

FLEXTRONICS INTERNATIONAL LTD.

Form 10-Q

November 04, 2011

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# UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## Form 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2011

or

- 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 0-23354

**FLEXTRONICS INTERNATIONAL LTD.**

(Exact name of registrant as specified in its charter)

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**Singapore**  
(State or other jurisdiction of  
incorporation or organization)

**Not Applicable**  
(I.R.S. Employer  
Identification No.)

**2 Changi South Lane,**  
**Singapore**  
(Address of registrant's principal executive offices)

**486123**  
(Zip Code)

Registrant's telephone number, including area code

**(65) 6890 7188**

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 Web site, 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, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer   
(Do not check if a smaller reporting company)

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

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

**Class**  
Ordinary Shares, No Par Value

**Outstanding at October 26, 2011**  
713,189,067

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**FLEXTRONICS INTERNATIONAL LTD.**

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**PART I. FINANCIAL INFORMATION**

**ITEM 1. FINANCIAL STATEMENTS**

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Board of Directors and Shareholders of  
Flextronics International Ltd.  
Singapore

We have reviewed the accompanying condensed consolidated balance sheet of Flextronics International Ltd. and subsidiaries (the Company) as of September 30, 2011, and the related condensed consolidated statements of operations for the three-month and six-month periods ended September 30, 2011 and October 1, 2010, and of cash flows for the six-month periods ended September 30, 2011 and October 1, 2010. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to such condensed consolidated interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Flextronics International Ltd. and subsidiaries as of March 31, 2011, and the related consolidated statements of operations, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated May 23, 2011, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 2011 is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ DELOITTE & TOUCHE LLP

San Jose, California

November 4, 2011

Table of Contents**FLEXTRONICS INTERNATIONAL LTD.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	As of September 30, 2011	As of March 31, 2011
	(In thousands, except share amounts) (Unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 1,595,709	\$ 1,748,471
Accounts receivable, net of allowance for doubtful accounts of \$13,073 and \$13,388 as of September 30, 2011 and March 31, 2011, respectively	2,753,207	2,629,633
Inventories	3,866,084	3,550,286
Other current assets	1,721,409	1,125,809
Total current assets	9,936,409	9,054,199
Property and equipment, net	2,198,907	2,141,063
Goodwill and other intangible assets, net	193,623	213,083
Other assets	214,259	224,807
Total assets	\$ 12,543,198	\$ 11,633,152
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
Current liabilities:		
Bank borrowings, current portion of long-term debt and capital lease obligations	\$ 19,705	\$ 21,179
Accounts payable	5,827,469	5,081,898
Accrued payroll	379,459	381,188
Other current liabilities	1,653,501	1,344,666
Total current liabilities	7,880,134	6,828,931
Long-term debt and capital lease obligations, net of current portion	2,189,194	2,199,195
Other liabilities	270,524	310,330
Commitments and contingencies (Note 12)		
Shareholders' equity		
Ordinary shares, no par value; 762,831,417 and 830,745,010 shares issued, and 712,592,063 and 756,993,938 outstanding as of September 30, 2011 and March 31, 2011, respectively	8,457,357	8,865,556
Treasury stock, at cost; 50,239,354 and 73,751,072 shares as of September 30, 2011 and March 31, 2011, respectively	(388,215)	(523,110)
Accumulated deficit	(5,806,649)	(6,068,504)
Accumulated other comprehensive income (loss)	(59,147)	20,754
Total shareholders' equity	2,203,346	2,294,696
Total liabilities and shareholders' equity	\$ 12,543,198	\$ 11,633,152

The accompanying notes are an integral part of these condensed consolidated financial statements.

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	<b>Three-Month Periods Ended</b>		<b>Six-Month Periods Ended</b>	
	<b>September 30, 2011</b>	<b>October 1, 2010</b>	<b>September 30, 2011</b>	<b>October 1, 2010</b>
	<b>(In thousands, except per share amounts)</b>			
	<b>(Unaudited)</b>			
Net sales	\$ 8,044,342	\$ 7,422,338	\$ 15,592,093	\$ 13,988,218
Cost of sales	7,668,956	7,024,691	14,816,485	13,219,753
Gross profit	375,386	397,647	775,608	768,465
Selling, general and administrative expenses	214,069	198,954	429,984	394,672
Intangible amortization	14,540	21,439	27,842	39,429
Interest and other expense, net	1,467	22,838	23,643	50,367