POLICIES

Brødrene A & O Johansen A/S is a public limited company domiciled in Denmark. The annual report for 2013 comprises the consolidated financial statements of Brødrene A & O Johansen A/S and its subsidiaries as well as separate financial statements of the company in accordance with the requirements of the Danish Financial Statements Act.

The 2013 annual report of Brødrene A & O Johansen A/S has been prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and Danish disclosure requirements for listed companies.

On 24 February 2014, the Board of Directors and the Executive Board discussed and approved the annual report of Brødrene A & O Johansen A/S for 2013. The annual report will be submitted for approval by Brødrene A & O Johansen A/S's shareholders at the annual general meeting held on 21 March 2014.

Basis of preparation

The annual report is presented in Danish kroner rounded off to the nearest DKK 1,000.

The annual report is prepared in accordance with the historical cost convention.

Securities in the form of short-term assets have been recognised at fair value with value adjustment in the statement of comprehensive income.

The accounting policies described below have been applied consistently during the financial year and for the comparative figures.

CHANGES IN ACCOUNTING POLICES

With effect from 1 January 2013, Brødrene A & O Johansen A/S has implemented:

- Amendments to IAS 1 Presentation of items of other comprehensive income.
- Amendments to IAS 36 Recoverable Amount Disclosures for Non Financial Assets.
- IFRS 13 Fair value measurement
- IAS 19 Employee benefits (amended 2011).
- Annual improvements to 2009-2011 cycle.
- Amendments to IFRS 1 Government loans.
- Amendments to IFRS 7 Offsetting financial assets and financial liabilities.

None of the new accounting standards and interpretations have had any effect on recognition and measurement in 2013, and earnings per share and diluted earnings per share have not been affected either.

DESCRIPTION OF ACCOUNTING POLICIES

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the company Brødrene A & O Johansen A/S and subsidiaries in which Brødrene A & O Johansen A/S has control, i.e., the power to govern the financial and operating policies in order to obtain a return or other benefits from its activities. Control is obtained when the company, directly or indirectly, holds more than 50% of the voting rights in the subsidiary or has control in some other way.

A group chart can be seen on page 7.

The consolidated financial statements have been prepared as a consolidation of the financial statements of the company and the individual subsidiaries prepared according to the Group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated.

BUSINESS COMBINATIONS

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition or formation. Entities which are disposed of or wound up are recognised in the consolidated financial statements until the date of disposal or winding up. Comparative figures are not restated for entities acquired. Discontinued operations are presented separately.

For acquisitions of new entities the acquisition method is used. The acquired entities' identifiable assets, liabilities and contingent liabilities are measured at fair value at the acquisition date. 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.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

NOTE:

- 1 The acquisition date is the date on which the Group effectively obtains control of the acquired entity.

For business combinations, positive balances (goodwill) between the purchase consideration for the entity and the fair value of acquired identifiable assets, liabilities and contingent liabilities is recognised as goodwill under intangible assets. Goodwill is not amortised but tested annually for impairment. The first impairment test is performed before the end of the acquisition year. Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for the impairment test. Negative balances (negative goodwill) are recognised in net profit or loss for the year at the acquisition date.

The purchase consideration for an entity comprises the fair value of the consideration agreed upon. If part of the purchase consideration is contingent on future events, this part of the consideration is recognised at fair value at the acquisition date. Costs attributable to business combinations are recognised in net profit or loss for the year as an expense is incurred.

If uncertainties regarding measurement of acquired identifiable assets, liabilities and contingent liabilities exist at the acquisition date, initial recognition will take place on the basis of preliminary fair values. If identifiable assets, liabilities and contingent liabilities are subsequently determined to have a different fair value at the acquisition date from that first assumed, goodwill is adjusted until 12 months after the acquisition. The effect of the adjustments is recognised in the opening balance of equity and the comparative figures are restated accordingly. Subsequently, goodwill is only adjusted as a result of changes in estimates of contingent purchase considerations, except in cases of material error.

Gains or losses on the disposal or winding-up of subsidiaries are stated as the difference between the sales amount or the disposal sum and the carrying amount of net assets, including goodwill at the date of disposal or winding-up, and costs to sell or winding-up expenses.

FOREIGN CURRENCY TRANSLATION

For each of the reporting entities in the Group a functional currency is determined. The functional currency is the currency used in the primary financial environment in which the reporting entity operates. Transactions in currencies other than the functional currency are foreign currency transactions.

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates prevailing at the date of transaction.

Receivables, payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised in the income statement under cost of sales.

On recognition in the consolidated financial statements of entities with another functional currency than DKK, the income statements are translated into Danish kroner using average exchange rates, whereas the balance sheet items are translated at the exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on translation of the opening balance of equity of such entities at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised in other comprehensive income as a separate foreign currency translation reserve under equity.

Foreign exchange adjustment of balances which are considered to be part of the total net investment in entities with another functional currency than DKK is recognised in the consolidated financial statements in other comprehensive income as a separate reserve for foreign currency translation adjustments under equity.

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Revenue

Revenue from the sale of goods for resale is recognised in the income statement provided that delivery and transfer of risk to the buyer has taken place before the end of the year and that the income can be reliably measured and is expected to be received. Revenue is measured exclusive of VAT and duties and less discounts granted in connection with the sale.

External expenses

External expenses comprise expenses for distribution, administration, advertising, exhibitions, etc., including costs for the operation of real property.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

NOTE:

1 Financial income and expenses

Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses, impairment of securities and payables, amortisation of financial assets and liabilities, including finance lease commitments, as well as surcharges and allowances under the tax prepayment scheme, etc.

Borrowing costs from general or specific loans which are directly attributable to the construction of the qualifying assets are included in the cost of those assets.

Dividend from investments in subsidiaries is recognised in the company's profit or loss for the financial year in which the dividend is declared.

Tax on profit or loss for the year

Brødrene A & O Johansen A/S is taxed jointly with all Danish subsidiaries.

The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint taxation contributions from other companies that could have used the tax losses to reduce their own taxable income. (Full allocation). The jointly taxed companies are included in a Danish tax prepayment scheme.

Tax for the year, which comprises current tax and changes in deferred tax for the year, is recognised in the income statement for the share attributable to the profit or loss for the year, and directly in equity for the share attributable to items relating directly to equity.

BALANCE SHEET

Intangible assets

Goodwill is initially recognised in the balance sheet at cost as described under "Business combinations". Subsequently, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised.

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.

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the expected useful lives. Max. 10 years.

Property, plant and equipment

Land and buildings, leasehold improvements, and operating equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The cost of assets held under finance leases is stated at the lower of the assets' fair value or present value of future minimum lease payments. When calculating the present value, the lease's internal rate of return or the Group's alternative borrowing rate is used as discount rate.

Subsequent costs, e.g., in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

- Buildings: 50 years
- Installations: 10 years
- Leasehold improvements: Max. 5 years
- Operating equipment: Max. 5 years

Land is not depreciated.



Construction of the central warehouse at Rørvang, June 1965.

Central warehouse at Rørvang, August 1965.



NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

NOTE:

- ¹ The basis of depreciation is determined in consideration of the asset's residual value and is reduced by write-downs, if any. The residual value is determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

Gains and losses arising from disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amount at the time of sale. The gains or losses are recognised in the income statement as depreciation.

Investments in subsidiaries in the company's financial statements

Investments in subsidiaries are measured at cost in the company's financial statements. If there is any indication of impairment, an impairment test is carried out. Where the recoverable amount is lower than cost, investments are written down to this lower value.

Impairment of non-current assets

Goodwill and intangible assets with indefinite useful lives are subject to annual impairment tests, initially before the end of the acquisition year.

The carrying amount of goodwill is tested for impairment, together with the other non-current assets in the cash-generating unit to which goodwill is allocated, and is written down in the income statement, in so far as the carrying amount is higher than the recoverable amount.

The recoverable amount is generally calculated as the present value of expected future net cash flows from the activity to which goodwill is allocated. Impairment of goodwill is recognised as a separate item in the income statement.

Deferred tax assets are subject to annual impairment tests and are recognised only to the extent that it is probable that the assets will be utilised.

The carrying amount of other non-current assets is subject to an annual test for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the asset's fair value less expected costs to sell or its value in use. The value in use is the present value of the future cash flows expected to be derived from the asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset exceeds the recoverable amount of the asset. Impairment losses are recognised in the income statement under amortisation, depreciation and write-downs.

Impairment of goodwill is not reversed. Impairment of other assets is reversed only to the extent of changes in the assumptions and estimates underlying the impairment calculation. Impairment is only reversed to the extent that the asset's new carrying amount does not exceed the carrying amount of the asset after amortisation or depreciation had the asset not been impaired.

Inventories

Inventories are measured at cost on the basis of average prices. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Cost comprises purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs necessary to make the sale, and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost less write-downs for expected losses. Write-downs are made, if it is assessed that there is objective evidence of impairment. The write-downs are based on individual assessments of each debtor.

Prepayments

Prepayments, recognised as assets, comprise costs incurred concerning subsequent financial years and are measured at cost.

Securities

Shares and bonds classified as current assets are recognised at the trade date and are measured at fair value corresponding to the market price of listed securities. Changes to the fair value are recognised in the income statement under net financials as they occur.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

NOTE:

1

Equity

Dividend

Proposed dividend is recognised as a liability at the time of adoption at the annual general meeting. Dividend expected to be paid for the year is shown as a separate item under equity.

Treasury shares

Cost of acquisition, consideration received and dividends received from treasury shares are recognised directly as retained earnings in equity. Gains and losses from sale are therefore not recognised in the income statement.

Proceeds from the sale of treasury shares in connection with the exercise of share options are recognised directly in equity.

Reserve for foreign currency translation adjustments

The reserve for foreign currency translation adjustments comprises currency translation differences arising on translation of financial statements of foreign entities from their functional currencies into DKK.

Employee contributions

The Group has entered into defined contribution plans with the majority of the Group's employees.

Liabilities related to defined contribution plans, where the Group regularly pays fixed pension contributions to independent pension funds, are recognised in the income statement in the period to which they relate and any contributions outstanding are recognised in the balance sheet as other payables.

Share options are measured at fair value at the date of grant and recognised in the income statement under staff costs. The offsetting entry is recognised directly in equity. The fair value of the granted share options are calculated using the Black-Scholes option pricing model.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance-sheet liability method, providing for all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from acquisitions, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. The change in deferred tax as a result of changes in tax rates is recognised in the income statement.

Deferred tax assets are recognised under non-current assets at the expected value of their utilisation, either as a set-off against deferred tax liabilities or as a set-off against tax on future income.

Financial liabilities

Amounts owed to mortgage credit institutions and credit institutions are recognised at the date of borrowing at the amount of the proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost, equivalent to the capitalised value, using the effective interest rate method. Accordingly, the difference between the proceeds and the nominal value is recognised under financial expenses over the term of the loan.

Financial liabilities also include capitalised residual lease commitment on finance leases, which is measured at amortised cost.

Other liabilities, including trade payables and other payables, are measured at amortised cost.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

NOTE:

1

Leases

For accounting purposes lease commitments are divided into finance and operating leases.

A lease is classified as a financial lease, if it transfers substantially all the risks and rewards incident to ownership to the lessee. All other leases are classified as operating leases.

The accounting treatment of assets held under finance leases and lease commitments is described under "Property, plant and equipment" and "Financial liabilities", respectively.

Operating lease payments are recognised in the income statement on a straight-line basis over the lease term.

Deferred income

Deferred income recognised in liabilities comprises payments received concerning income in subsequent years and is measured at amortised cost.

CASH FLOW STATEMENT

The cash flow statement shows the cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from acquisitions of entities are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are determined as pre-tax profit or loss adjusted for non-cash operating items, changes in working capital, received and paid interest, and paid corporation tax.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, and of intangible assets, property, plant and equipment and other non-current assets as well as acquisition and disposal of securities not recognised as cash and cash equivalents.

Inception of finance leases are regarded as non-cash transactions.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders.

Cash flows from assets held under finance leases are recognised as payment of interest and repayment of debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.

Segment information

Group activities relating to the trade of technical installation materials take place in an integrated manner and are dealt with as one segment per country.

Financial ratios

Financial ratios are calculated in accordance with IAS 33 and the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2010" ("Anbefalinger og Nøgletal 2010").

Negative results and deductible items are given in brackets.

NOTES TO THE CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS

NOTE:

2 ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimation uncertainty

In determining the carrying amount of certain assets and liabilities, estimates are required of how future events will affect the value of these assets and liabilities at the balance sheet date.

The estimates made are based on historical experience and other factors which Management assesses to be reliable under the circumstances but are by their very nature uncertain and unpredictable. The assumptions may be incomplete or inaccurate, and unexpected events or circumstances may arise. In addition, the Group is subject to risks and uncertainties that may lead to actual results differing from these estimates. The special risks of Brødrene A & O Johansen A/S are mentioned in the 'Management's Review' and in note 23.

It may be necessary to change previous estimates as a result of changes to the assumptions on which the estimates were based or due to new information or subsequent events.

Estimates material to the financial reporting are made, among other things, through measurement of impairment test of goodwill, receivables, inventories, and in determination of amortisation, depreciation and write-downs.

Impairment test for goodwill

In connection with the annual impairment test for intangible assets, including goodwill, it is estimated to what extent the individual units of the entity (cash-generating units) to which goodwill relates will be able to generate sufficient positive net cash flows in the future to support the value of goodwill and other net assets.

As a result of the nature of the business, estimates of expected cash flows have to be made for several years into the future which results in a certain amount of uncertainty. The chosen discount rate reflects this uncertainty.

The impairment test and associated sensitive conditions are described in detail in note 13.

Receivables

An estimate is used to assess the recoverability of receivables. As a result of the financial situation, the risk of losses on doubtful receivables is increasing, a fact that has been taken into account in the assessment of write-downs on the balance sheet date and in the day-to-day management and control of receivables.

Inventories

Estimation uncertainty regarding inventories relates primarily to slow-moving products and thus to a write-down to net realisable value.

The launched warehouse project has resulted in the fact that a major portion of the Group's slow moving-products has been sold.

Accounting policies

In applying the Group's accounting policies, Management carries out additional assessments beyond those mentioned, which may have a significant impact on the recognised amounts in the annual report. These assessments include, inter alia, whether leases should be treated as operating or finance leases.

The Group has a lease on the property Mossvej, Horsens. On the basis of the conditions of the lease, Management has concluded that the lease should be treated as a finance lease.

NOTES

(All amounts are in DKK thousands)

COMPANY		CONSOLIDATED	
2012	2013 NOTE:	2013	2012

3 Segment information

Group activities relating to the sale of technical installation materials take place in an integrated manner and are regarded as one operating segment.

Geographical information

The Group operates primarily in Denmark, and in 2013 approximately 90% of its revenue (2012: 90%) relates to Denmark.

Important customers

The Group has not traded with any individual customer representing more than 10% of the Group's total revenue for 2013, and the same applied in 2012.

		4 Cost of sales			
1,409,957	1,462,196	Cost of goods purchased during the year	1,644,656	1,612,166	
		Change in inventories:			
292,157	266,201	Inventory at beginning of the year	303,154	295,994	
1,268	455	Change in cost during the year	252	1,272	
(13,685)	(1,374)	Reversal of inventory writedown	(260)	(9,111)	
(266,201)	(291,485)	Inventory at end of the year	(328,978)	(303,154)	
13,538	(26,203)	Change in inventory for the year	(25,831)	(14,999)	
1,423,496	1,435,993	Cost of sales for the year	1,618,825	1,597,166	
		Cost of sales includes:			
805	(144)	Realised foreign exchange gains, total	(90)	811	
2,869	1,364	Unrealised foreign exchange gains, total	1,165	2,765	

Reversal of inventory writedown relates to the sale/scrapping of written-down inventory.

5 Other operating income

The item includes property rental income.



AO's administration building, January 1973.



AO's office environment, January 1973.



Bathroom showrooms in the administration building, January 1973.

NOTES

(All amounts are in DKK thousands)

COMPANY		CONSOLIDATED	
2012	2013 NOTE:	2013	2012
6 External expenses			
Remuneration for the auditors elected by the annual general meeting:			
Total remuneration for KPMG may be specified as follows:			
663	676	855	838
57	71	71	57
326	202	357	335
1,046	949	1,283	1,230

External expenses of the Company include rent paid to subsidiaries totalling DKK 26,066,000 (2012: DKK 23,768,000).

7 Staff costs			
261,908	262,682	281,620	278,137
19,215	19,630	22,016	20,992
4,408	3,915	9,534	9,014
1,192	1,451	1,537	1,238
286,723	287,677	314,706	309,381

Wages and salaries include remuneration for:

1,475	1,475	2,028	2,028
20,872	11,830	11,830	20,872
589	595	650	636

The Group only has defined contribution plans.

	Number of options (shares)	Fair value on allotment (DKK thousands)	Average exercise price (price)	Average share price (price)	Exercise period
Share option scheme for the Executive Board of the Company					
Granted in 2010	4,576	669	496	491	2011-2016
Granted in 2011	6,237	1,001	505	510	2012-2017
Granted in 2012	8,074	2,672	878	878	2013-2022
Exercised/reversed during the year	0	0			
Total number of share options outstanding	18,887	4,342			

* This item includes granted share options worth DKK 0 (2012: DKK 2,019,000) and severance costs of DKK 0 (2012: DKK 3,479,000).

The Executive Board of the Company may be granted share options. The value of the granted share options may not exceed the individual executive's annual salary. The value is determined by the Board of Directors according to resolution by the Company's General Meeting. One year after the share options have been granted, one third of the share options is exercisable. Two years after the share options have been granted, another third of the share options is exercisable. Three years after the grant of the share options the remaining third of the share options is exercisable. The options are exercisable in accordance with the Company's internal rules on insider trading. No share options have been exercised in 2013. The fair value of the granted options is calculated using the Black-Scholes formula, and for all share options the following assumptions have been applied:

Estimated life of share options granted in 2012: 5 years, volatility: 30%, dividend: 0%, risk-free interest rate 2012: 0.3% (2010 + 2011: 2.48%).

NOTES

(All amounts are in DKK thousands)

COMPANY			CONSOLIDATED	
2012	2013	NOTE:	2013	2012
		8 Depreciation, amortisation and impairment		
10,831	13,836	Intangible assets	14,395	11,236
18,349	16,191	Property, plant and equipment	22,555	25,779
2,914	37	Gains from the disposal of assets	5	370
32,095	30,063		36,955	37,385
		9 Other operating expenses		
		This item includes realised losses on receivables and provisions for bad debts.		
		10 Financial income		
2,674	2,777	Interest income from current assets	2,860	2,802
5,719	2,860	Dividends from group enterprises	0	0
147	83	Other interest income	168	169
0	574	Interest income from group enterprises	0	0
8,540	6,294		3,028	2,971
		11 Financial expenses		
5,440	3,699	Interest expenses on liabilities	4,823	7,703
0	0	Realised capital losses	0	320
352	70	Other interest expenses	90	376
4,413	0	Interest expenses to group enterprises	0	0
10,205	3,770		4,912	8,400
		12 Tax on profit or loss for the year		
(24,197)	(23,781)	Current tax for the year	(28,497)	(30,743)
1,949	0	Adjustments related to previous years	(102)	2,479
(22,247)	(23,781)		(28,598)	(28,264)
(930)	(2,785)	Adjustment of deferred tax for the year	(2,455)	(1,014)
0	661	Danish corporation tax rate reduced from 25% to 22%	3,653	0
0	0	Swedish corporation tax rate reduced from 26.3% to 22%	0	290
(1,810)	(620)	Adjustment of deferred tax for previous years	837	(1,825)
(24,987)	(26,525)	Total	(26,564)	(30,814)
		Tax on profit/loss for the year can be explained as follows:		
(24,869)	(27,210)	Calculated tax on profit/loss before tax (EBT)	(30,833)	(31,067)
0	661	Danish corporation tax rate reduced from 25% to 22%	3,653	0
0	0	Swedish corporation tax rate reduced from 26.3% to 22%	0	290
		Tax effect of:		
1,430	715	Non-taxable income	760	1,828
(1,687)	(691)	Other non-deductible costs	(1,500)	(2,517)
140	0	Adjustment of tax for previous years	1,355	654
(24,987)	(26,525)		(26,564)	(30,814)
25.1%	24.4%	Effective tax rate	21.2%	25.3%
(25,298)	(24,207)	Taxes paid during the financial year	(31,971)	(32,734)

NOTES

(All amounts are in DKK thousands)

13 Non-current assets: (Consolidated)

	Goodwill	Software	Land and buildings	Leasehold improvements	Fixtures and operating equipment
2013					
Cost at 1 January	100,446	134,704	516,079	23,598	179,248
Foreign currency translation adjustment	0	(83)	(974)	0	(184)
Reclassification	0	(691)	0	0	691
Additions during the year	1,902	14,660	59,654	1,643	54,220
Disposals during the year	0	(429)	(8,519)	(5,313)	(921)
Cost at 31 December	102,348	148,161	566,240	19,928	233,053
Amortisation and depreciation at 1 January	0	(82,060)	(104,788)	(20,123)	(113,428)
Foreign currency translation adjustment	0	17	128	0	140
Amortisation and depreciation for the year	0	(14,395)	(8,568)	(1,362)	(12,625)
Disposals during the year	0	259	3,074	5,085	634
Amortisation and depreciation at 31 December	0	(96,178)	(110,154)	(16,400)	(125,279)
Carrying amount at 31 December	102,348	51,982	456,086	3,528	107,774
Carrying amount of assets held under finance leases			103,685		479
2012					
Cost at 1 January	100,446	130,620	486,191	24,216	219,975
Foreign currency translation adjustment	0	0	1,249	0	241
Adjustment related to previous years	0	0	0	0	0
Additions during the year	0	4,872	28,639	3,180	9,241
Disposals during the year	0	(788)	0	(3,798)	(50,209)
Cost at 31 December	100,446	134,704	516,079	23,598	179,248
Amortisation and depreciation at 1 January	0	(71,182)	(95,077)	(22,326)	(145,825)
Foreign currency translation adjustment	0	0	(376)	0	(121)
Adjustment related to previous years	0	0	0	0	0
Amortisation and depreciation for the year	0	(11,236)	(9,335)	(1,359)	(15,085)
Disposals during the year	0	358	0	3,562	47,604
Amortisation and depreciation at 31 December	0	(82,060)	(104,788)	(20,123)	(113,428)
Carrying amount at 31 December	100,446	52,644	411,291	3,475	65,820
Carrying amount of assets held under finance leases			113,255		630

Included under additions during the year 2013 are ongoing investments in land and buildings of DKK 36,429,000 (2012: DKK 17,841,000) and in fixtures and operating equipment of DKK 29,350,00 (2012: DKK 0). The investments relate to a high-bay warehouse, renovation of the central warehouse in Albertslund, and opening and relocation of stores. The investments are expected to be completed by the end of 2014.

Apart from goodwill, all intangible assets are considered to have limited useful lives. No changes have been made in significant estimates relating to property, plant and equipment.

The Group has entered into finance lease on IT hardware and buildings. The lease on buildings expires in 2028. Upon expiry of the lease, the Group will acquire the buildings at a favourable price. The leased assets secure the lease liabilities.

NOTES

(All amounts are in DKK thousands)

13 Non-current assets: (Company)

	Goodwill	Software	Land and buildings	Leasehold improvements	Fixtures and operating equipment
2013					
Cost at 1 January	58,439	132,681	147,706	23,362	165,712
Reclassification	0	(691)	0	0	691
Additions during the year	0	13,806	176	396	53,580
Disposals during the year	0	(429)	0	(5,313)	(271)
Cost at 31 December	58,439	145,367	147,883	18,445	219,712
Amortisation and depreciation at 1 January	0	(81,655)	(13,153)	(19,905)	(101,257)
Amortisation and depreciation for the year	0	(13,836)	(2,633)	(1,362)	(12,196)
Disposals during the year	0	259	0	5,085	271
Amortisation and depreciation at 31 December	0	(95,232)	(15,786)	(16,182)	(113,182)
Carrying amount at 31 December	58,439	50,135	132,097	2,263	106,529
Carrying amount of assets held under finance leases			103,685		479
2012					
Cost at 1 January	58,439	130,620	160,969	24,216	213,885
Additions during the year	0	4,265	264	3,180	9,083
Disposals relating to sale of branch	0	0	(13,526)	(236)	(7,651)
Disposals during the year	0	(2,204)	0	(3,798)	(49,606)
Cost at 31 December	58,439	132,681	147,706	23,362	165,712
Amortisation and depreciation at 1 January	0	(71,182)	(12,877)	(22,326)	(140,640)
Amortisation and depreciation for the year	0	(10,831)	(2,822)	(1,359)	(14,168)
Disposals relating to sale of branch	0	0	2,545	218	6,355
Disposals during the year	0	358	0	3,562	47,195
Amortisation and depreciation at 31 December	0	(81,655)	(13,153)	(19,905)	(101,257)
Carrying amount at 31 December	58,439	51,026	134,553	3,457	64,454
Carrying amount of assets held under finance leases			113,255		630

Included under additions during the year 2013 are ongoing investments of DKK 29,350,000 (2012: DKK 0). The investments relate to a high-bay warehouse, renovation of the central warehouse in Albertslund, and opening and relocation of stores. The investments are to be completed by the end of 2014.

In 2012 the Company sold the branch AO-Mavab to the 100% owned subsidiary AO Sverige AB. This resulted in disposals of non-current assets during the year.

NOTES

(All amounts are in DKK thousands)

13 Non-current assets (continued)

Goodwill

At 31 December 2013, Management performed an impairment test of the carrying amount of goodwill.

Impairment tests for both the Company's Danish and Swedish entities have been performed as they are two separate cash-generating units. The assumptions mentioned below are applicable for both units.

At 31 December 2013 the carrying amount of goodwill can be specified as follows:

Goodwill determined upon acquisition of Swedish entities	47,016
Goodwill determined upon acquisition of Danish entities	55,332
Total	<u>102,348</u>

The recoverable amount is based on the value in use, which is calculated by means of expected net cash flows on the basis of budgets for 2014 and forecasts for 2015-2018 approved by Management as well as an before-tax discount rate of 10% (2012: 10%). Contribution ratio and market share for the forecast period are expected to be at the same level as realised for 2013. In Sweden, growth up until 2018 is expected. After 2014 the market is expected to develop by approximately 2% p.a.

The annual average growth rate used for extrapolation of future net cash flows for the years following 2018 is estimated to be 2%. The growth rate is not expected to exceed the long-term average growth rate in the Company's markets. Management is of the view that changes in the underlying assumptions are unlikely to result in the carrying amount of goodwill exceeding the recoverable amount.

Other non-current assets

Management has not identified any factors that would indicate a need to perform an impairment test of other intangible assets or property, plant and equipment.

14 Investments in group enterprises (Company)

	<u>2013</u>	<u>2012</u>
Cost at 1 January	132,574	138,116
Additions during the year	0	1,103
Disposals during the year	0	(6,645)
Cost at 31 December	<u>132,574</u>	<u>132,574</u>
Impairment at 1 January	0	(5,542)
Impairment for the year	0	5,542
Reversal of prior impairment losses	0	0
Impairment at 31 December	<u>0</u>	<u>0</u>
Carrying amount at 31 December	<u>132,574</u>	<u>132,574</u>

NOTES

(All amounts are in DKK thousands)

		COMPANY		CONSOLIDATED	
		2012	2013 NOTE:	2013	2012
Ownership interest	Ownership interest				
100%	100%				
100%	100%				
100%	100%				
		<u>0</u>	<u>0</u>		
14 Investments in group enterprises (Company)					
		Name		Registered Office	
		AO Invest A/S		Albertslund	
		Vaga Tehnika Eesti OÜ		Estonia	
		AO Sverige AB		Sweden	
		AO Sverige AB owns the company of Betongkomplement i Stockholm AB, Sweden.			
15 Inventories					
		Carrying amount of inventories recognised at net selling price		<u>0</u>	<u>0</u>
16 Trade receivables					
At 31 December 2013 the Group's trade receivables include receivables totalling DKK 47,558,000 (2012: DKK 49,721,000), which have been written down to DKK 5,175,000 (2012: DKK 1,488,000) based on individual assessments. The write-downs are attributable to the bankruptcy of customers or their inability to pay and include added interest.					
Write-downs included in the above receivables have developed as follows:					
57,138	44,265	Write-downs at 1 January		48,232	58,930
(12,873)	(3,853)	Change during the year		(5,849)	(10,698)
<u>44,265</u>	<u>40,411</u>	Write-downs at 31 December		<u>42,383</u>	<u>48,232</u>
The credit quality of receivables not past due and not written down has, according to the Group's internal credit rating procedures, been assessed to be of good quality with a low risk of losses, see also note 23 for information about credit rating procedures, etc.					
In addition, trade receivables, past due at 31 December but not written down, are recognised as follows:					
Maturity period:					
15,336	17,025	Up to 30 days		20,463	21,749
370	2,726	Between 30 and 60 days		4,349	2,108
645	4,391	Over 60 days		4,523	1,584
<u>16,351</u>	<u>24,142</u>			<u>29,335</u>	<u>25,441</u>



In 2007, AO erected the logistics centre in Horsens. 17,000 square metres under roof – a total of 200,000 square metres.

NOTES

(All amounts are in DKK thousands)

COMPANY		CONSOLIDATED	
2012	2013 NOTE:	2013	2012
17 Earnings per share			
Net profit or loss for the year		98,642	91,104
Average number of shares in circulation		514,005	514,005
Average number of treasury shares		(23,270)	(23,270)
Average number of shares in circulation		490,735	490,735
The average dilution effect of outstanding share options		8,657	6,137
Diluted average number of shares in circulation		499,392	496,872
Earnings per share (EPS) of DKK 100		201	186
Diluted earnings per share (EPS-D) of DKK 100		198	183
18 Corporation tax receivable/payable			
29,340	28,693	32,510	31,938
(28,863)	(27,575)	(28,497)	(30,743)
0	0	0	(611)
477	1,118	4,014	584
Corporation tax paid on account during the year		32,510	31,938
Tax on taxable profit for the year		(28,497)	(30,743)
Tax payable related to previous years		0	(611)
Total corporation tax receivable/payable		4,014	584

19 Equity

Capital management

The Group regularly assesses the need for adapting the capital structure with a view to balancing a higher required rate of return on equity with the increased uncertainty associated with loan capital. At the end of 2013, the equity share of total equity and liabilities amounted to 60.4% (2012: 59.8%). The target is to obtain an equity interest of approximately 40%. Capital is managed for the Group as a whole.

The share capital consists of the following classes:

Ordinary share capital:

44 shares of	DKK 1,000 each	44,000
234 shares of	DKK 4,000 each	936,000
18 shares of	DKK 5,000 each	90,000
22 shares of	DKK 10,000 each	220,000
87 shares of	DKK 50,000 each	4,350,000
		<u>5,640,000</u>

Preference share capital:

513,600 shares of	DKK 100 each	<u>51,360,000</u>
-------------------	--------------	-------------------

Total share capital		<u>57,000,000</u>
---------------------	--	-------------------

NOTES

(All amounts are in DKK thousand)

19 Equity (continued)

Of the Company's share capital of DKK 57,000,000, DKK 5,640,000 is in the form of ordinary shares and DKK 51,360,000 is in the form of preference shares. Each ordinary share of DKK 1,000 carries 100 votes whereas each preference share of DKK 100 carries one vote. In addition to the the difference in the number of voting rights, the two share classes differ in the following respects:

The ordinary shares are nonnegotiable securities. The preference shares are listed on NASDAQ OMX Copenhagen A/S. The preference share capital has a preferential dividend right of 6%. In case of liquidation, preference shares take precedence over ordinary shares.

An alteration to the Company's Articles of Association requires that two thirds of cast votes and two thirds of the represented capital at a general meeting are in favour of the alteration.

The Company's Board of Directors consists of five members who do not have to be shareholders. They are elected as follows:

Holders of preference shares are entitled to appoint and elect one member of the Board of Directors, while holders of ordinary shares elect the remaining Board members.

Treasury shares	Number of shares		Nominal value (DKK thousands)		% of share capital	
	2013	2012	2013	2012	2013	2012
1 January	23,270	23,270	2,327	2,327	4.1%	4.1%
Acquisition	0	0	0	0	0.0%	0.0%
Sale	0	0	0	0	0.0%	0.0%
Holding at 31 December	23,270	23,270	2,327	2,327	4.1%	4.1%

All treasury shares are owned by Brødrene A & O Johansen A/S.

On the authority of the annual general meeting, Brødrene A & O Johansen A/S may acquire a maximum of an additional nominal amount of DKK 3,373,000 of treasury shares, corresponding to 10% of the share capital.

Dividend

The payment of dividends to the Company's shareholders has no tax implication for Brødrene A & O Johansen A/S.

No dividends will be distributed for 2013.

Reserve for foreign currency translation adjustment

The reserve for foreign currency translation adjustments includes all translation adjustments that arise as a result of the translation of the financial statements of entities using a functional currency other than Danish kroner.

There are no translation adjustments in connection with assets and liabilities constituting a part of the Group's net investment in such entities.

Other reserves

Other reserves are distributable reserves that can be used for payment of dividend.

NOTES

(All amounts are in DKK thousands)

COMPANY			CONSOLIDATED	
2012	2013	NOTE:	2013	2012
20 Deferred tax				
2,777	4,672	Deferred tax at 1 January	32,391	29,807
(36)	0	Foreign currency translation adjustment	(67)	35
930	2,785	Change in deferred tax for the year	2,455	1,014
(808)	0	Deferred tax assets relating to Swedish branch	0	0
0	(661)	Danish corporation tax rate reduced from 25% to 22%	(3,653)	0
0	0	Swedish corporation tax rate reduced from 26.3% to 22%	0	(290)
1,810	836	Change in deferred tax relating to previous year	(621)	1,825
4,672	7,632	Deferred tax at 31 December	30,506	32,391
Deferred tax relates to:				
37,568	35,572	Property, plant and equipment	57,959	64,028
(3,818)	(2,753)	Receivables	(2,753)	(3,818)
(29,077)	(25,187)	Liabilities	(24,701)	(27,819)
4,672	7,632	Deferred tax at the end of the year	30,506	32,391
21 Credit institutions				
Payables to credit institutions are recognised in the balance sheet as:				
114,252	112,376	Non-current liabilities	169,209	171,060
2,792	2,306	Current liabilities	2,280	2,792
117,044	114,682		171,489	173,852
0	0	Mortgage loans - floating interest rate - 1 year	56,807	56,808
991	438	Bank loans - floating short-term interest rate	438	991
116,053	114,244	Lease commitments - floating interest rate	114,244	116,053
117,044	114,682		171,489	173,852
<i>Finance lease</i>				
Liabilities relating to assets held under a finance lease are therefore included in payables to credit institutions:				
1,801	1,869	Less than 1 year	1,869	1,801
7,157	112,375	1 to 5 years	112,375	7,157
107,095	0	More than 5 years	0	107,095
116,053	114,244	Total carrying amount	114,244	116,053

NOTES

(All amounts are in DKK thousands)

NOTE:

21 Credit institutions (continued)

According to the lease there is no contingent rent. The contractual cash flows appear from note 23.

The lease is described in detail in note 13. The carrying amount of assets held under a finance lease appears from note 13.

22 Contingent liabilities, security, etc.

Land and buildings with a total carrying amount of DKK 245,216,000 (2012: DKK 247,540,000) are provided as security for the Group's payables to mortgage credit institutions.

Land and buildings with a total carrying amount of DKK 132,019,000 (2012: DKK 134,342,000) are provided as security for the Company's payables to mortgage credit institutions.

Brødrene A & O Johansen is jointly taxed with AO Invest A/S. Being the administration company, Brødrene A & O Johansen A/S is unlimited, jointly and severally liable with AO Invest A/S in the joint taxation scheme in respect of taxes payable.

Transactions appear from note 25.

23 Currency and interest rate risks

The Group's risk management policies

As a result of its operations, investments and financing, the Group is exposed to changes in exchange rates and interest-rate levels. It is Group policy not to engage in any active speculation in financial risks. The Group's financial management therefore only concentrates on the management of the financial risks that are directly linked to the Group's operations and financing.

Financial risks are managed centrally by the Group's finance function. The overall framework for the financial risk management is laid down in the Group's finance policy, which has been approved by the Board of Directors. The finance policy covers the Group's finance policy as well as its policy relating to credit risks associated with financial counterparties and contains a policy relating to credit risks description of the approved risk framework.

Management monitors the Group's risk concentration on customers, currencies and other areas on a regular basis.

Currency risks

The Group's currency risk in connection with Danish operations is limited as revenue is generated in Danish kroner and goods are primarily purchased in DKK or EUR.

NOTES

(All amounts are in DKK thousands)

NOTE:

23 Currency and interest rate risks (continued)

The Group's foreign operations are not much affected by currency fluctuations, as income and expenses are largely paid in local currency. When translating the results of foreign operations, the Group is affected by changes in the exchange rates.

The Group does not use derivative instruments to hedge currency risks.

As regards investments in foreign entities the Group's equity at 31 December 2013 would be reduced by DKK 7.7 million (2012: DKK 7.9 million), if the SEK exchange rate was 10% lower than the current rate. Other currency risks relating to investments in foreign entities are insignificant.

The Group had no significant currency risks relating to receivables or payables in foreign currencies at 31 December 2013, and the consolidated results would therefore not be affected to any major extent by changes in exchange rates at 31 December 2013.

The Group has the following currency exposure at 31 December:

CONSOLIDATED	2013			2012		
	EUR	OTHER CURRENCIES	TOTAL	EUR	OTHER CURRENCIES	TOTAL
Trade payables	27,018	10,300	37,318	18,840	6,976	25,816
Payables to credit institutions	17,826	3,698	21,524	15,000	1,762	16,762
Net exposure	44,844	13,998	58,842	33,840	8,738	42,578
Risk in exchange rate fluctuation	1%	10%		1%	10%	
Estimated effect on income statement and equity	448	1,400	1,848	338	874	1,212

The Group's currency exposure related to financial instruments is primarily a result of the Group's financing activities.

The Company's currency exposure is identical to that of the Group.



2014, AO starts its 100th anniversary with a special performance for the staff at the Copenhagen Opera House.



The 100th anniversary continues at the National Gallery of Denmark.

NOTES

(All amounts are in DKK thousands)

NOTE:

23 Currency and interest rate risks (continued)

Interest rate risks

As a result of its investing and financing activities, the Group has a risk exposure relating to fluctuations in the interest-rate level in Denmark. The main interest rate exposure is related to fluctuations in CIBOR.

In 2013, the Group's interest-bearing debt, determined as payables to credit institutions less negotiable securities and cash decreased to DKK 116.4 million from DKK 154.6 million in 2012. Based on the net debt, an increase of one percentage point in the general interest-rate level would result in an increase in the Group's annual interest expenses before tax of approximately DKK 1.2 million (2012: approximately DKK 1.5 million).

Liquidity risks

In connection with borrowing, it is the Group's policy to ensure the greatest possible flexibility by spreading the loans on different maturity/renewal dates and on different lenders to ensure the best possible terms. The Group's cash resources comprise cash and cash equivalents, securities and undrawn credit facilities. It is the Group's aim to have sufficient cash resources in order to make appropriate decisions also in connection with unforeseen liquidity fluctuations.

The Group's payables fall due as follows:

CONSOLIDATED	Carrying amount	Contractual cash flows	2013		
			Less than 1 year	1 to 5 years	More than 5 years
Mortgage loans	56,807	68,595	1,051	3,769	63,775
Bank loans	438	438	438	0	0
Lease commitments	114,244	131,104	5,316	125,788	0
31 December	171,489	200,137	6,805	129,557	63,775

CONSOLIDATED	Carrying amount	Contractual cash flows	2012		
			Less than 1 year	1 to 5 years	More than 5 years
Mortgage loans	112,375	68,363	1,020	4,081	63,262
Bank loans	0	991	991	0	0
Lease commitments	114,244	135,513	4,999	20,005	110,509
31 December	226,619	204,867	7,010	24,086	173,771

NOTES

(All amounts are in DKK thousands)

NOTE:

23 Currency and interest rate risks (continued)

The Company's payables fall due as follows:

COMPANY	2013				
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	1 to 5 years 5 years
Mortgage loans	0	0	0	0	0
Bank loans	438	438	438	0	0
Lease commitments	114,244	131,104	5,316	125,788	0
31 December	114,682	131,542	5,754	125,788	0

COMPANY	2012				
	Carrying amount	Contractual cash flows	Less than 1 year	1 to 5 years	More than 5 years
Mortgage loans	0	0	0	0	0
Bank loans	438	991	991	0	0
Lease commitments	116,053	135,503	4,999	19,995	110,509
31 December	116,491	136,494	5,990	19,995	110,509

Assumptions regarding the maturity analysis:

* The maturity analysis is based on all undiscounted cash flows, including estimated interest payments.

* Interest payments are estimated on the basis of current market conditions.

Based on the Group's expectations for future operations and the Group's current cash resources, no material liquidity risks have been identified.

Group loans and committed credit facilities are not subject to any special terms or conditions (covenants).

NOTES

(All amounts are in DKK thousands)

NOTE:

23 Currency and interest rate risks (continued)

Credit risks

The Group's credit risks relate to receivables and cash at bank and in hand. The maximum credit risk associated with financial assets corresponds to the values recognised in the balance sheet.

The Group has no material risks relating to individual customers or business partners. Credit rating is based on an individual assessment of customers and business partners and their respective financial situation. The management of the credit risk is based on internal credit limits determined according to the customers' credit rating. As a result of the current market conditions, the Group has amended its credit limits for a number of customers. If the credit rating of a customer is assessed as being insufficient, the terms of payment are amended or security is provided.

The Group's credit exposure to customers is monitored on an ongoing basis as part of the Group's risk management.

In general, no security has been received for overdue or impaired receivables.

Categories of financial instruments, and methods and assumptions for determining fair values

The carrying amount and fair value is identical with the exception of loans measured at amortised cost, and where the carrying amount at 31 December 2013 amounts to DKK 171.5 million (2012: DKK 226.6 million). Both figures correspond to the fair value.

The methods and assumptions applied in determining fair values of financial instruments are presented below for each class of financial instrument. The methods used have not been changed compared to last year.

The fair value of mortgage debt is determined on the basis of the underlying bonds. Short-term floating-rate bank loans are measured at nominal value.

The fair value of bank loans and finance lease liabilities is determined on the basis of discount models, where all estimated and fixed cash flows are discounted using zero-coupon yield curves.

Trade receivables, cash and cash equivalents, and trade payables are subject to a short credit period and are considered to have a fair value that corresponds to the carrying amount. No further fair value information for financial assets is given when the carrying amount is assumed to be a proper measure of the fair value of the assets.

NOTES

(All amounts are in DKK thousands)

NOTE:

24 Operating leases

Non-cancellable operating minimum lease payments are determined on a nominal basis and can be specified as follows:

	Consolidated		Company	
	2013	2012	2013	2012
0-1 year	20,513	18,938	45,513	43,599
1-5 years	30,432	32,522	27,733	30,969
>5 years	1,163	3,251	1,163	3,251
	52,107	54,711	74,408	77,819

The Group leases buildings and operating equipment under operating leases. The lease term varies from six months to 10 years with the possibility of extending at the end of the term. None of the leases contain contingent rent.

In 2013, the consolidated income statement recognised DKK 21,161,000 (2012: DKK 22,205,000) concerning operating leases.

In 2013, the income statement of the Company recognised DKK 50,551,000 (2012: DKK 47,474,000) concerning operating leases.

25 Related parties

The Group's related parties comprise Evoleska Holding AG, the Board of Directors, the Executive Board and management employees.

Evoleska Holding AG has a controlling interest in the Company via its ownership of the majority of the votes. No transactions were carried out with Evoleska Holding AG in the course of the year.

During the year, no transactions were carried out with the Board of Directors, the Executive Board, management employees or major shareholders apart from normal management remuneration, cf. note 7.

In addition, group enterprises also constitute related parties to the Company.

Trading with group enterprises comprises the following:

	Consolidated		Company	
	2013	2012	2013	2012
Sale of goods	0	0	4,319	6,935
Rental expenses	0	0	26,066	23,768

AO's new high-bay warehouse in Albertslund will be completed at the end of 2014.





AO

Centrallager
Port 2 - 12
Kantine
PORTVAGT

NOTES

(All amounts are in DKK thousands)

NOTE:

25 Related parties (continued)

Transactions with group enterprises are eliminated in the consolidated financial statements in accordance with the accounting policies.

The Company's balances with group enterprises at 31 December can be seen in the balance sheet. Balances with group enterprises comprise ordinary trading balances related to the sale of goods. Ordinary trading balances attract no interest and are subject to the same terms of trade as other customers of the Company. Balances with group enterprises also comprise the construction and conversion of buildings. Return on balances appears from notes 10 and 11.

The Company has entered into building leases with AO Invest A/S, cf. note 24.

The Company is jointly taxed with AO Invest A/S. Liability is unlimited, joint and several. No separate guarantee has been provided or received in connection with this liability. Included in the Company's tax on taxable income for the year is an amount of DKK 3,794,000 (2012: DKK 4,666,000) relating to AO Invest A/S at the balance sheet date, cf. note 18.

26 Subsequent events

No events have occurred after 31 December 2013 that are considered to have any significant effect on the annual report for 2013.

27 New accounting regulation

The IASB has issued the following new reporting standards (IASs and IFRSs) and interpretations (IFRICs) that are not compulsory for Brødrene A & O Johansen A/S in the preparation of the annual report for 2013:

IFRS 9 and subsequent amendments to IFRS 9, IFRS 7 og IAS 39, IFRS 10-12, amendments to IFRS 10, 11 og 12, IAS 27 (2011), IAS 28 (2011), amendments to IAS 27 (2011), amendments to IAS 19, amendments to IAS 32, amendments to IAS 36, amendments to IAS 39, annual improvements to IFRSs 2010-2012 cycle, annual improvements to IFRS 2011-2013 cycle samt IFRIC 21.

IFRS 9 and subsequent amendments to IFRS 9, IFRS 7 og IAS 39, amendments to IAS 19, annual improvements to IFRSs 2010-2012 cycle, annual improvements to IFRS 2011-2013 cycle and IFRIC 21 have not yet been endorsed by the EU.

Except for early adoption of amendments to IAS 36, the endorsed but not yet effective standards and interpretations are expected to be implemented when they become mandatory for Brødrene A & O Johansen A/S.

COMPANY INFORMATION

Brødrene A & O Johansen A/S

Rørvang 3
DK-2620 Albertslund
Denmark

Telephone: +45 70 28 00 00
Telefax: +45 70 28 01 01
Web site: www.ao.dk

CVR number: 58 21 06 17
ID code: DK0010231018

Founded: 1914
Registered office: Albertslund, Denmark

Board of Directors

Henning Dyremose, Chairman
Michael Kjær, Deputy Chairman
René Alberg
Erik Holm
Carsten Jensen
Michael Delcke Jensen
Niels A. Johansen
Preben Damgaard Nielsen

Executive Board

Niels A. Johansen, Chief Executive Officer
Henrik T. Krabbe, Chief Operating Officer and Chief Financial Officer

Auditors

KPMG Statsautoriseret Revisionspartnerselskab
Peter Gath

Annual General Meeting

The annual general meeting is scheduled for 21 March 2014.

AO's OUTLETS AND OFFICES

HEAD OFFICE AND LOGISTICS CENTRE

BRØDRENE A & O JOHANSEN A/S • RØRVANG 3 • DK-2620 ALBERTSLUND • DENMARK
TELEPHONE: +45 70 28 00 00 • TELEFAX: +45 70 28 01 01 • EMAIL: AO@AO.DK

BRØDRENE A & O JOHANSEN A/S • LOGISTICS CENTRE WEST • MOSSVEJ 2 • DK-8700 HORSSENS • DENMARK
TELEPHONE: +45 70 28 00 00 • TELEFAX: +45 70 28 01 01

COMPETENCY CENTRE:

HEATING, PLUMBING, AND SANITARY WARE PRODUCTS: TELEPHONE: +45 70 28 24 40

ELECTRICAL EQUIPMENT AND COMPONENTS: TELEPHONE: +45 70 28 24 50

WATER AND SEWERAGE PRODUCTS: TELEPHONE: +45 70 28 24 60

TOOLS: TELEPHONE: +45 70 28 24 70

VAGA: TELEPHONE: +45 70 28 07 77

SEKO: TELEPHONE: +45 70 28 07 95¹⁾
TELEPHONE: +45 70 28 07 85²⁾

OUTLETS, EAST

AO-ALBERTSLUND • RØRVANG 3 • DK-2620 ALBERTSLUND • DENMARK
TELEPHONE: +45 70 28 00 01 • TELEFAX: +45 70 28 00 04

AO-AMAGER • PRAGS BOULEVARD 53 • DK-2300 KØBENHAVN S • DENMARK
TELEPHONE: +45 70 28 07 10 • TELEFAX: +45 70 28 08 10

AO-BALLERUP • TEMPOVEJ 27 • DK-2750 BALLERUP • DENMARK
TELEPHONE: +45 70 28 07 05 • TELEFAX: +45 70 28 08 05

AO-FREDERIKSBERG • FINSSENSVEJ 86 • DK-2000 FREDERIKSBERG • DENMARK
TELEPHONE: +45 70 28 07 06 • TELEFAX: +45 70 28 08 06

AO-FREDERIKSSUND • CENTERVEJ 44 • DK-3600 FREDERIKSSUND • DENMARK
TELEPHONE: +45 70 28 07 35 • TELEFAX: +45 70 28 08 35

AO-FREDERIKSVÆRK • NØRRREGADE 37 • DK-3300 FREDERIKSVÆRK • DENMARK
TELEPHONE: +45 70 28 07 23 • TELEFAX: +45 70 28 08 23

AO-GREVE • HÅNDVÆRKERVÆNGET 20 • DK-2670 GREVE • DENMARK
TELEPHONE: +45 70 28 07 21 • TELEFAX: +45 70 28 08 21

AO-HELINGSØR • INDUSTRIVEJ 16 • DK-3000 HELINGSØR • DENMARK
TELEPHONE: +45 70 28 07 22 • TELEFAX: +45 70 28 08 22

AO-HILLERØD • HERREDSVEJEN 12 • DK-3400 HILLERØD • DENMARK
TELEPHONE: +45 70 28 07 20 • TELEFAX: +45 70 28 08 20

AO-HOLBÆK • TÆKKEMANDSVEJ 3 • DK-4300 HOLBÆK • DENMARK
TELEPHONE: +45 70 28 07 24 • TELEFAX: +45 70 28 08 24

AO-HVIDOVRE • GL. KØGE LANDEVEJ 362 • DK-2650 HVIDOVRE • DENMARK
TELEPHONE: +45 70 28 07 11 • TELEFAX: +45 70 28 08 11

AO-HØRSHOLM • KOKKEDAL INDUSTRIPARK 42A • DK-2980 KOKKEDAL • DENMARK
TELEPHONE: +45 70 28 07 25 • TELEFAX: +45 70 28 08 25

AO-KASTRUP • ENGLANDSVEJ 360 • DK-2770 KASTRUP • DENMARK
TELEPHONE: +45 70 28 07 04 • TELEFAX: +45 70 28 08 04

AO-KØGE • KØBENHAVNSVEJ 72-74 • DK-4600 KØGE • DENMARK
TELEPHONE: +45 70 28 07 30 • TELEFAX: +45 70 28 08 30

AO-LYNGBY • FIRSKOVVEJ 25 • DK-2800 LYNGBY • DENMARK
TELEPHONE: +45 70 28 07 02 • TELEFAX: +45 70 28 08 02

AO-NYKØBING F • HERNINGVEJ 23 • DK-4800 NYKØBING F • DENMARK
TELEPHONE: +45 70 28 07 32 • TELEFAX: +45 70 28 08 32

AO-NÆSTVED • HOLSTED PARK 6 • DK-4700 NÆSTVED • DENMARK
TELEPHONE: +45 70 28 07 27 • TELEFAX: +45 70 28 08 27

AO-NØRREBORG • GLASVEJ 11 • DK-2400 KØBENHAVN NV • DENMARK
TELEPHONE: +45 70 28 07 12 • TELEFAX: +45 70 28 08 12

AO-RINGSTED • INDUSTRIPARKEN 1 • DK-4100 RINGSTED • DENMARK
TELEPHONE: +45 70 28 07 28 • TELEFAX: +45 70 28 08 28

AO-ROSKILDE • KØBENHAVNSVEJ 170 • DK-4000 ROSKILDE • DENMARK
TELEPHONE: +45 70 28 07 29 • TELEFAX: +45 70 28 08 29

AO-RØDOVRE • ISLEVDALVEJ 142, ST. TH. • DK-2610 RØDOVRE • DENMARK
TELEPHONE: +45 70 28 07 08 • TELEFAX: +45 70 28 08 08

AO-RØNNE • SANDEMANDSVEJ 10 • DK-3700 RØNNE • DENMARK
TELEPHONE: +45 70 28 07 31 • TELEFAX: +45 70 28 08 31

AO-SLAGELSE • JAPANVEJ 11 • DK-4200 SLAGELSE • DENMARK
TELEPHONE: +45 70 28 07 26 • TELEFAX: +45 70 28 08 26

AO-SØBORG • SYDMARKEN 32C • 2860 SØBORG • DENMARK
TELEPHONE: +45 70 28 07 15 • TELEFAX: +45 70 28 08 15

AO-VESTERBRO • INGERSLEVSGADE 54 • DK-1705 KØBENHAVN V • DENMARK
TELEPHONE: +45 70 28 07 09 • TELEFAX: +45 70 28 08 09

AO-VORDINGBORG • KRONDREVET 1 • DK-4760 VORDINGBORG • DENMARK
TELEPHONE: +45 70 28 07 36 • TELEFAX: +45 70 28 08 36

AO-ØSTERBRO • ØSTBANEGADE 169 • DK-2100 KØBENHAVN Ø • DENMARK
TELEPHONE: +45 70 28 07 03 • TELEFAX: +45 70 28 08 03

OUTLETS, WEST

AO-ESBJERG • KATTEGATVEJ 1 • DK-6705 ESBJERG Ø • DENMARK
TELEPHONE: +45 70 28 07 41 • TELEFAX: +45 70 28 08 41

AO-FREDERICIA • PRANGERVEJ 143 • DK-7000 FREDERICIA • DENMARK
TELEPHONE: +45 70 28 07 42 • TELEFAX: +45 70 28 08 42

AO-HADERSLEV • NORGESVEJ 41 • DK-6100 HADERSLEV • DENMARK
TELEPHONE: +45 70 28 07 67 • TELEFAX: +45 70 28 08 67

AO-HERNING • LOLLANDSVEJ 1 • DK-7400 HERNING • DENMARK
TELEPHONE: +45 70 28 07 43 • TELEFAX: +45 70 28 08 43

AO-HJØRRING • LÆSØVEJ 3 • DK-9800 HJØRRING • DENMARK
TELEPHONE: +45 70 28 07 63 • TELEFAX: +45 70 28 08 63

AO-HOBRO • SMEDEVEJ 4 • DK-9500 HOBRO • DENMARK
TELEPHONE: +45 70 28 07 44 • TELEFAX: +45 70 28 08 44

AO-HOLSTEBRO • JENS BAGGESENSVEJ 12 • DK-7500 HOLSTEBRO • DENMARK
TELEPHONE: +45 70 28 07 45 • TELEFAX: +45 70 28 08 45

AO-HORSSENS • ALLÉGADE 40 • DK-8700 HORSSENS • DENMARK
TELEPHONE: +45 70 28 07 46 • TELEFAX: +45 70 28 08 46

AO-KOLDING • MØNTEN 5 • DK-6000 KOLDING • DENMARK
TELEPHONE: +45 70 28 07 47 • TELEFAX: +45 70 28 08 47

AO-NYBORG • FALSTERVEJ 10 E • DK-5800 NYBORG • DENMARK
TELEPHONE: +45 70 28 07 49 • TELEFAX: +45 70 28 08 49

AO-ODENSE • MIDDELFARTVEJ 8 • DK-5000 ODENSE C • DENMARK
TELEPHONE: +45 70 28 07 50 • TELEFAX: +45 70 28 08 50

AO-RANDERS • TOLDBODGADE 24 • DK-8930 RANDERS • DENMARK
TELEPHONE: +45 70 28 07 52 • TELEFAX: +45 70 28 08 52

AO-RISSKOV • RAVNSØVEJ 7 • DK-8240 RISSKOV • DENMARK
TELEPHONE: +45 70 28 07 55 • TELEFAX: +45 70 28 08 55

AO-SILKEBORG • STAGEHØJVEJ 27 • DK-8600 SILKEBORG • DENMARK
TELEPHONE: +45 70 28 07 53 • TELEFAX: +45 70 28 08 53

AO-SKIVE • VIBORGVEJ 21 C • DK-7800 SKIVE • DENMARK
TELEPHONE: +45 70 28 07 68 • TELEFAX: +45 70 28 08 68

AO-SØNDERBORG • NØRREKOBEL 7 D • DK-6400 SØNDERBORG • DENMARK
TELEPHONE: +45 70 28 07 54 • TELEFAX: +45 70 28 08 54

AO-VEJLE • IBÆK STRANDVEJ 12 • DK-7100 VEJLE • DENMARK
TELEPHONE: +45 70 28 07 58 • TELEFAX: +45 70 28 08 58

AO-VIBORG • VÆRVEJ 2 • DK-8800 VIBORG • DENMARK
TELEPHONE: +45 70 28 07 62 • TELEFAX: +45 70 28 08 62

AO-VIBY • JENS JUULSVEJ 7 • DK-8260 VIBY • DENMARK
TELEPHONE: +45 70 28 07 69 • TELEFAX: +45 70 28 08 69

AO-AABENRAA • NÆSTMARK 21 • DK-6200 AABENRAA • DENMARK
TELEPHONE: +45 70 28 07 34 • TELEFAX: +45 70 28 08 34

AO-AALBORG • SØNDERBRO 2 A • DK-9000 AALBORG • DENMARK
TELEPHONE: +45 70 28 07 40 • TELEFAX: +45 70 28 08 40

AO-ÅRHUS • SØREN FRICHSVEJ 24 • DK-8000 ÅRHUS C • DENMARK
TELEPHONE: +45 70 28 07 70 • TELEFAX: +45 70 28 08 70

AO-VAGA

VAGA TEKNIK • MOSSVEJ 2 • DK-8700 HORSSENS • DENMARK
TELEPHONE: +45 70 28 07 77 • TELEFAX: +45 70 28 08 88
TELEFAX: +45 70 28 08 99 (WORKSHOP)

VAGA TEHNIKA EESTI OÜ

VAGA TEHNIKA EESTI OÜ • KADAKA TEE 76 E • EE-12618 TALLINN • ESTONIA
TELEPHONE: +372 67 10 300 • TELEFAX: +372 67 10 301

AO SVERIGE AB

AO SVERIGE AB • BRODALSVÄGEN 15 • SE-433 38 PARTILLE • SWEDEN
TELEPHONE: +46 10 480 96 00 • TELEFAX: +46 10 480 96 01

AO SVERIGE AB • BRONSXEGATAN 6A • SE-213 75 MALMÖ • SWEDEN
TELEPHONE: +46 10 480 95 00 • TELEFAX: +46 10 480 97 10

AO SVERIGE AB • REGEMENTSGATAN 24 • SE-504 31 BORÅS • SWEDEN
TELEPHONE: +46 10 480 96 50 • TELEFAX: +46 10 480 96 51

AO SVERIGE AB • SVETSAREVÄGEN 1 • SE-291 36 KRISTIANSTAD • SWEDEN
TELEPHONE: +46 10 480 95 50 • TELEFAX: +46 10 480 97 30

AO SVERIGE AB • ÄVÄGEN 7 • SE-268 75 TÅGARP • SWEDEN
TELEPHONE: +46 10 480 95 30 • TELEFAX: +46 418 505 94

AO SVERIGE AB • RÖRVÄGEN 55 • SE-136 50 JORDBRO • SWEDEN
TELEPHONE: +46 10 480 97 50 • TELEFAX: +46 10 480 97 99

SEKO EL & VVS

SEKO EL & VVS • RØRVANG 3 • DK-2620 ALBERTSLUND • DENMARK
TELEPHONE: +45 70 28 07 95¹⁾ • TELEPHONE: +45 70 28 07 85²⁾ • TELEFAX: +45 70 28 08 95

RENTAL SERVICE

BRØDRENE A & O JOHANSEN A/S • RENTAL SERVICE • HERSTEDVANG 6 • DK-2620 ALBERTSLUND • DENMARK
TELEPHONE: +45 70 28 05 61 • TELEFAX: +45 70 28 02 08

REPAIR WORKSHOP

BRØDRENE A & O JOHANSEN A/S • REPAIR WORKSHOP • HERSTEDVANG 6 • DK-2620 ALBERTSLUND • DENMARK
TELEPHONE: +45 70 28 02 45 • TELEFAX: +45 70 28 02 08

LASER WORKSHOP

BRØDRENE A & O JOHANSEN A/S • LASER WORKSHOP • KATTEGATVEJ 1 • DK-6705 ESBJERG Ø • DENMARK
TELEPHONE: +45 70 28 06 61 • TELEFAX: +45 70 28 02 08

¹⁾ ELECTRICAL EQUIPMENT AND COMPONENTS

²⁾ HEATING, PLUMBING AND SANITARY WARE PRODUCTS

INFORMATION ABOUT THE BOARD OF DIRECTORS' MANAGERIAL POSTS

• **Henning Baunbæk Dyremose,** **Chairman of the Board**

- Born 1945.
- Nationality: Danish.
- Chairman of the Board since 2007.
- Member of the Board since 1997.
- Chairman of Brødrene A & O Johansen A/S's Audit Committee.
- Elected by the ordinary shareholders.
- As Henning Dyremose has been a member of the Board for more than 12 years, he cannot, according to the 'Danish Recommendations on Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Broad leadership experience in business, finance and politics.
- Experience as managing director of a wholesale company with the same customers as Brødrene A & O Johansen A/S.
- Former Minister of Finance.

Managerial Posts

- **Chairman of the boards of:**
KRB Holding A/S
Rosendahls A/S - Print Media Design.
- **Chairman of Børnehjertefonden (The Children's Heart Foundation).**

• **Michael Kjær,** **Deputy Chairman of the Board**

- Managing Director of FGROUPE A/S.
- Born 1956.
- Nationality: Danish.
- Deputy Chairman of the Board since 2007.
- Member of the Board since 2002.
- Member of Brødrene A & O Johansen A/S's Audit Committee.
- Elected by the ordinary shareholders.
- Considered to be independent of special interests.

Qualifications

- Management (CEO) of major retail chain.
- Expertise in strategy, sales, marketing and accounting.
- Experience with business organisations and employers' associations.

Managerial Posts

- **Chairman of the boards of:**
Dansk Erhverv (The Danish Chamber of Commerce).
Artha Holding A/S.
- **Deputy Chairman of the board of:**
Interdan A/S.
- **Member of the boards of:**
Kraks Fond
NPT A/S
The Confederation of Danish Employers.
- **Ad hoc expert judge at the Danish Maritime and Commercial Court.**

• **René Alberg**

- Key Account Sales Assistant.
- Born 1971.
- Nationality: Danish.
- Staff-elected member of the Board.
- Member of the Board since 2006.
- Re-elected in 2010, term expires in 2014.

• **Erik Holm**

- Managing Partner and Managing Director of Maj Invest Equity A/S, Managing Director of Fondsmæglerselskabet Maj Invest A/S and Managing Director of Maj Invest Holding A/S.
- Born 1960.
- Nationality: Danish.
- Member of the Board since 2009.
- Elected by the ordinary shareholders.
- Considered to be independent of special interests.

Qualifications

- Experience as managing director of a wholesale company with the same customers as Brødrene A & O Johansen A/S.
- Broad leadership experience in sales, finance and logistics, both in Denmark and internationally.
- Experience of Board work in other listed companies.

Managerial Posts

- **Chairman of the boards of:**
kk-group A/S
Sticks'n'Sushi A/S
Sticks'n'Sushi Holding A/S
Vega Sea A/S.
- **Deputy Chairman of the boards of:**
SP Group A/S
SP Moulding A/S
Arvid Nilssons Fond.
- **Member of the boards of:**
Palsgaard Gruppen A/S
Lilleheden A/S
Plus A/S
Vernal A/S
Fonden Maj Invest Equity General Partner
Maj Invest Equity A/S.

• **Carsten Jensen**

- Coordinator.
- Born 1955.
- Nationality: Danish.
- Staff-elected member of the Board.
- Member of the Board since 1990.
- Re-elected in 2010, term expires in 2014.

• Michael Delcke Jensen

- Sales Manager.
- Born 1965.
- Nationality: Danish.
- Staff-elected member of the Board.
- Member of the Board since 2010.
- Elected in 2010, term expires in 2014.

• Niels Axel Johansen

- Chief Executive Officer of Brødrene A & O Johansen A/S.
- Born 1939.
- Nationality: Danish.
- Member of the Board since 1979.
- Elected by the ordinary shareholders.
- As Niels A. Johansen has been a member of the Board for more than 12 years and is a member of the Executive Board, he cannot, according to the 'Danish Recommendations of Corporate Governance', be characterised as being independent of special interests.

Qualifications

- Long-time managerial experience as CEO.
- In-depth knowledge of the wholesale industry of installation materials in Denmark and the rest of Europe.

• Preben Damgaard Nielsen

- Managing Director of Damgaard Company A/S.
- Born 1963.
- Nationality: Danish.
- Member of the Board since 2007.
- Member of Brødrene A & O Johansen A/S's Audit Committee.
- Elected by the preference shareholders.
- Considered to be independent of special interests.

Qualifications

- Broad leadership experience.
- Long-time experience as CEO.
- Worked as CEO of a listed company from 1999 to 2003.
- In-depth knowledge of accounting and IT systems.

Managerial Posts

- **Chairman of the boards of:**
Proactive A/S
7N A/S.
- **Member of the boards of:**
Secunia A/S
Scalepoint A/S
Access A/S
Damgaard Company A/S
Damgaard Company II A/S
Damgaard Group A/S
Skolebordet.dk.
- **Member of the Investment Committee for Seed Denmark.**
- **Senior Advisor for Nordic Venture Partners.**
- **Advisor for Ordbogen.com A/S.**



Svend Casen
1968 10.-10. 2006



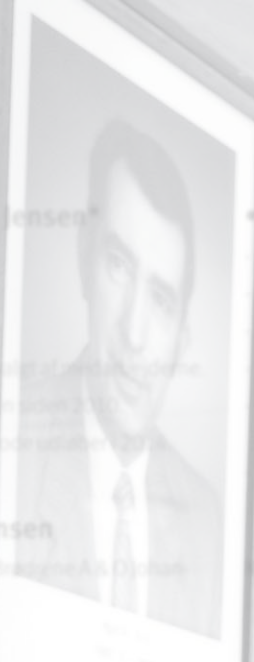
Lis Nielsen
1980 15.-2. 2005





• Michael Deleke Jensen •

1965
Nationalitet: dansk
Bestyrelsesmedlem i en af de største danske
Medlem af bestyrelsen siden 2010
Vigtig i 2010, virksomhedsudvalget 2010



• Niels Axel Johansen •

1950
CEO/adm. direktør i Dampskibsselskabet A/S.
Nationalitet: dansk
Medlem af bestyrelsen siden 17.
Vigtig af virksomhedsudvalget



• Preben Damgaard Nielsen •

1965
Adm. direktør i Dampskibsselskabet A/S.
1992-1995
Nationalitet: dansk
Medlem af bestyrelsen siden 2007
Præsident i Dampskibsselskabet A/S
Nationalitet: dansk
Vigtig af virksomhedsudvalget
Medlem af styrelsen i virksomheden

kompetencer

Stort ledererfaring
Stor erfaring som CEO
Stor erfaring som CEO i dansk og udenland
1999-2007
Stor kendskab til regnskab og IT-systemer



Lis Nielsen
1980-12-25 - 2008-08-07



Ledelseshverv

Formand for bestyrelsen for
Proactive A/S
7th A/S
Medlem af bestyrelsen for
Sensum A/S
Stalport A/S
Ardmark A/S
Dampskibsselskabet A/S
Dampskibsselskabet A/S
Dampskibsselskabet A/S
Stalport A/S
Medlem af investørkomiteen for Sensum
Danmark
Senior Advisor for Nordic Venture Partners
Advisor for Dampskibsselskabet A/S



Brødrene A & O Johansen A/S
Rørvang 3
DK-2620 Albertslund
Denmark

Tel. +45 7028 0000
Fax +45 7028 0101

CVR (Central Business Register) No.:
58 21 06 17

ao.dk