



## Heco International A/S

Hecovej 1  
8722 Hedensted  
CVR No. 37660612

## Annual report 01.07.2020 - 30.06.2021

The Annual General Meeting adopted the  
annual report on 31.08.2021

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**Karsten Lindved**

Chairman of the General Meeting

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# Entity details

## Entity

Heco International A/S

Hecovej 1

8722 Hedensted

Business Registration No.: 37660612

Registered office: Hedensted

Financial year: 01.07.2020 - 30.06.2021

Phone number: 75892122

Fax: 75890050

## Board of Directors

Søren Klarskov Vilby, chairman

Bo Kristensen

Kristian la Cour

Thomas Marstrand

## Executive Board

Karsten Lindved

Morten Pilnov

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6701 Esbjerg

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Heco International A/S for the financial year 01.07.2020 - 30.06.2021.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2021 and of the results of its operations for the financial year 01.07.2020 - 30.06.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Hedensted, 31.08.2021

## Executive Board

**Karsten Lindved**

**Morten Pilnov**

## Board of Directors

**Søren Klarskov Vilby**  
chairman

**Bo Kristensen**

**Kristian la Cour**

**Thomas Marstrand**

# Independent auditor's report

## To the shareholders of Heco International A/S

### Opinion

We have audited the financial statements of Heco International A/S for the financial year 01.07.2020 - 30.06.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2021 and of the results of its operations for the financial year 01.07.2020 - 30.06.2021 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Hedensted, 31.08.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Jørn Jepsen**

State Authorised Public Accountant  
Identification No (MNE) mne24824

**Lasse Lynggaard Wolff**

State Authorised Public Accountant  
Identification No (MNE) mne35802

# Management commentary

## Primary activities

As in previous years, the Company's main activity has been to manufacture, deliver and sell piston rod stuffing boxes and rings for crosshead diesel engines.

## Development in activities and finances

Result for the year 2020/21 amounted to a profit of DKK 8,569k compared to a profit of DKK 8,031k for the year 2019/20. Management considers the performance for the year acceptable.



# Income statement for 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK'000
<b>Gross profit/loss</b>		<b>29,031</b>	<b>29,782</b>
Staff costs	1	(13,551)	(14,403)
Depreciation, amortisation and impairment losses	2	(4,407)	(4,713)
<b>Operating profit/loss</b>		<b>11,073</b>	<b>10,666</b>
Other financial income from group enterprises		310	302
Other financial income		27	68
Financial expenses from group enterprises		0	(210)
Other financial expenses		(426)	(533)
<b>Profit/loss before tax</b>		<b>10,984</b>	<b>10,293</b>
Tax on profit/loss for the year	3	(2,415)	(2,262)
<b>Profit/loss for the year</b>		<b>8,569</b>	<b>8,031</b>
<b>Proposed distribution of profit and loss</b>			
Retained earnings		8,569	8,031
<b>Proposed distribution of profit and loss</b>		<b>8,569</b>	<b>8,031</b>

# Balance sheet at 30.06.2021

## Assets

	Notes	2020/21 DKK'000	2019/20 DKK'000
Land and buildings		6,029	7,050
Plant and machinery		7,189	8,528
Other fixtures and fittings, tools and equipment		1,106	1,038
<b>Property, plant and equipment</b>	4	<b>14,324</b>	<b>16,616</b>
<b>Fixed assets</b>		<b>14,324</b>	<b>16,616</b>
Raw materials and consumables		19,847	17,573
Work in progress		3,633	4,728
Manufactured goods and goods for resale		3,597	1,749
<b>Inventories</b>		<b>27,077</b>	<b>24,050</b>
Trade receivables		7,024	9,172
Receivables from group enterprises		21,196	25,276
Other receivables		31	82
Prepayments		53	80
<b>Receivables</b>		<b>28,304</b>	<b>34,610</b>
<b>Current assets</b>		<b>55,381</b>	<b>58,660</b>
<b>Assets</b>		<b>69,705</b>	<b>75,276</b>

**Equity and liabilities**

	Notes	2020/21 DKK'000	2019/20 DKK'000
Contributed capital		3,000	3,000
Retained earnings		41,242	32,673
<b>Equity</b>		<b>44,242</b>	<b>35,673</b>
Deferred tax		1,940	1,949
<b>Provisions</b>		<b>1,940</b>	<b>1,949</b>
Mortgage debt		6,282	7,054
Other payables		1,342	1,106
<b>Non-current liabilities other than provisions</b>	5	<b>7,624</b>	<b>8,160</b>
Current portion of non-current liabilities other than provisions	5	1,051	1,321
Bank loans		728	1,236
Trade payables		4,097	4,779
Payables to group enterprises		0	13,695
Joint taxation contribution payable		7,346	4,922
Other payables		2,677	3,541
<b>Current liabilities other than provisions</b>		<b>15,899</b>	<b>29,494</b>
<b>Liabilities other than provisions</b>		<b>23,523</b>	<b>37,654</b>
<b>Equity and liabilities</b>		<b>69,705</b>	<b>75,276</b>
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# Statement of changes in equity for 2020/21

	<b>Contributed capital DKK'000</b>	<b>Retained earnings DKK'000</b>	<b>Total DKK'000</b>
Equity beginning of year	3,000	32,673	35,673
Profit/loss for the year	0	8,569	8,569
<b>Equity end of year</b>	<b>3,000</b>	<b>41,242</b>	<b>44,242</b>

# Notes

## 1 Staff costs

	<b>2020/21</b>	<b>2019/20</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Wages and salaries	12,056	12,888
Pension costs	1,022	1,016
Other social security costs	303	245
Other staff costs	170	254
	<b>13,551</b>	<b>14,403</b>
Average number of full-time employees	<b>34</b>	<b>34</b>

## 2 Depreciation, amortisation and impairment losses

	<b>2020/21</b>	<b>2019/20</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Depreciation of property, plant and equipment	4,487	4,713
Profit/loss from sale of intangible assets and property, plant and equipment	(80)	0
	<b>4,407</b>	<b>4,713</b>

## 3 Tax on profit/loss for the year

	<b>2020/21</b>	<b>2019/20</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Current tax	2,424	2,401
Change in deferred tax	(9)	(139)
	<b>2,415</b>	<b>2,262</b>

#### 4 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	27,157	51,523	2,891
Additions	63	1,718	414
Disposals	0	(1,819)	0
<b>Cost end of year</b>	<b>27,220</b>	<b>51,422</b>	<b>3,305</b>
Depreciation and impairment losses beginning of year	(20,107)	(42,995)	(1,853)
Depreciation for the year	(1,084)	(3,057)	(346)
Reversal regarding disposals	0	1,819	0
<b>Depreciation and impairment losses end of year</b>	<b>(21,191)</b>	<b>(44,233)</b>	<b>(2,199)</b>
<b>Carrying amount end of year</b>	<b>6,029</b>	<b>7,189</b>	<b>1,106</b>

#### 5 Non-current liabilities other than provisions

	Due within 12 months 2020/21 DKK'000	Due within 12 months 2019/20 DKK'000	Due after more than 12 months 2020/21 DKK'000	Outstanding after 5 years 2020/21 DKK'000
Mortgage debt	773	767	6,282	3,129
Lease liabilities	0	554	0	0
Other payables	278	0	1,342	1,054
	<b>1,051</b>	<b>1,321</b>	<b>7,624</b>	<b>4,183</b>

## 6 Contingent liabilities

	<b>2020/21</b>	<b>2019/20</b>
	<b>DKK'000</b>	<b>DKK'000</b>
Recourse and non-recourse guarantee commitments	55,921	77,800
<b>Contingent liabilities</b>	<b>55,921</b>	<b>77,800</b>
Recourse and non-recourse guarantee commitments	55,921	77,800
<b>Contingent liabilities to group enterprises</b>	<b>55,921</b>	<b>77,800</b>

The above mentioned figure comprises guarantee commitments for credit max on overdraft facility for group enterprises. Carrying amount for group enterprises total bank loans comprises DKK 36,915K at 30.06.2021.

The Entity participates in a Danish joint taxation arrangement where G&O Investment A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## 7 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 5,000k nominal.

The carrying amount of mortgaged properties is DKK 6,029k.

## 8 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
G&O Investment A/S, Charlottenlund, Denmark

# Accounting policies

## Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

## Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other nonmonetary assets that have been purchased in foreign currencies are translated using historical rates.

## Income statement

### Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.



**Cost of sales**

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

**Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

**Staff costs**

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc. for entity staff.

**Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

**Other financial income from group enterprises**

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

**Other financial income**

Other financial income comprises interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

**Financial expenses from group enterprises**

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

**Other financial expenses**

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

**Tax on profit/loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

## Balance sheet

### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	5-25 years
Plant and machinery	5-10 years
Other fixtures and fittings, tools and equipment	3-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Deferred tax**

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

**Mortgage debt**

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

**Lease liabilities**

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

**Other financial liabilities**

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.