

Registered number: 09002080

Esterline Technologies Global Limited

Report and Financial Statements

For the Period from 30 September 2017 to 28 September 2018



Esterline Technologies Global Limited

Registered No: 09002080

Directors

J Crandall

S Wynne

Secretary

Taylor Wessing Secretaries Limited

Auditors

Ernst & Young LLP

400 Capability Green

Luton

LU1 3LU

Bankers

Wells Fargo Bank, N.A.

Grand Cayman Branch

P.O. Box 501 Cardinal Avenue

Grand Cayman, Cayman Islands

Solicitors

Taylor Wessing LLP

5 New Street Square

London

EC4A 3TW

Registered office

Taylor Wessing LLP

5 New Street Square

London

EC4A 3TW

Strategic report

Principal activities and review of the business

During the year, the company acted as a holding company for European acquisitions and investments made on behalf of the company's ultimate parent, Esterline Technologies Corporation.

On 12 March 2018, the company carried out a capital reduction whereby \$100m of the company's share premium account was cancelled and the balance cancelled was transferred to the company's retained earnings reserve.

Future developments

The company will continue to serve as a holding company for current investments and a vehicle for future European acquisitions in line with the strategy of its ultimate parent.

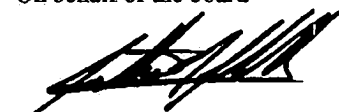
Principal risks and uncertainties

As an investment holding company, the principal risks and uncertainties faced by the Company arise from the underlying trading activity of its subsidiary investments and the resulting input on the value of the investments held, and in the movements in foreign exchange, in particular the U.S. dollar, the GB pound and the Euro. These risks are managed as part of the overall Group risk management process and set out in more detail in the financial statements of the Esterline Technologies Corporation, the ultimate parent undertaking at 28 September 2018.

Post balance sheet events

- On 14 March 2019, the Esterline group was acquired by TransDigm Group Incorporated.
- On 1 May 2019, the directors approved the settlement of loan receivable of €63,941,193 to the company.
- On 3 May 2019, the directors approved the repayment of the loan payable of €24,783,86 by the company.
- On 5 May 2019, the directors recommended payment of dividend of €39,150,000 to the company's sole shareholder.

On behalf of the board



J Crandall
Director

Date: 28 June 2019

Registered No. 09002080

Directors' report

The directors present their report and financial statements of the company for the period from 30 September 2017 to 28 September 2018.

Results and dividends

The company's loss for the period, after taxation, amounted to \$6,502,000 (2017: profit of \$22,552,000). The directors recommended payment of a dividend of \$18,507,000 (2017: nil) by the company.

Going Concern

The ultimate parent company has confirmed that it will provide ongoing support to this and enable the company to meet its liabilities as and when they fall due. After making an assessment of this and the company's financial position and its future forecasts, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Directors and their interests

The directors during the period was as follows:

R George (resigned 1 March 2018)

C Reusser (resigned 14 March 2019)

S Nolan (appointed 1 March 2018, resigned 14 March 2019)

A Yost (resigned 30 May 2019)

J Crandall was appointed as a director of the company effective 14 March 2019.

S Wynne was appointed as a director of the company effective 14 March 2019.

Esterline Technologies Corporation was the company's ultimate parent as of 28 September 2018. Esterline Technologies Corporation was acquired by TransDigm Group Incorporated, the company's ultimate parent as of 14 March 2019, has indemnified one or more directors of the company against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third-party indemnity provision was in force during the year and at the date of signing this report.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are unaware; and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



J Crandall
Director

Date: 28 June 2019
Registered No. 09002080

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report

to the members of Esterline Technologies Global Limited

Opinion

We have audited the financial statements of Esterline Technologies Global Limited for the year ended 28 September 2018 which comprise the Profit and Loss Account and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 17, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 28 September 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, 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.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Independent auditors' report

to the members of Esterline Technologies Global Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, 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 other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent auditors' report

to the members of Esterline Technologies Global Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine 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, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have 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 (UK) 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Farzin Radfar (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

Luton

Date: *1 July 2019*

Profit and Loss Account

for the year ended 28 September 2018

		Year ended 28 September 2018 \$000	Year ended 29 September 2017 \$000
	<i>Notes</i>		
Provision against investment	8	(15,651)	—
Administrative expenses	2	<u>(2,394)</u>	<u>(9)</u>
Operating loss		(18,045)	(9)
Interest receivable and similar income	4	12,342	22,724
Interest payable and similar charges	5	<u>(799)</u>	<u>(163)</u>
(Loss)/profit on ordinary activities before taxation		(6,502)	22,552
Taxation	7	<u>—</u>	<u>—</u>
(Loss)/profit for the financial period		<u>(6,502)</u>	<u>22,552</u>

Statement of comprehensive income for the year ended 28 September 2018

	Year ended 28 September 2018 \$000	Year ended 29 September 2017 \$000
(Loss)/profit for the financial period	(6,502)	22,552
Other comprehensive income	<u>—</u>	<u>—</u>
Total comprehensive (loss)/income	<u>(6,502)</u>	<u>22,552</u>

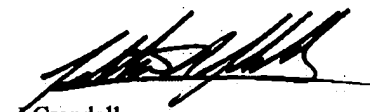
All the activities of the company are classed as continuing.

Statement of financial position

at 28 September 2018

		28 September 2018 \$000	29 September 2017 \$000
	Notes		
Fixed assets			
Investments	8	127,979	143,630
Current assets			
Debtors:			
- amounts falling due within one year	9	133,111	155,242
Cash at bank and in hand		<u>3</u>	<u>62</u>
		133,114	155,304
Creditors:			
- amounts falling due within one year	11	<u>27,541</u>	<u>40,373</u>
Net current assets		<u>105,573</u>	<u>114,931</u>
Total current assets less current liabilities		233,552	258,561
Debtors:			
- amounts falling due after one year	10	82,535	82,535
Creditors:			
- amounts falling due after one year	12	<u>17,842</u>	<u>17,842</u>
Net assets		<u>298,245</u>	<u>323,254</u>
Capital and reserves			
Called up share capital	14	-	-
Share premium account		207,171	307,171
Profit and loss account		<u>91,074</u>	<u>16,083</u>
Total equity		<u>298,245</u>	<u>323,254</u>

These financial statements were approved by the board of directors on 28 June 2019
and were signed on its behalf by:


J Crandall
Director

Statement of changes in equity

at 28 September 2018

	<i>Share capital \$000</i>	<i>Share premium account \$000</i>	<i>Profit and loss account \$000</i>	<i>Total equity \$000</i>
At 30 September 2016	—	307,171	(6,469)	300,702
Profit for the period	—	—	<u>22,552</u>	<u>22,552</u>
At 29 September 2017	—	307,171	16,083	323,254
Capital reduction	—	(100,000)	100,000	—
Dividend paid	—	—	(18,507)	(18,507)
Loss for the period	—	—	<u>(6,502)</u>	<u>(6,502)</u>
At 28 September 2018	<u>—</u>	<u>207,171</u>	<u>91,074</u>	<u>298,245</u>

Notes to the financial statements

at 28 September 2018

1. Accounting policies

Statement of compliance

Esterline Technologies Global Limited is a limited liability company incorporated in England. The Registered Office is 5 New Street Square, London EC4A 3TW. The company's financial statements have been prepared in compliance with FRS 102.

The directors consider the functional currency of the company to be US dollars. Accordingly, the financial statements have also been presented in US dollars.

Basis of preparation

The financial statements of Esterline Technologies Global Limited were authorised for issue by the Board of Directors on the date shown on the statement of financial position. The financial statements have been prepared in accordance with applicable accounting standards. The financial statements are prepared in US dollars and rounded to the nearest \$'000.

Consolidation

Group financial statements have not been prepared as the company is a wholly owned subsidiary and is included in the financial statements of a larger group incorporated in the USA with comparable accounting policies and is therefore entitled to take advantage of the exemption granted by section 400-402 of the Companies Act 2006. Consequently, these financial statements present information about the company as an individual undertaking and not about its group.

Going concern

The ultimate parent company has confirmed that it will provide ongoing support to enable the company to meet its liabilities as and when they fall due. After making an assessment of this and the company's financial position, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Fixed asset investments

Investments are initially recorded at cost. Where investments are acquired as part of a group reorganisation and a share-for-share exchange, the investments are recorded at fair value. The carrying values of fixed asset investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Notes to the financial statements

at 28 September 2018

1. Accounting policies (continued)

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exceptions:

- Provision is made for deferred taxation that would arise on remittance of the retained earnings of subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and in hand and short term deposits with an original maturity date of three months or less.

Loan notes

Loan notes which are basic financial instruments are initially recorded at the present value of future payments discounted at a market rate of interest for a similar loan. Subsequently, they are measured at amortised cost using the effective interest method.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Functional currency

The company reviewed its functional currency as part of the transition to FRS 102, based upon its operations with the Esterline Group, and the requirements of FRS 102. The company's principal activity is that of an intermediate holding company, acting on behalf of the ultimate parent company. As the company is considered to be an extension of the ultimate parent, the directors concluded that the functional currency should be US dollars (US\$).

Notes to the financial statements

at 28 September 2018

2. Operating loss

This is stated after charging:

	<i>Year ended 28 September 2018 \$000</i>	<i>Year ended 29 September 2017 \$000</i>
Foreign exchange loss	2,386	—
Auditor's remuneration – audit services	<u>8</u>	<u>9</u>

3. Employees' and directors' remuneration

None of the directors received remuneration in respect of qualifying services provided to the company (2017: nil). The company has no employees other than the directors.

4. Interest receivable and similar income

	<i>Year ended 28 September 2018 \$000</i>	<i>Year ended 29 September 2017 \$000</i>
Interest receivable on loans from group undertaking	12,342	12,802
Foreign exchange gain	<u>—</u>	<u>9,922</u>
Total interest receivable and similar income	<u>12,342</u>	<u>22,724</u>

5. Interest payable and similar charges

	<i>Year ended 28 September 2018 \$000</i>	<i>Year ended 29 September 2017 \$000</i>
Interest payable on loan notes to group undertaking	<u>(799)</u>	<u>(163)</u>
Total interest payable and similar charges	<u>(799)</u>	<u>(163)</u>

Notes to the financial statements

at 28 September 2018

6. Dividends

	<i>Year ended 28 September 2018 \$000</i>	<i>Year ended 29 September 2017 \$000</i>
Dividend paid to parent undertakings	<u>(18,507)</u>	<u>—</u>

7. Taxation

(a) Tax on profit ordinary activities

The tax charge/(credit) is made up as follows:

	<i>Year ended 28 September 2018 \$000</i>	<i>Year ended 29 September 2017 \$000</i>
<i>Current tax:</i>		
UK corporation tax (credit) on the profit for the period	—	—
Adjustments in respect of a prior period	<u>—</u>	<u>—</u>
Total tax credit (note 7(b))	<u>—</u>	<u>—</u>

(b) Factors affecting tax charge for the period:

The tax assessed for the period differs from the standard rate of corporation tax in the UK of 19.00% (2017: 19.50%). The differences are explained below:

	<i>Year ended 28 September 2018 \$000</i>	<i>Year ended 29 September 2017 \$000</i>
(Loss)/Profit on ordinary activities before tax	<u>(6,502)</u>	<u>22,552</u>
(Loss)/Profit on ordinary activities multiplied by standard rate of corporation tax in the UK 19.00% (2017: 19.50%)	(1,235)	4,398
<i>Effects of:</i>		
Expense/(income) not chargeable for tax	3,427	(1,935)
Group relief received for nil payment	<u>(2,192)</u>	<u>(2,463)</u>
Total tax charge/(credit) for the period (note 7 (a))	<u>—</u>	<u>—</u>

Notes to the financial statements

at 28 September 2018

7. Taxation (continued)

(c) Deferred Tax:

There are no recognised or unrecognised deferred tax balances.

8. Investments

	<i>Investment in subsidiary undertakings \$000</i>
Cost:	
At 29 September 2017	<u>143,630</u>
At 28 September 2018	<u>143,630</u>
Amount provided:	
At 28 September 2018	<u>15,651</u>
Net book value:	
At 29 September 2017	<u>143,630</u>
At 28 September 2018	<u>127,979</u>

The company recorded an impairment charge of \$15,651,000 in the year to reflect the recoverable amount of the investments.

In the opinion of the directors, the aggregate value of the investment in subsidiary undertakings is not less than the amount at which they are stated in the balance sheet.

Details of directly and indirectly held investments in subsidiary undertakings at 28 September 2018 were as follows:

<i>Name of Company/Principal Place of Business/Legal Registered Office</i>	<i>Country of Incorporation</i>	<i>% owned</i>	<i>Direct/Indirect</i>	<i>Subsidiary of</i>
Esterline Belgium BVBA President Kennedypark 35A Kortrijk, Belgium 8500	Belgium	100%	Direct	Esterline Technologies Global Ltd
Esterline Avionics & Controls France 7 Rue Roger Camboulives Parc Technologique de Bass- Cambo, BP 53726, Toulouse Cedex 1, France F-31037	Belgium	99.99%	Indirect	Esterline BVBA Belgium
Esterline Israel 53 Etzel Street, Rishon-Letzion, Israel 75706	Israel	100%	Indirect	Esterline BVBA Belgium
Esterline Singapore PTE. Ltd. 4 Loyang Lane, #02-02, Singapore 508914	Singapore	100%	Indirect	Esterline BVBA Belgium

Notes to the financial statements

at 28 September 2018

9. Debtors: amounts falling due within one year

	28 September 2018 \$000	29 September 2017 \$000
Amounts owed by fellow group undertakings	<u>133,111</u>	<u>155,242</u>

Included above is a 6.50% per annum interest bearing loan note receivable of €104,363,000 (2017: €122,008,000) issued on 27 October 2014, which is due and payable on demand along with any interest thereon.

Detail of notes receivable above are given in Note 13.

10. Debtors: amounts falling due after one year

	28 September 2018 \$000	29 September 2017 \$000
Amounts owed by fellow group undertakings	<u>82,535</u>	<u>82,535</u>

Included above is a 3.625% per annum interest bearing loan note receivable of €60,100,000 issued on 28 March 2017, which is due and payable on 28 March 2024 along with any interest thereon.

Included above is a 3.625% per annum interest bearing loan note receivable of €10,000,000 issued on 7 April 2017, which is due and payable on 7 April 2024 along with any interest thereon.

Included above is a 3.625% per annum interest bearing loan note receivable of €5,964,000 issued on 6 July 2017, which is due and payable on 6 July 2024 along with any interest thereon.

Detail of notes receivable above are given in Note 13.

11. Creditors: amounts falling due within one year

	28 September 2018 \$000	29 September 2017 \$000
Amount owed to fellow group undertakings	<u>27,541</u>	<u>40,373</u>

Included above is a 0.39% per annum interest bearing loan note payable of €23,519,000 (2017: €33,906,000) issued on 23 January 2015, which is due and payable on demand along with any interest thereon.

Notes to the financial statements

at 28 September 2018

12. Creditors: amounts falling due after one year

	28 September 2018 \$000	29 September 2017 \$000
Amounts owed to fellow group undertakings	<u>17,842</u>	<u>17,842</u>

Included above is a 3.625% per annum interest bearing loan note payable of €15,000,000 issued on 20 September 2017, which is due and payable on 20 September 2024 along with any interest thereon.

13. Loans due to related parties

	28 September 2018 \$000	29 September 2017 \$000
Receivable in over five years:		
Note receivable from group at 3.625% per annum wholly due on 28 March 2024	65,131	65,131
Note receivable from group at 3.625% per annum wholly due on 7 April 2024	10,591	10,591
Note receivable from group at 3.625% per annum wholly due on 6 July 2024	6,813	6,813
Receivable within one year:		
Note receivable from group at 6.50% per annum wholly due on demand	<u>121,676</u>	<u>139,382</u>
	<u>204,211</u>	<u>221,917</u>

14. Share capital

	28 September 2018 No. \$000	Allotted, called up and fully paid 29 September 2017 No. \$000
Ordinary shares of €1 each	201 <u> </u>	201 <u> </u>

Notes to the financial statements

at 28 September 2018

15. Share premium account

In March 2018, as part of a capital reduction exercise, \$100m of the share premium account was cancelled with the balance transferred to the Retained Earnings Reserve. Movement on the reserve account are shown in the Statement of Changes in Equity.

16. Ultimate parent undertaking

At 28 September 2018, the directors consider the ultimate parent undertaking and controlling party to be Esterline Technologies Corporation, a company incorporated in the United States of America. Esterline Technologies Corporation is the parent of the smallest and largest group of undertakings of which the company is a member and for which group financial statements are prepared.

The financial statements of the ultimate parent undertaking, which include the company, may be obtained from Esterline Technologies Corporation, 500 108th Avenue NE, Suite 1500, Bellevue, WA 98004, USA.

17. Post balance sheet events

- On 14 March 2019, the Esterline group was acquired by TransDigm Group Incorporated.
- On 1 May 2019, the directors approved the settlement of loan receivable of €63,941,193 to the company.
- On 3 May 2019, the directors approved the repayment of the loan payable of €24,783,86 by the company.
- On 5 May 2019, the directors recommended payment of dividend of €39,150,000 to the company's sole shareholder.