

FLEXTRONICS INTERNATIONAL LTD.

Form 10-Q

October 30, 2014

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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 26, 2014

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.

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(Exact name of registrant as specified in its charter)

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) 6876-9899

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	Outstanding at October 24, 2014
Ordinary Shares, No Par Value	578,974,187

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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 26, 2014, and the related condensed consolidated statements of operations and of comprehensive income for the three-month and six-month periods ended September 26, 2014, and September 27, 2013, and the condensed consolidated statements of cash flows for the six-month periods ended September 26, 2014 and September 27, 2013. 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, 2014, and the related consolidated statements of operations, comprehensive income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated May 20, 2014, 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, 2014 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
October 30, 2014

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

	As of September 26, 2014	As of March 31, 2014
	(In thousands, except share amounts) (Unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,514,352	\$ 1,593,728
Accounts receivable, net of allowance for doubtful accounts of \$7,735 and \$5,529 as of September 26, 2014 and March 31, 2014, respectively	2,526,880	2,697,985
Inventories	3,626,640	3,599,008
Other current assets	1,211,188	1,509,605
Total current assets	8,879,060	9,400,326
Property and equipment, net	2,193,966	2,288,656
Goodwill and other intangible assets, net	413,237	377,218
Other assets	433,610	433,950
Total assets	\$ 11,919,873	\$ 12,500,150
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities:		
Bank borrowings and current portion of long-term debt	\$ 45,579	\$ 32,575
Accounts payable	4,693,526	4,747,779
Accrued payroll	381,266	354,889
Other current liabilities	1,935,904	2,521,444
Total current liabilities	7,056,275	7,656,687
Long-term debt, net of current portion	2,062,926	2,070,020
Other liabilities	457,818	571,764
Commitments and contingencies (Note 13)		
Shareholders' equity		
Flextronics International Ltd. shareholders' equity		
Ordinary shares, no par value; 630,671,476 and 641,666,347 issued, and 580,432,121 and 591,426,992 outstanding as of September 26, 2014 and March 31, 2014, respectively	7,444,765	7,614,515
Treasury shares, at cost; 50,239,355 shares as of September 26, 2014 and March 31, 2014	(388,215)	(388,215)
Accumulated deficit	(4,624,304)	(4,937,094)
Accumulated other comprehensive loss	(127,692)	(126,156)
Total Flextronics International Ltd. shareholders' equity	2,304,554	2,163,050
Noncontrolling interests	38,300	38,629
Total shareholders' equity	2,342,854	2,201,679
Total liabilities and shareholders' equity	\$ 11,919,873	\$ 12,500,150

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

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	Three-Month Periods Ended		Six-Month Periods Ended	
	September 26, 2014	September 27, 2013	September 26, 2014	September 27, 2013
	(In thousands, except per share amounts)			
	(Unaudited)			
Net sales	\$ 6,528,517	\$ 6,410,106	\$ 13,171,262	\$ 12,201,231
Cost of sales	6,151,436	6,041,683	12,413,396	11,521,773
Gross profit	377,081	368,423	757,866	679,458
Selling, general and administrative expenses	204,590	218,500	413,867	442,119
Intangible amortization	8,232	7,718	15,183	15,920
Interest and other, net	12,506			