

TransDigm Group INC  
Form 10-Q/A  
February 10, 2010

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

**FORM 10-Q/A**

(Amendment No. 1)

**Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
for the quarterly period ended December 27, 2008.

**Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-32833

**TransDigm Group Incorporated**

(Exact name of registrant as specified in its charter)

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Delaware

(State or other Jurisdiction of incorporation or organization)

41-2101738

(I.R.S. Employer Identification No.)

1301 East 9<sup>th</sup> Street, Suite 3710, Cleveland, Ohio  
(Address of principal executive offices)

44114  
(Zip Code)

(216) 706-2960

(Registrants telephone number, including area code)

(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES  NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES  NO

Indicate by check mark whether the registrant is a large accelerated filer, accelerated filer, non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

LARGE ACCELERATED FILER  NON-ACCELERATED FILER   
ACCELERATED FILER  SMALLER REPORTING COMPANY

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES  NO

The number of shares outstanding of TransDigm Group Incorporated's common stock, par value \$.01 per share, was 48,194,179 as of January 23, 2009.

**Explanatory Note**

TransDigm Group Inc. ( TD Group ) is filing this Amendment No. 1 (the Form 10-Q/A ) to our Quarterly Report on Form 10-Q for the quarter ended December 27, 2008, which was filed with the U.S. Securities and Exchange Commission on February 4, 2009 (the Original Filing ). We are filing this Amendment No. 1 to reflect restatements of our basic and diluted earnings per share and weighted average shares outstanding calculations to give effect to participating securities under the two-class method of calculating earnings per share. Historically, the Company had utilized the treasury stock method in order to give effect to outstanding in-the-money stock options. Under the two-class method, securities that participate in dividends, such as the Company s vested outstanding stock options which include non-forfeitable rights to dividends, are considered participating securities.

This Form 10-Q/A amends and restates Item 1. Financial Statements and Item 4. Controls and Procedures of the Original Filing, as amended, in each case, solely as a result of, and to reflect, the restatement.

Except as specifically noted above, this Form 10-Q/A does not modify or update disclosures in the Original Filing. Accordingly, this Form 10-Q/A does not reflect events occurring after the filing of the Original Filing or modify or update any related or other disclosures.

**TRANSDIGM GROUP INCORPORATED****CONDENSED CONSOLIDATED BALANCE SHEETS**

(Amounts in thousands, except share amounts)

(Unaudited)

	December 27, 2008	September 30, 2008
<b>ASSETS</b>		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 149,309	\$ 159,062
Trade accounts receivable - Net	103,128	96,196
Inventories	154,536	144,114
Deferred income taxes	19,478	19,902
Prepaid expenses and other	3,545	4,160
Total current assets	429,996	423,434
PROPERTY, PLANT AND EQUIPMENT - Net	97,406	96,241
GOODWILL	1,405,464	1,354,774
TRADEMARKS AND TRADE NAMES	173,706	167,626
OTHER INTANGIBLE ASSETS - Net	191,283	188,568
DEBT ISSUE COSTS - Net	18,379	19,309
OTHER	3,577	5,869
<b>TOTAL ASSETS</b>	<b>\$ 2,319,811</b>	<b>\$ 2,255,821</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
CURRENT LIABILITIES:		
Accounts payable	\$ 26,067	\$ 25,140
Accrued liabilities	93,290	63,362
Total current liabilities	119,357	88,502
LONG-TERM DEBT	1,357,113	1,357,230
DEFERRED INCOME TAXES	154,031	151,672
OTHER NON-CURRENT LIABILITIES	13,489	4,517
Total liabilities	1,643,990	1,601,921
STOCKHOLDERS EQUITY:		
Common stock - \$.01 par value; authorized 224,400,000 shares; issued 48,685,463 and 48,600,848 shares at December 27, 2008 and September 30, 2008, respectively	487	486
Additional paid-in capital	367,305	365,224
Retained earnings	327,344	287,745
Accumulated other comprehensive income/(loss)	(7,487)	445
Treasury stock, at cost - 383,600 and -0- shares at December 27, 2008 and September 30, 2008, respectively	(11,828)	
Total stockholders equity	675,821	653,900

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TOTAL LIABILITIES AND STOCKHOLDERS EQUITY

\$ 2,319,811

\$ 2,255,821

See notes to condensed consolidated financial statements.

**TRANSDIGM GROUP INCORPORATED****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****FOR THE THIRTEEN WEEK PERIODS ENDED****DECEMBER 27, 2008 AND DECEMBER 29, 2007****(Amounts in thousands, except per share amounts)****(Unaudited)**

	<b>Thirteen Week Periods Ended</b>	
	<b>December 27, 2008</b>	<b>December 29, 2007</b>
NET SALES	\$ 181,276	\$ 163,136
COST OF SALES	76,988	75,044
GROSS PROFIT	104,288	88,092
OPERATING EXPENSES:		
Selling and administrative	18,176	17,872
Amortization of intangibles	3,224	3,311
Total operating expenses	21,400	21,183
INCOME FROM OPERATIONS	82,888	66,909
INTEREST EXPENSE - Net	21,982	24,507
INCOME BEFORE INCOME TAXES	60,906	42,402
INCOME TAX PROVISION	21,307	15,434
NET INCOME	\$ 39,599	\$ 26,968
Earnings per share, as restated See Note 9:		
Basic	\$ 0.75	\$ 0.52
Diluted	\$ 0.75	\$ 0.52
Denominator for basic and diluted earnings per share, as restated	52,809	51,669
Net earnings per share, as reported:		
Basic	\$ 0.81	\$ 0.57
Diluted	\$ 0.78	\$ 0.54
Weighted-average shares outstanding, as reported:		
Basic	48,603	47,223
Diluted	50,537	49,862

See notes to condensed consolidated financial statements.

**TRANSDIGM GROUP INCORPORATED****CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY****FOR THE THIRTEEN WEEK PERIOD ENDED DECEMBER 27, 2008**

(Amounts in thousands, except share amounts)

(Unaudited)

	Common Stock		Additional	Retained	Accumulated	Treasury Stock		Total
	Number of	Par	Paid-In	Earnings	Other	Number of	Value	
	Shares	Value	Capital		Comprehensive	Shares		
					Income/(Loss)			
BALANCE, OCTOBER 1, 2008	48,600,848	\$ 486	\$ 365,224	\$ 287,745	\$ 445		\$	\$ 653,900
Purchase of common shares						(383,600)	(11,828)	(11,828)
Compensation expense recognized for stock options			795					795
Excess tax benefit from exercise of stock options			714					714
Exercise of stock options	84,615	1	559					560
Restricted stock compensation			13					13
Comprehensive income:								
Net income				39,599				39,599
Interest rate swap					(7,905)			(7,905)
Other comprehensive loss					(27)			(27)
Comprehensive income								31,667
BALANCE, DECEMBER 27, 2008	48,685,463	\$ 487	\$ 367,305	\$ 327,344	\$ (7,487)	(383,600)	\$ (11,828)	\$ 675,821

See notes to condensed consolidated financial statements.

**TRANSDIGM GROUP INCORPORATED****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Amounts in thousands)

(Unaudited)

	Thirteen Weeks Ended	
	December 27, 2008	December 29, 2007
<b>OPERATING ACTIVITIES:</b>		
Net income	\$ 39,599	\$ 26,968
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	3,489	3,182
Amortization of intangibles	3,224	3,311
Amortization of debt issue costs and note premium	813	930
Non-cash equity compensation	808	1,217
Deferred income taxes	2,006	1,088
Changes in assets/liabilities, net of effects from acquisition of businesses:		
Trade accounts receivable	(2,964)	7,815
Inventories	(6,173)	(1,366)
Income taxes receivable/payable	16,259	14,362
Excess tax benefit from exercise of stock options	(714)	(5,017)
Other assets	(787)	1,310
Accounts payable	269	(2,072)
Accrued and other liabilities	10,391	8,500
<b>Net cash provided by operating activities</b>	<b>66,220</b>	<b>60,228</b>
<b>INVESTING ACTIVITIES:</b>		
Capital expenditures	(1,733)	(2,401)
Acquisition of businesses	(66,419)	
<b>Net cash used in investing activities</b>	<b>(68,152)</b>	<b>(2,401)</b>
<b>FINANCING ACTIVITIES:</b>		
Excess tax benefit from exercise of stock options	714	5,017
Proceeds from exercise of stock options	560	1,525
Purchase of treasury stock	(9,095)	
<b>Net cash (used in) provided by financing activities</b>	<b>(7,821)</b>	<b>6,542</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(9,753)</b>	<b>64,369</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD</b>	<b>159,062</b>	<b>105,946</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>\$ 149,309</b>	<b>\$ 170,315</b>