FLEXTRONICS INTERNATIONAL LTD
Form DEF 14A
August 21, 2001
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SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934
(Amendment No. __)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement	Confidential, for Use of the Commission only (as permitted by Rule 14a-6(e)(2))
Definitive Proxy Statement	
Definitive Additional Materials	
Soliciting Material Pursuant to Rule 14a-11(c) or Rule 14a-12	

FLEXTRONICS INTERNATIONAL LTD.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

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FLEXTRONICS INTERNATIONAL LTD.

NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

To Be Held on September 20, 2001

To our shareholders:

You are cordially invited to attend and NOTICE IS HEREBY GIVEN of the Annual General Meeting of FLEXTRONICS INTERNATIONAL LTD. which will be held at our principal offices located at 2090 Fortune Drive, San Jose, California, United States of America, at 9:00 a.m., California time, on September 20, 2001 for the following purposes:

As Ordinary Business

1. To re-elect the following Directors, who will retire pursuant to Article 95 of our Articles of Association, to the Board of Directors:
   (a) Chuen Fah Alain Ahkong; and

   (b) Richard L. Sharp.

2. To re-elect Goh Thiam Poh Tommie, who will cease to hold office pursuant to Article 101 of our Articles of Association, to the Board of Directors.

3. To receive and adopt our Audited Accounts for the fiscal year ended March 31, 2001 together with the Reports of the Directors and Auditors thereon.

4. To consider and vote upon a proposal to appoint Arthur Andersen LLP as our independent auditors for the fiscal year ending March 31, 2002, and to authorize the Directors to fix their remuneration.

As Special Business

5. To pass the following resolution as an Ordinary Resolution:

RESOLVED THAT approval be and is hereby given for the adoption of a new equity incentive plan to be known as the Flextronics International Ltd. 2001 Equity Incentive Plan, which we refer to as the 2001 Plan, a summary of which is set out in the attached proxy statement, and that our Board of Directors be and are hereby authorized to:

(a) establish and administer the 2001 Plan;

(b) modify and/or alter the 2001 Plan from time to time, provided that such modification and/or alteration is effected in accordance with the provisions of the 2001 Plan, and to do all such acts and to enter into all such transactions and arrangements as may be necessary or expedient in order to give full effect to the 2001 Plan; and

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(c) offer and grant options in accordance with the provisions of the 2001 Plan and to allot and issue from time to time such number of ordinary shares in our capital as may be required to be issued pursuant to the exercise of options under the 2001 Plan.

6. To pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 161 of the Companies Act, Cap. 50, and notwithstanding the provisions of Article 46 of our Articles of Association but subject otherwise to the provisions of that Act and our Articles of Association, the Board of Directors be and is hereby authorized to allot and issue ordinary shares in our capital and/or to make or grant offers, agreements or options in respect of our ordinary shares, whether such offers, agreements or options would or might require our ordinary shares to be issued after the expiration of this authority or otherwise, to and/or with such persons on such terms and conditions and with such rights or restrictions as they may think fit to impose and as are set forth in our Articles of Association aforesaid and that such authority shall continue in force until the conclusion of our next Annual General Meeting or the expiration of the period within which our next Annual General Meeting is required by law to be held, whichever is the earlier.

7. To pass the following resolution as an Ordinary Resolution:

RESOLVED THAT:

(a) at the sole discretion of our Board of Directors at any time after the date of this Meeting, but on or before 5:00 p.m., California time, August 31, 2002, a sum of up to S$4,826,528.38 and, in the event that any new shares are allotted and issued by us after the close of business on July 26, 2001, which we refer to as the Record Date, but on or before 5:00 p.m., California time, August 31, 2002, an additional amount of S$0.01 for each new share so allotted and issued, standing to the credit of our Share Premium Account as at March 31, 2001, which we refer to as the Capital Sum, be capitalized and distributed amongst the persons who, on a date specified by our Board of Directors after the date of this Meeting, but no later than 5:00 p.m., California time, August 31, 2002, are the registered holders, whom we refer to as the Registered Shareholders, of existing ordinary shares of S$0.01 each in our capital, on the footing that the Registered Shareholders become entitled to such sum as capital in terms of Article 133 of our Articles of Association. The whole of the Capital Sum shall be applied in payment in full of the aggregate par value of up to 482,652,838 new ordinary shares of S$0.01 each in our capital and, in the event that any new shares are allotted and issued by us after the Record Date but on or before 5:00 p.m., California time, August 31, 2002, an additional one new ordinary share of S$0.01 each in our capital for each new share so allotted and issued, which shares together we refer to as the Bonus Shares. The Bonus Shares will rank in all respects pari passu with our existing ordinary shares;

(b) accordingly, the Directors be and are hereby granted the authority to allot and issue, at their sole discretion after the date of this Meeting, but on or before 5:00 p.m., California time, August 31, 2002, the Bonus Shares credited as fully paid to the Registered Shareholders, as nearly as practicable, in the proportion of one Bonus Share for every one existing ordinary share then held by the Registered Shareholders, fractions being disregarded;

(c) the Bonus Shares, if and when allotted and issued, shall be treated for all purposes as an increase in the nominal amount of our issued capital and not as income;

(d) the aggregate number of Bonus Shares representing fractional interests be disposed of by the Directors in such manner as they may deem fit to be in our interests; and

(e) the Directors be and are hereby authorized to take such steps and exercise such discretion as they may deem fit in connection with the matters referred to in this resolution.

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As Ordinary Business

8. To transact any other business as may properly be transacted at any Annual General Meeting.

The Board of Directors has fixed the close of business on July 26, 2001 as the record date for determining those shareholders who will be entitled to receive copies of this Notice and accompanying proxy statement. However, shareholders of record on September 20, 2001 will be entitled to vote at the Annual General Meeting. A shareholder (member) entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his or her behalf. A proxy need not also be a shareholder (member). Representation of at least 33 1/3% of all outstanding ordinary shares of Flextronics International Ltd. is required to constitute a quorum. Accordingly, it is important that your shares be represented at the meeting. **Whether or not you plan to attend the meeting, please complete, date and sign the enclosed proxy card and return it in the enclosed envelope.** An instrument appointing a proxy must be left at our registered office located at 36, Robinson Road, #18-01, City House, Singapore 068877 or at EquiServe L.P., P.O. Box 8040, Boston, MA 02266-8040, United States of America not less than 48 hours before the time appointed for holding the meeting. Your proxy may be revoked at any time prior to the time it is voted.

By Order of the Board of Directors,

Bernard Liew Jin Yang
Yap Lune Teng
Joint Secretaries

Singapore
August 21, 2001

Shareholders should read this entire proxy statement carefully prior to returning their proxies.

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PROXY STATEMENT FOR

ANNUAL GENERAL MEETING OF SHAREHOLDERS OF FLEXTRONICS INTERNATIONAL LTD.

To Be Held on September 20, 2001

This proxy statement is furnished in connection with the solicitation by the Board of Directors of Flextronics International Ltd. of proxies to be voted at the Annual General Meeting, which will be held at 9:00 a.m., California time, on September 20, 2001 at our principal offices located at 2090 Fortune Drive, San Jose, California in the United States of America, or at any adjournments or postponements thereof, for the purposes set forth in the accompanying Notice of Annual General Meeting. This proxy statement and the included proxy card were first mailed to shareholders of record on or about August 23, 2001. The entire cost of soliciting proxies will be borne by us. We have retained Corporate Investors Communications, an independent proxy solicitation firm, to assist in soliciting proxies at an estimated fee of $9,000 plus reimbursement of reasonable expenses.

VOTING RIGHTS AND SOLICITATION OF PROXIES

The close of business on July 26, 2001 was the record date for shareholders entitled to notice of the Annual General Meeting. As of that date, we had 482,652,838 ordinary shares, S$0.01 par value per share, issued and outstanding. All of the ordinary shares issued and outstanding on September 20, 2001 are entitled to vote at the Annual General Meeting, and shareholders of record on September 20, 2001 entitled to vote at the meeting will on a poll have one vote for each ordinary share so held on the matters to be voted upon.

Ordinary shares represented by proxies in the accompanying form which are properly executed and returned to us will be voted at the Annual General Meeting in accordance with the shareholders instructions contained therein. The affirmative vote by a show of hands of a simple majority of the shareholders present and voting at the Annual General Meeting, or if a poll is demanded by the chair or by any 10% or greater shareholder, a simple majority of the shares voting at the Annual General Meeting, is required to re-elect the Directors nominated pursuant to Proposal Nos. 1 and 2, to approve Proposal Nos. 3 and 4, and to approve the ordinary resolutions in Proposal Nos. 6 and 7. The affirmative vote of a majority of the shares voting in person or by proxy at the Annual General Meeting is required to approve Proposal No. 5. Abstentions and broker non-votes are each included in the determination of the number of shares present for quorum purposes. Neither abstentions nor broker non-votes are counted in tabulations of the votes cast on proposals presented to shareholders.

In the absence of contrary instructions, shares represented by proxies will be voted FOR Proposal Nos. 1, 2, 3, 4, 5, 6 and 7. Management does not know of any matters to be presented at this Annual General Meeting other than those set forth in this proxy statement and in the Notice accompanying this proxy statement. If other matters should properly come before the meeting, the proxy holders will vote on such matters in accordance with their best judgment. Any shareholder of record has the right to revoke his or her proxy at any time prior to voting at the Annual General Meeting by submitting a subsequently dated proxy or by attending the meeting and voting in person. To be effective, a proxy must be deposited at our registered office located at 36 Robinson Road #18-01, City House, Singapore 068877 or at EquiServe L.P., P.O. Box 8040, Boston, MA 02266-8040, United States of America, at least 48 hours before the time set for the Annual General Meeting.

We have prepared, in accordance with Singapore law, Singapore dollar financial statements to be distributed as part of this proxy statement. Except as otherwise stated herein, all monetary amounts in this proxy statement have been presented in U.S. dollars.

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PROPOSAL NOS. 1 AND 2:

RE-ELECTION OF DIRECTORS

Under Article 95 of our Articles of Association, at each Annual General Meeting, at least one-third of the Directors, or, if their number is not a multiple of three, then the number nearest to but not less than one-third of the Directors, are required to retire from office. The Directors required to retire in each year are those who have been in office longest since their last re-election or appointment. As between persons who became or were last re-elected Directors on the same day, those required to retire are (unless they otherwise agree among themselves) determined by lot. Retiring Directors are eligible for re-election. Messrs. Ahkong and Sharp are the two members of the Board of Directors who will retire by rotation in the manner stated above. They are eligible for re-election and have been nominated to stand for re-election at the 2001 Annual General Meeting.

Under Article 101 of our Articles of Association, any person appointed as a Director by the Board of Directors shall hold office only until the next Annual General Meeting and shall then be eligible for re-election. However, this Director shall not be taken into account in determining the number of Directors who are to retire by rotation at the Annual General Meeting in the manner stated above. Mr. Goh was appointed as a Director by the Board of Directors in December 2000 in connection with our acquisition of JIT Holdings Limited. Mr. Goh will hold office until the 2001 Annual General Meeting. He is eligible for re-election and has been nominated to stand for re-election at the 2001 Annual General Meeting.

The proxy holders intend to vote all proxies received by them in the accompanying form for the nominees for Directors listed below. In the event any nominee is unable or declines to serve as a Director at the time of the Annual General Meeting, the proxies will be voted for any nominee who shall be designated by the present Board of Directors, in accordance with Article 100 of our Articles of Association, to fill the vacancy. In the event that additional persons are nominated for election as Directors, in accordance with Article 100 of our Articles of Association, the proxy holders intend to vote all proxies received by them for the nominees listed below. As of the date of this proxy statement, the Board of Directors is not aware of any nominee who is unable or will decline to serve as a Director.

Nominees to Board of Directors

Chuen Fah Alain Ahkong (age 53) Mr. Ahkong has served as a member of our Board of Directors since October 1997. He is a founder of Pioneer Management Services Pte. Ltd., a Singapore-based consultancy firm, and has been the Managing Director of Pioneer since 1990. Pioneer provides advice to us and other multinational corporations on matters related to international taxation.

Richard L. Sharp (age 54) Mr. Sharp has served as a member of our Board of Directors since July 1993. He is Chairman of the Board and Chief Executive Officer of Circuit City Stores, Inc., a consumer electronics and appliance retailer. Mr. Sharp joined Circuit City as an Executive Vice President in 1982. He was President from June 1984 to March 1997 and became Chief Executive Officer in 1986, and Chairman of the Board in 1994. Mr. Sharp also serves as a director of Fort James Corporation.

Goh Thiam Poh Tommie (age 50) Mr. Goh has been a member of our Board of Directors since December 2000. He founded JIT Electronics Pte Ltd in 1988 and grew the company to one of the 20 largest electronics manufacturing services providers in the world before its acquisition by Flextronics in November 2000. Mr. Goh was named Entrepreneur of the Year in 1997 and Businessman of the Year in 1999 in Singapore. He was conferred the Doctor of Philosophy in Business Administration by Wisconsin International University in 2000.

Directors Not Standing for Re-Election

Michael J. Moritz (age 46) Mr. Moritz has served as a member of our Board of Directors since July 1993. Since 1988, he has been a General Partner of Sequoia Capital, a venture capital firm. Mr. Moritz also serves as a director of Yahoo!, Inc., Saba Software and several privately-held companies.

Michael E. Marks (age 50) Mr. Marks has been our Chief Executive Officer since January 1994. He has been the Chairman of our Board of Directors since July 1993 and a member of our Board of Directors since December 1991. From November 1990 to December 1993, Mr. Marks was President and Chief Executive Officer of Metcal, Inc., a precision heating instrument company. He received a B.A. and an M.A. from Oberlin College and an M.B.A. from the Harvard Business School.

Patrick Foley (age 69) Mr. Foley has served as a member of our Board of Directors since October 1997. He is Chairman, President and Chief Executive Officer of DHL Corporation, Inc. and its major subsidiary, DHL Airways, Inc., a global document, package and airfreight delivery company. Mr. Foley joined DHL in September 1988 with more than thirty years experience in the hotel and airline industries. He also serves as a director of Continental Airlines, Inc., Del Monte Corporation, DHL International, Foundation Health Systems, Inc. and Glenborough Realty Trust, Inc.

Retired Director

Mr. Tsui Sung Lam tendered his resignation from our Board of Directors, and our Board accepted his resignation, effective as of July 1, 2001.

Vote Required

The affirmative vote of a simple majority of the votes cast at the Annual General Meeting is required to re-elect Messrs. Ahkong, Sharp and Goh. Abstentions and broker non-votes are each included in the determination of the number of shares present for quorum purposes. Neither abstentions or broker non-votes are counted in the tabulation of the votes cast on the re-election of Messrs. Ahkong, Sharp and Goh.

The Board recommends a vote FOR the re-election of

Messrs. Ahkong, Sharp and Goh
to the Board of Directors

Board and Committee Meetings

Our Board of Directors held a total of 49 administrative meetings and 1 regularly scheduled meeting during fiscal 2001. During the period for which each current director was a director or a committee member, all directors attended at least 75% of the aggregate of the total number of regularly scheduled meetings of the Board together with the total number of meetings held by all committees of the Board on which he served. Only Mr. Marks attended 75% of the aggregate of the total number of administrative meetings of the Board.

The Board of Directors has an Audit Committee, a Compensation Committee and a Finance Committee. The Board does not have a nominating committee or other committee performing similar functions.

Audit Committee. The Audit Committee is currently composed of Messrs. Ahkong, Foley and Moritz. The Audit Committee is charged with reviewing our annual audit and meeting with our independent accountants to review our internal controls and financial management practices. The Audit Committee held 4 meetings in fiscal 2001.

Compensation Committee. The Compensation Committee is currently composed of Messrs. Sharp and Moritz. The Compensation Committee recommends to the Board of Directors compensation for our key employees and administers the employee share option plans. The Compensation Committee held 4 meetings in fiscal 2001.

Finance Committee. The Finance Committee is currently composed of Messrs. Marks and Moritz. Mr. Tsui served on the Finance Committee until his resignation effective July 1, 2001. The Finance Committee reviews and approves the various financial matters that are not reserved to the Board of Directors. The Finance Committee held 60 meetings in fiscal 2001.

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Director Compensation

Each individual who first becomes a non-employee Board member is granted a stock option to purchase 30,000 ordinary shares, pursuant to our 1993 Share Option Plan. After this initial grant, pursuant to the terms of the automatic option grant provisions of our 1993 Share Option Plan, on the date of each Annual General Meeting, each individual who is at that time serving as a non-employee director receives a stock option to purchase 6,000 ordinary shares. Pursuant to this program, Messrs. Ahkong, Moritz, Sharp, Foley and Tsui each received option grants for 3,000 ordinary shares in fiscal 2001. If our shareholders approve and adopt our 2001 Equity Incentive Plan, as described in Proposal No. 5, our directors will be compensated in substantially the same manner, except that non-employee Board members initially will be granted a stock option to purchase 20,000 ordinary shares and automatically will be granted a stock option to purchase 6,000 ordinary shares on the date of each Annual General Meeting.

In addition, all directors receive reimbursement of reasonable out-of-pocket expenses incurred in connection with meetings of the Board of Directors. No non-employee director receives any cash compensation for services rendered as a director. No director who is our employee receives compensation for services rendered as a director.

EXECUTIVE COMPENSATION

The following table presents information concerning the compensation paid or accrued by us for services rendered during fiscal 2001, 2000 and 1999 by the Chief Executive Officer and each of our four most highly compensated executive officers whose total salary and bonus for fiscal 2001 exceeded $100,000.

Summary Compensation Table

		Annual Compensation			Long Term Compensation Awards	
Name and Principal Position	Fiscal Year	Salary	Bonus	Other Annual Compensation	Securities Underlying Options	All Other Compensation
Michael E. Marks	2001	$600,000	$1,285,000	$ 5,082(1)	1,036,456	$8,627(9)
Chairman and Chief	2000	450,000	363,750	231,525(2)	600,000	8,350(10)
Executive Officer	1999	400,000	339,315	9,617(3)	3,200,000	7,701(11)
Michael McNamara						
President,	2001	450,000	831,250	3,925(1)	600,000	4,702(12)
Americas	2000	375,000	201,250	3,867(1)	600,000	4,750(12)
Operations	1999	325,000	177,416	22,611(3)	1,784,000	5,000(12)
Robert R.B. Dykes						
President, Systems	2001	425,000	798,125	4,668(1)	400,000	5,329(12)
Group and Chief	2000	337,500	156,000	4,599(1)	240,000	3,500(12)
Financial Officer	1999	300,000	166,008	25,337(3)	440,000	5,000(12)
Humphrey Porter						
President,	2001	400,000	375,000	27,500(4)	200,000	36,000(13)
Central/Eastern	2000	300,000	195,000	20,000(5)	160,000	36,000(13)
European Operations	1999	250,000	149,000	21,000(6)	880,000	30,000(14)
Ronny Nilsson						
President,	2001	362,545	405,350	10,154(1)	200,000	33,614(14)
Western European	2000	317,684	129,563	17,436(7)	160,000	34,884(14)
Operations	1999	315,000	148,859	18,096(8)	320,000	43,497(14)

(1) Represents a vehicle allowance.

(2) Represents a vehicle allowance of $3,868 and forgiveness of a promissory note due to one of our subsidiaries of $200,000 and forgiveness of interest payment of $26,517 on the promissory note.

(3) Represents payment for a company vehicle.

(4) Represents a vehicle allowance of $13,500 and a housing allowance of $14,000.

(5) Represents a vehicle allowance of $12,000 and a housing allowance of $8,000.

(6) Represents a vehicle allowance of $7,000 and an apartment allowance of $14,000.

(7) Represents a vehicle allowance of $10,166 and a housing allowance of $7,270.

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(8) Includes a vehicle allowance of $10,404 and an apartment allowance of $7,692.

(9) Represents our contributions to the 401(k) plan of $4,750 and life and disability insurance premium payments of $3,877.

(10) Represents our contributions to the 401(k) plan of $4,750 and life and disability insurance premium payments of $3,600.

(11) Represents our contributions to the 401(k) plan of $5,000, and life and disability insurance premium payments of $2,701.

(12) Represents our contributions to the 401(k) plan.

(13) Represents our contributions to a pension retirement fund of $24,000 and life insurance premium payments of $12,000.

(14) Represents our contributions to a pension retirement fund.

Option Grants in Fiscal 2001

The following table presents information regarding option grants during fiscal 2001 to our Chief Executive Officer and each of our four other most highly compensated executive officers. All options were granted pursuant to our 1993 Share Option Plan.

The options shown in the table were granted at fair market value and are incentive stock options (to the extent permitted under the Internal Revenue Code). Options granted on or before October 1, 2000 expire five years from the date of grant, subject to earlier termination upon termination of the optionee s employment. Options granted after October 1, 2000 expire ten years from the date of grant, subject to earlier termination as described above. The options become exercisable over a four-year period, with 25% of the shares vesting on the first anniversary of the date of grant and 1/36th of the shares vesting for each full calendar month that an optionee renders services to us thereafter. Each option fully accelerates in the event that, in the 18-month period following certain mergers or acquisitions of us, the optionee s employment with us is terminated or his duties are substantially reduced or changed. See Change of Control Arrangements for a description of amendments to this acceleration provision that were recently approved by the Compensation Committee of our Board of Directors. Each option includes a limited stock appreciation right pursuant to which the option will automatically be canceled upon the occurrence of certain hostile tender offers, in return for a cash distribution from us based on the tender offer price per share. The exercise price of each option may be paid in cash or through a cashless exercise procedure involving a same-day sale of the purchase shares. We granted options to purchase an aggregate of 14,655,646 ordinary shares to our employees during fiscal 2001.

In accordance with the rules of the Securities and Exchange Commission, the table presents the potential realizable values that would exist for the options at the end of their respective five-year or ten-year terms, as the case may be. These values are based on assumed rates of annual compound stock price appreciation of 5% and 10% from the date the option was granted to the end of the option term. Potential realizable values are computed by:

- multiplying the number of ordinary shares subject to a given option by the trading price per share of our ordinary shares on the date of grant;

- assuming that the aggregate option exercise price derived from the calculation compounds at the annual 5% or 10% rates should in the table for the entire five or ten year term of the option, as the case may be; and

- subtracting from that result the aggregate option exercise price.

The assumed 5% and 10% rates of share price appreciation are mandated by rules of the Securities and Exchange Commission and do not represent our estimate or projection of future ordinary share prices. The closing sale price per share as reported on the Nasdaq National Market on March 30, 2001, the last trading day of fiscal 2001, was $15.00.

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	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term	
Name	**Number of Securities Underlying Options Granted**	**Percent of Total Options Granted to Employees in Fiscal 2001**	**Exercise Price Per Share**	**Expiration Date**	**5%**	**10%**
Michael E. Marks	36,456	0.25%	$32.4375	04/07/2005	$ 326,714	$ 721,953
	1,000,000	6.82	23.1875	12/20/2010	14,582,494	36,954,903
Michael McNamara	600,000	4.09	23.1875	12/20/2010	8,749,496	22,172,942
Robert R.B. Dykes	400,000	2.73	23.1875	12/20/2010	5,832,998	14,781,961
Humphrey Porter	200,000	1.36	23.1875	12/20/2010	2,916,499	7,390,981
Ronny Nilsson	200,000	1.36	23.1875	12/20/2010	2,916,499	7,390,981

Aggregated Option Exercises in Fiscal 2001 and Option Values at March 31, 2001

The following table presents information concerning the exercise of options during fiscal 2001 by our Chief Executive Officer and each of our four other most highly compensated executive officers, including the aggregate amount of gains on the date of exercise. The amounts set forth in the column entitled Value Realized represent the fair market value of the ordinary shares underlying the option on the date of exercise less the aggregate exercise price of the option.

In addition, the table includes the number of shares covered by both exercisable and unexercisable stock options as of March 31, 2001. Also reported are values of in-the-money options that represent the positive spread between the respective exercise prices of outstanding stock options and $15.00 per share, which was the closing price per ordinary share as reported on the Nasdaq National Market on March 30, 2001, the last day of trading for fiscal 2001. These values, unlike the amounts set forth in the column entitled Value Realized, have not been, and may never be, realized.

Number of Securities Underlying Unexercised	**Value of Unexercised**

Name	Number of Shares Acquired on Exercise	Value Realized	Options at March 31, 2001		In-the-Money Options a March 31, 2001	
			Vested	Unvested	Vested	Unveste
chael E. Marks	935,274	$25,047,854	2,866,039	2,804,167	$42,990,585	$27,062,5

chael McNamara
99,298 2,925,023 1,767,448 1,666,982 26,511,720 16,004,730
bert R.B. Dykes
7,166 10,721,962 1,131,002 775,832 16,965,030 5,637,480
mphrey Porter
1,997 8,934,592 183,670 678,333 2,755,050 7,174,995
nny Nilsson
900,000 10,500,000

Employment Agreements with Executive Officers

Mr. Nilsson. In connection with the acquisition of two manufacturing facilities from Ericsson Business Networks AB located in Karlskrona, Sweden, we entered into an Employment and Noncompetition Agreement and a Services Agreement with Mr. Ronny Nilsson, each dated as of April 30, 1997.

Pursuant to the Employment Agreement, Mr. Nilsson:

- was appointed as our Senior Vice President, Europe for a four-year period;
- is entitled to receive an annual salary of $250,000; and
- is entitled to a bonus of up to 45% of his annual salary upon the successful completion of certain performance criteria.

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Pursuant to the Services Agreement, Mr. Nilsson is to perform management consultation and guidance services to us in consideration for:

- an aggregate of $775,000 which was paid between March 31, 1997 and April 15, 1998; and
- the issuance by us to Mr. Nilsson of an interest-free loan in the amount of 51,875 kronor ($415,000 as of April 15, 1997, the date of the issuance of the loan) which was repaid by Mr. Nilsson in two installments of $210,000 on September 15, 1997 and $205,000 on April 15, 1998.

In connection with Mr. Nilsson s repayment of the interest-free loan, on April 15,1998 we paid to Mr. Nilsson as compensation an amount equal to the two installments paid by Mr. Nilsson.

Mr. Goh. In connection with our acquisition of JIT Holdings Limited, JIT entered into a noncompetition agreement with Goh Thiam Poh Tommie, Chairman of the Board of JIT and a principal shareholder of JIT. Pursuant to this agreement, Mr. Goh agreed that within specific geographic areas he will not own or manage a business that competes with JIT or solicit any employees or customers of JIT. This agreement will terminate upon the earlier of one year after the termination of Mr. Goh s employment with JIT or November 30, 2003.

Change in Control Arrangements

In August 2001, the compensation committee of our board of directors approved the amendment of the outstanding options that we have granted to our executive officers to provide that if the executive officer is terminated without cause or leaves for good reason within the first 12 months following a change in control transaction, the vesting of any unvested portion of the option will be accelerated in full, and if the executive officer is still employed upon the first year anniversary of such a change of control, the vesting of any unvested portion of the option will be accelerated in full. We anticipate that in the future, option agreements with our executive officers may contain similar acceleration provisions in the future.

Compensation Committee Interlocks and Insider Participation

The members of the compensation committee of our Board of Directors during fiscal 2001 were Messrs. Sharp and Moritz. None of our officers serve on our compensation committee. No interlocking relationships exist between our Board of Directors or compensation committee and the board of directors or compensation committee of any other company.

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, which might incorporate this proxy statement by reference to future filings under those statutes, the following Compensation Committee Report on Executive Compensation will not be incorporated by reference into any of those previous filings; nor will such report be incorporated by reference into any future filings made by us under those statutes.

The Compensation Committee of the Board of Directors sets the base salary of our executive officers and approves individual bonus programs for executive officers. The Compensation Committee took no action with respect to executive compensation in fiscal 2001, other than approving certain year-end bonuses earned in accordance with a bonus plan previously adopted by our Board of Directors and authorizing salary increases and option grants to five executive officers. Option grants to executive officers are made by the Compensation Committee, and the Compensation Committee has complete discretion in establishing the terms of each such grant. The following is a summary of our policies that affect the compensation paid to executive officers, as reflected in the tables and text presented elsewhere in this proxy statement.

General Compensation Policy. Our overall policy is to offer our executive officers cash-based and equity-based compensation opportunities based upon their personal performance, our financial performance and their contribution to that performance. One of our primary objectives is to have a significant portion of each officer s compensation contingent upon our performance as well as upon his or her own level of

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performance. The principal factors taken into account in establishing each executive officer s compensation package are summarized below. Additional factors may be taken into account to a lesser degree, and the relative weight given to each factor varies with each individual in the discretion of the Compensation Committee. The Compensation Committee may in its discretion apply entirely different factors, such as different measures of financial performance, for future fiscal years.

Cash-Based Compensation. We set base salary for executive officers on the basis of personal performance and internal and industry comparability considerations. Bonuses are generally paid at the discretion of the Compensation Committee. In determining the amount of the bonus to be paid to each executive officer, including the Chief Executive Officer, we first establish a percentage of the officer s base salary as a target bonus. The amount of the actual bonus paid to the officer can be greater or less than this percentage, and depends on our net income, the performance of our operations that are under the officer s supervision and other performance factors, each as compared to budgeted performance for the period. We also have a 401(k) retirement savings plan for U.S. employees to which we can contribute a portion of profits and such contribution is allocated to eligible participants in proportion to their total compensation for the year relative to the total aggregate compensation for all eligible participants. We believe that all employees share the responsibility of achieving profits.

Long-Term Equity-Based Compensation. The Compensation Committee intends to make stock option grants from time to time. Each grant is designed to align the interests of the executive officer with those of the shareholders and provide each individual with a significant incentive to manage the company from the perspective of an owner with an equity stake in the business. Each grant generally allows the officer to acquire our ordinary shares at a fixed price per share (the market price on the grant date) over a period of up to ten years, thus providing a return to the officer only if he or she remains in our employ and the market price of the shares appreciates over the option term. The size of the option grant to each executive officer generally is set at a level that is intended to create a meaningful opportunity for share ownership based upon the individual s current position with us, but there is also taken into account the individual s potential for future responsibility and promotion over the option term, the individual s personal performance in recent periods and the number of options held by the individual at the time of grant. The relative weight given to these factors varies with each individual in the sole discretion of the Compensation Committee.

Chief Executive Officer Compensation. Mr. Marks base salary is based on our expectation of his personal performance and comparisons to the base salaries of our other executive officers and in the industry.

With respect to Mr. Marks base salary, it is our intent to provide him with a level of stability and certainty each year and not have this particular component of compensation affected to any significant degree by short-term company performance factors. However, in recognition of our rapid growth and corresponding expansion of Mr. Marks responsibilities, Mr. Marks base salary was increased from $450,000 in fiscal 2000 to $600,000 in fiscal 2001. In fiscal 2001, the Compensation Committee granted Mr. Marks an option to purchase 36,456 ordinary shares at an exercise price of $2.4375 per share and an option to purchase 1,000,000 ordinary shares at an exercise price of $23.1875 per share. The Compensation Committee based its decision regarding the size of the option grants to Mr. Marks on an analysis of option grants to Chief Executive Officers in the industry with similar responsibilities. We also provided for the acceleration of all Mr. Marks unvested options in the event that, following certain mergers or acquisitions by us, Mr. Marks employment with us is terminated or his duties are substantially reduced or changed.

Deduction Limit for Executive Compensation. Section 162(m) of the Internal Revenue Code limits federal income tax deductions for compensation paid to the chief executive officer and the four other most highly compensated officers of a public company to $1.0 million per year, but contains an exception for performance-based compensation that satisfies certain conditions.

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We believe that stock options granted to our executives qualify for the performance-based exception to the deduction limit and because it is unlikely that other compensation payable to any of our executives would exceed the deduction limit in the near future the Compensation Committee has not yet qualified compensation other than options for the performance-based exception. In approving the amount and form of compensation for our executives, the Compensation Committee will continue to consider all elements of cost to us of providing that compensation.

Submitted by the Compensation Committee
of the Board of Directors:

Richard L. Sharp
Michael J. Moritz

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STOCK PRICE PERFORMANCE GRAPH

Notwithstanding anything to the contrary set forth in any of our previous filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, which might incorporate this proxy statement by reference to future filings under those statutes, the following performance graph will not be incorporated by reference into any of those previous filings; nor will such performance graph be incorporated by reference into any future filings made by us under those statutes.

The graph below compares the cumulative total shareholder return on our ordinary shares, the Standard & Poor s 500 Stock Index and a peer group that includes Celestica, Inc., Jabil Circuit, Inc., Sanmina Corp., SCI Systems, Inc. and Solectron Corp. We have previously compared the return with a peer group that consisted of The DII Group, Inc., which we acquired in April 2000, Jabil Circuit, Inc., Sanmina Corp., SCI Systems, Inc. and Solectron Corp.

The graph assumes that $100 was invested in our ordinary shares, in the Standard & Poor s 500 Stock Index and in the peer group described above on March 31, 1995 and reflects the annual return through March 31, 2001, assuming dividend reinvestment.

The comparisons in the graph below are based on historical data and are not indicative of, or intended to forecast, the possible future performances of our ordinary shares.

Comparison of Five Year Cumulative Total Return

among Flextronics International Ltd., the S&P 500 Index,
a New Peer Group and an Old Peer Group

	Cumulative Total Return					
	3/96	**3/97**	**3/98**	**3/99**	**3/00**	**3/01**
Flextronics International Ltd.	$100.00	$ 65.16	$141.60	$334.43	$923.78	$393.44
S&P 500	100.00	119.82	177.34	210.07	247.77	194.06
New Peer Group	100.00	141.00	221.39	425.33	889.99	428.29
Old Peer Group	100.00	141.00	221.39	425.33	845.85	401.75

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COMPLIANCE UNDER SECTION 16(A) OF THE SECURITIES EXCHANGE ACT OF 1934

Section 16 of the Securities Exchange Act of 1934, as amended, requires our directors and officers, and persons who own more than 10% of our ordinary shares to file initial reports of ownership and reports of changes in ownership with the Securities and Exchange Commission and the Nasdaq National Market. Such persons are required by Securities and Exchange Commission regulations to furnish us with copies of all Section 16(a) forms that they file. Based solely on our review of the copies of such forms furnished to us and written representations from our executive officers and directors, we believe that all Section 16(a) filing requirements for the year ended March 31, 2001 were met with the exception of the following: Messrs. Manire, Schlepp, Snyder and Smach failed to file timely Forms 3; Messrs. Bhardwaj, McNamara, Marks and Schlepp failed to timely file Forms 4 for October 2000; and Messrs. Bhardwaj, McNamara, Marks, Porter, Schlepp and Smach failed to file timely Forms 4 for February 2001.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information as of June 30, 2001 regarding the beneficial ownership of our ordinary shares, by:

- each shareholder known to us to be the beneficial owner of more than 5% of our ordinary shares;
- each director;
- each executive officer named in the Summary Compensation Table; and
- all directors and executive officers as a group.

Information in this table as to our directors and executive officers is based upon information supplied by these individuals. Information in this table as to our 5% shareholders is based solely upon the Schedules 13G filed by these shareholders with the Securities and Exchange Commission. Where information regarding shareholders is based on Schedules 13G, the number of shares owned is as of the date for which information was provided in such schedules.

Beneficial ownership is determined in accordance with the rules of the Securities and Exchange Commission that deem shares to be beneficially owned by any person who has voting or investment power with respect to such shares. Ordinary shares subject to options that are currently exercisable or exercisable within 60 days of June 30, 2001 are deemed to be outstanding and to be beneficially owned by the person holding such options for the purpose of computing the percentage ownership of such person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person. Unless otherwise indicated below, the persons and entities named in the table have sole voting and sole investment power with respect to all the shares beneficially owned, subject to community property laws where applicable.

In the table below, percentage ownership is based upon 484,713,214 ordinary shares outstanding as of June 30, 2001.

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Name and Address of Beneficial Owner	Shares Beneficially Owned Number of Shares	Percent
5% Shareholders:		
Entities associated with AXA Financial, Inc.(1) 1290 Avenue of the Americas New York, NY 10104	45,279,073	9.3%
T. Rowe Price Associates, Inc.(2) 100 E. Pratt Street Baltimore, MD 21202	26,521,115	5.5
Entitles associated with FMR Corporation(3) 82 Devonshire Street Boston, MA 02109	24,634,204	5.1
Executive Officers and Directors:		
Richard L. Sharp(4)	6,040,702	1.2
Michael E. Marks(5)	5,464,944	1.1
Goh Thiam Poh Tommie	4,873,114	1.0
Michael McNamara(6)	2,645,869	*
Robert R.B. Dykes(7)	1,599,741	*
Ronny Nilsson(8)	725,000	*
Michael J. Moritz(9)	434,182	*
Humphrey Porter(10)	325,336	*
Tsui Sung Lam(11)	222,696	*
Patrick Foley(12)	170,750	*
Chuen Fah Alain Ahkong(13)	30,750	*
All 16 directors and executive officers as a group(14)	25,717,034	5.2%

* Less than 1%.

(1) Based on information supplied by AXA Financial, Inc. in an amended Schedule 13G filed with the Securities and Exchange Commission on February 12, 2001.

(2) Based on information supplied by T. Rowe Price Associates, Inc. in a Schedule 13G filed with the Securities and Exchange Commission on February 14, 2001.

(3) Based on information supplied by FMR Corporation in an amended Schedule 13G filed with the Securities and Exchange Commission on February 13, 2001.

(4) Includes 1,480,000 shares beneficially owned by Bethany Limited Partnership. Mr. Sharp, the general partner of Bethany Limited Partnership, has voting and investment power over such shares and may be deemed to beneficially own such shares. Mr. Sharp disclaims beneficial ownership of all such shares except to the extent of his proportionate interest therein. Also includes 612,000 shares held by RLS Charitable Remainder Unitrust of which Mr. Sharp is a co-trustee and 96,250 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. Sharp.

(5) Includes 24,000 shares held by the Justin Caine Marks Trust and 24,000 shares held by the Amy G. Marks Trust. Also includes 3,166,039 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. Marks.

(6) Includes 1,950,930 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. McNamara.

(7) Includes 232,166 shares held by the Dykes Family LP Trust. Also includes 1,228,501 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. Dykes.

(8) Represents 390,000 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. Nilsson.

(9) Includes 359,432 shares held by the Maximus Trust. Also includes 96,250 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. Moritz.

(10) Represents 272,003 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. Porter.

(11) Includes 271,594 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. Tsui.

(12) Includes 168,250 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. Foley.

(13) Represents 28,250 shares subject to options exercisable within 60 days after May 1, 2001 held by Mr. Ahkong.

(14) Includes 9,065,280 shares subject to options exercisable within 60 days after May 1, 2001.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Other than compensation agreements and other arrangements, which are described in Executive Compensation, and the transactions described below, during fiscal 2001, there was not, nor is there currently proposed, any transaction or series of similar transactions to which we were or will be a party:

in which the amount involved exceeded or will exceed $60,000; and in which any director, executive officer, holder of more than 5% of our ordinary shares or any member of their immediate family had or will have a direct or indirect material interest.

Loans to Executive Officers

Mr. Marks. On October 11, 2000, our principal U.S. subsidiary, Flextronics International (USA), Inc., which we refer to in this section as Flextronics USA, loaned $10,569,658 to Mr. Michael Marks, our Chairman of the Board and Chief Executive Officer. Mr. Marks executed a promissory note in favor of Flextronics USA that bore interest at a rate of 5.96% and was to mature on November 11, 2003. In fiscal 2001, Mr. Marks paid the principal in full, together with accrued interest.

Mr. McNamara. On October 22, 1996, Flextronics USA loaned $135,900 to Mr. Michael McNamara. Mr. McNamara executed a promissory note in favor of Flextronics USA that bears interest at a rate of 7.00% and matures on October 22, 2001. The remaining outstanding balance of the loan as of March 31, 2001 was $179,464 (representing $135,900 in principal and $43,564 in accrued interest).

On November 25, 1998, Flextronics USA loaned $130,000 to Mr. McNamara. Mr. McNamara executed a promissory note in favor of Flextronics USA that bears interest at a rate of 7.25% and matures on November 25, 2003. The remaining outstanding balance of the loan as of March 31, 2001 was $152,797 (representing $130,000 in principal and $22,797 in accrued interest).

On April 14, 1999, Flextronics USA loaned $950,000 to Mr. McNamara. Mr. McNamara executed a promissory note in favor of Flextronics USA that bears interest at a rate of 4.19% and matures on May 3, 2003. The remaining outstanding balance of the loan as of March 31, 2001 was $1,089,663 (representing $950,000 in principal and $139,663 in accrued interest).

On October 11, 2000, Flextronics USA loaned $152,236 to Mr. McNamara. Mr. McNamara executed a promissory note in favor of Flextronics USA that bears interest at a rate of 5.96% and matures on November 11, 2003. The remaining outstanding balance of the loan as of March 31, 2001 was $156,546 (representing $152,236 in principal and $4,310 in accrued interest).

Mr. Dykes. On January 15, 1999, Flextronics USA loaned $200,100 to Mr. Robert Dykes. Mr. Dykes executed a promissory note in favor of Flextronics USA that bore interest at a rate of 7.25% and was to mature on January 15, 2004. In fiscal 2001, Mr. Dykes paid the principal in full, together with accrued interest.

On October 11, 2000, Flextronics USA loaned $1,046,886 to Mr. Dykes. Mr. Dykes executed a promissory note in favor of Flextronics USA that bore interest at a rate of 5.96% and was to mature on November 11, 2003. In fiscal 2001, Mr. Dykes paid the principal in full, together with accrued interest.

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Mr. Smach. On April 3, 2000, Flextronics USA loaned $1,000,000 to Mr. Thomas J. Smach. Mr. Smach executed a Loan and Security Agreement and a promissory note in favor of Flextronics USA that does not bear interest and matures on April 3, 2005. The remaining outstanding balance of the loan as of March 31, 2001 was $1,000,000 in principal.

Mr. Snyder. On April 20, 2000, Flextronics USA loaned $1,000,000 to Mr. Ronald R. Snyder. Mr. Snyder executed a Loan and Security Agreement and a promissory note in favor of Flextronics USA that did not bear interest and was to mature on April 20, 2005. In fiscal 2001, Mr. Snyder paid the principal in full.

Other Loans to Executive Officers

In connection with an investment partnership, Glouple Ventures LLC, one of our subsidiaries, Flextronics International, NV, which we refer to in this section as Flextronics NV, has entered into the following transactions with our executive officers.

in July 2000, Flextronics NV loaned $76,922 to each of Messrs. Marks, McNamara, Dykes, Porter, Nilsson, Bhardwaj, Schlepp, Snyder and Smach, and each executed a promissory note in favor of Flextronics NV that bears interest at a rate of 6.40% and matures on August 15, 2010;

in August 2000, Flextronics NV loaned an aggregate of $51,157 to each of Messrs. Marks, McNamara, Dykes, Porter, Nilsson, Bhardwaj, Schlepp, Snyder and Smach, and each executed promissory notes in favor of Flextronics NV that bear interest at a rate of 6.22% and mature on August 15, 2010; and

in November 2000, Flextronics NV loaned an aggregate of $428,286 to each of Messrs. Marks, McNamara, Dykes, Porter, Nilsson, Bhardwaj, Manire, Schlepp, Snyder and Smach, and each executed promissory notes in favor of Flextronics NV that bear interest at a rate of 6.09% and mature on August 15, 2010.

As of March 31, 2001, the entire principal amount of these loans, together with $102,698 of accrued interest, was outstanding.

PROPOSAL NO. 3:

TO RECEIVE AND ADOPT OUR AUDITED ACCOUNTS,

INCLUDING THE REPORTS OF THE DIRECTORS AND AUDITORS

Our Annual Report for the fiscal year ended March 31, 2001 accompanies this proxy statement. The Annual Report includes our U.S. dollar financial statements, prepared in conformity with U.S. generally accepted accounting principles. Our Singapore dollar financial statements, prepared in conformity with Singapore generally accepted accounting principles, is included in this proxy statement. The U.S. dollar financial statements and the Singapore dollar financial statements are accompanied by Auditor s Reports of Arthur Andersen, our independent auditors. We publish our consolidated financial statements in U.S. dollars, which is the principal currency in which we conduct our business. Our Singapore dollar financial statements have been prepared and circulated to shareholders as a part of this proxy statement as required by Singapore law.

The Board recommends a vote FOR the receipt and adoption of

**our U.S. dollar financial statements and
Singapore dollar financial statements,
including the Auditor s Reports included therein and
the Directors Report included in
the Singapore dollar financial statements.**

PROPOSAL NO. 4:

APPOINTMENT OF INDEPENDENT AUDITORS AND

AUTHORIZATION OF BOARD TO FIX THEIR REMUNERATION

The firm of Arthur Andersen served as our independent auditors for the fiscal year ended March 31, 2001. The Board of Directors intends to engage Arthur Andersen as independent auditors to audit our accounts and records for the fiscal year ending March 31, 2002, and to perform other appropriate services. We

expect that a representative from Arthur Andersen will be present at the 2001 Annual General Meeting. Such representative will have the opportunity to make a statement if he so desires and is expected to be available to respond to appropriate questions.

The Board recommends a vote FOR the

**appointment of Arthur Andersen LLP as independent
auditors for fiscal 2002 and authorization for
the board of directors to fix their remuneration.**

AUDIT COMMITTEE REPORT

The Audit Committee assists the Board of Directors in overseeing of Flextronics financial accounting and reporting processes and systems of internal controls. The committee also evaluates the performance and independence of Flextronics independent auditors. The Audit Committee operates under a written charter, which is included as *Annex A* to this proxy statement. Under the written charter of the Audit Committee the committee will consist of at least three directors, a majority of whom are not officers or employees of Flextronics. The current members of the committee are Messrs. Ahkong, Foley and Moritz. Each is an independent director as defined by the rules of The Nasdaq Stock Market.

Flextronics financial and senior management supervise its systems of internal controls and the financial reporting process. Flextronics independent auditors, Arthur Andersen LLP, perform an independent audit of Flextronics consolidated financial statements in accordance with generally accepted accounting principles and issue a report on these consolidated financial statements. The Audit Committee monitors these processes.

The Audit Committee has reviewed Flextronics audited consolidated financial statements for the fiscal year ended March 31, 2001 and has met with both the management of Flextronics and its independent auditors to discuss the consolidated financial statements. Flextronics management represented to the Audit Committee that its audited consolidated financial statements were prepared in accordance with generally accepted accounting principles.

The Audit Committee also discussed with Flextronics independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61, *Communication with Audit Committees*. The Audit Committee has also received from Flextronics independent auditors the written disclosures and letter required by Independence Standards Board Standard No. 1, *Independence Discussions with Audit Committees*, and has discussed with Flextronics independent auditors the independence of that firm. The Audit Committee has also considered whether the provision of non-audit services by Flextronics independent auditors is compatible with maintaining the independence of the independent auditors.

Based on the Audit Committee s discussions with the management of Flextronics and Flextronics independent auditors and based on the Audit Committee s review of Flextronics audited consolidated financial statements together with the report of Flextronics independent auditors on the consolidated financial statements and the representations of Flextronics management with regard to these consolidated financial statements, the Audit Committee recommended to Flextronics board of directors that the audited consolidated financial statements be included in Flextronics annual report on Form 10-K for the fiscal year ended March 31, 2001, filed with the Securities and Exchange Commission on June 29, 2001.

During the fiscal year ended March 31, 2001, the aggregate fees billed by Flextronics independent auditors, Arthur Andersen LLP, for professional services were as follows:

Audit Fees. The aggregate fees billed by Arthur Andersen LLP for professional services rendered for the audit of Flextronics annual consolidated financial statements for the fiscal year ended March 31, 2001 including all statutory audits required for Flextronics subsidiaries and for the review of the consolidated financial statements included in Flextronics Forms 10-Q for the fiscal year ended March 31, 2001 were approximately $2,700,000;

Financial Information Systems Design and Implementation Fees. The aggregate fees billed by Arthur Andersen LLP for professional services rendered for financial information systems design and

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implementation professional services for the fiscal year ended March 31, 2001 were approximately $540,000; and

All Other Fees. The aggregate fees billed by Arthur Andersen LLP for services other than those described above for the fiscal year ended March 31, 2001 totaled approximately $7,700,000 and were primarily for tax services performed worldwide. The Audit Committee has determined that the provision of these services is compatible with maintaining Arthur Andersen LLP s independence.

Submitted by the Audit Committee
of the Board of Directors:

Chuen Fah Alain Ahkong
Patrick Foley

Michael J. Moritz

PROPOSAL NO. 5

ORDINARY RESOLUTION TO APPROVE AND ADOPT THE 2001 EQUITY INCENTIVE PLAN

Our shareholders are being asked to approve and adopt our 2001 Equity Incentive Plan, which was adopted by our Board of Directors in August 2001. The principal features of the 2001 Plan are summarized below. However, this summary is not a complete description of all of the provisions of the 2001 Plan, which is attached to this proxy statement as *Annex B*. You are encouraged to carefully read the 2001 Plan in its entirety. If this Proposal No. 5 is approved by our shareholders no additional options will be granted under our 1993 Share Option Plan. Any options outstanding under the 1993 Share Option Plan will remain outstanding until exercised or until they terminate or expire by their terms.

Equity Incentive Programs

The 2001 Plan contains two separate equity incentive programs, including a discretionary option grant program and an automatic option grant program. The discretionary option grant program is administered by the Compensation Committee with respect to officers and directors and by the Chairman of our Board, Mr. Marks, with respect to all other employees. The Compensation Committee and the Chairman of the Board are referred to in this section as the Plan Administrator. The Plan Administrator has complete discretion, subject to the provisions of the 2001 Plan, to authorize option grants under the 2001 Plan. However, all grants under the automatic option grant program must be made in strict compliance with the provisions of that program, and no administrative discretion can be exercised by the Plan Administrator with respect to the grants made under that program.

Share Reserve

A total of 7,000,000 ordinary shares have been reserved for issuance by the Board over the ten year term of the 2001 Plan plus shares that are subject to issuance upon exercise of an option granted under the 2001 Plan but cease to be subject to such option for any reason other than exercise or surrender of such option. In addition to the shares reserved by the Board, subject to the terms of the 2001 Plan, the remaining shares that are available for issuance under our 1993 Share Option Plan and any shares issuable upon exercise of options granted under our 1993 Share Option Plan that expire or become unexercisable for any reason without having been exercised in full will be available for grant under the 2001 Plan.

In no event may any one participant in the 2001 Plan be granted options to purchase more than 4,000,000 ordinary shares in the aggregate per calendar year under the 2001 Plan.

In the event any change is made to our outstanding ordinary shares by reason of any recapitalization, bonus issue, stock split, combination of shares, exchange of shares or other changes affecting the outstanding

shares as a class without our receipt of consideration, appropriate adjustments will be made to the maximum number and/or class of securities issuable under the 2001 Plan, the maximum number and/or class of securities for which any participant may be granted options over the term of the 2001 Plan, the number and/or class of securities and price per share in effect under each outstanding option, and the class of securities for which automatic option grants are to be subsequently made to newly elected or continuing non-employee directors.

Eligibility

Our officers, members of our board of directors, our employees, and the employees of any of our parent or subsidiaries, whether now existing or subsequently established are eligible to participate in the discretionary option grant program. Non-employee directors are also eligible to participate in the automatic option grant program. Non-employee directors may not participate in the automatic option grant program if such participation is prohibited or restricted, either absolutely or subject to various securities requirements, whether legal or administrative, being complied with, in the jurisdiction in which such director is a resident under the relevant securities laws of that jurisdiction.

As of July 31, 2001 approximately 10 executive officers, 6 directors and approximately 18,500 employees were eligible to participate in the 2001 Plan, and 5 non-employee directors were eligible to participate in the automatic option grant program.

Valuation

The fair market value per ordinary share on any relevant date under the 2001 Plan is the closing sales price per share on that date on the Nasdaq National Market. On August 20, 2001, the closing sales price per share as reported on the Nasdaq National Market was $22.20.

Discretionary Option Grant Program

Options may be granted under the discretionary option grant program at an exercise price equal to the fair market value per ordinary share on the option grant date. Each option granted under this program has a term of no more than ten years, except that options granted to non-employees have a term of not more than five years. In addition to any options that non-employee directors may be eligible to receive under the automatic option grant program described below, under this discretionary option grant program, non-employee directors as a group are eligible to receive options to purchase an aggregate of 50,000 shares per calendar year.

Options granted under the 2001 Plan generally may be exercised as to vested shares for a period of time after the termination of the option holder s service to us or a parent or subsidiary. Generally, the Plan Administrator has complete discretion to extend the period following the optionee s cessation of service during which his or her outstanding options may be exercised and/or to accelerate the exercisability or vesting of such options in whole or in part. Such discretion may be exercised at any time while the options remain outstanding, whether before or after the optionee s actual cessation of service.

Automatic Option Grant Program

Under the automatic option grant program, each individual who first becomes a non-employee director, will automatically be granted at that time a stock option to purchase 20,000 ordinary shares. In addition, on the date of each Annual General Meeting, individuals who first become non-employee directors on that date automatically will be granted an option to purchase 20,000 ordinary shares, and continuing non-employee directors automatically will be granted an option to purchase 6,000 ordinary shares.

Each option granted under this program must have an exercise price per share equal to 100% of the fair market value per ordinary share on the grant date and a maximum term of five years. Each option becomes exercisable as to 25% of the total shares one year after the date of grant and as to 1/48 of the total shares each month thereafter.

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Each automatic option grant will automatically accelerate upon an acquisition of us by merger or asset sale or a hostile change in control of us. In addition, upon the successful completion of a hostile take-over, each automatic option grant which has been outstanding for at least six months may be surrendered to us for a cash distribution per surrendered option share in an amount equal to the excess of (a) the take-over price per share over (b) the exercise price payable for such share.

General Provisions

Acceleration. In the event that we are acquired by merger or asset sale, each outstanding option under the discretionary option grant program shall automatically accelerate so that each such option shall, immediately prior to the specified effective date of such transaction, become fully exercisable with respect to the total number of shares at the time subject to such option and may be exercised for all or any portion of such shares. However, subject to the specific terms of an optionee s option agreement, an outstanding option under the 2001 Plan shall not so accelerate if and to the extent such Option is either to be assumed or replaced with a comparable option to purchase shares of the capital stock of the successor corporation or parent thereof, such option is to be replaced with a cash incentive program of the successor corporation which preserves the option spread existing at the time of such transaction or the acceleration of such option is subject to other limitations imposed by the Plan Administrator at the time of the option grant.

The acceleration of vesting in the event of a change in the ownership or control of us may be seen as an anti-takeover provision and may have the effect of discouraging a merger proposal, a takeover attempt or other efforts to gain control of us.

Payment for Options. Option holders may pay the exercise price of vested, outstanding options in cash, by executing a same-day sale, by cancellation of indebtedness , by conversion of a convertible note issued by us or through waiver of compensation.

Amendment and Termination. The Board may amend or modify the 2001 Plan in any or all respects whatsoever subject to any required shareholder approval. The Board may terminate the 2001 Plan at any time, and the 2001 Plan will in any event terminate in August 2011.

Federal Income Tax Consequences of Option Grants

Options granted under the 2001 Plan may be either incentive stock options which satisfy the requirements of Section 422 of the Internal Revenue Code or non-statutory options which are not intended to meet such requirements. The United States Federal income tax treatment for the two types of options differs as follows:

Incentive Stock Options. No taxable income is recognized by the optionee at the time of the option grant, and no taxable income is generally recognized at the time the option is exercised unless the optionee is subject to the alternative minimum tax. The optionee will, however, recognize taxable income in the year in which the purchased shares are sold or otherwise disposed of. For Federal tax purposes, dispositions are divided into either qualifying or disqualifying. A qualifying disposition occurs if the sale or other disposition is made after the optionee has held the shares for more than two years after the option grant date and more than one year after the exercise date. Upon a qualifying disposition, the optionee will recognize capital gain or loss. If either of these two holding periods is not satisfied, then a disqualifying disposition will result. Upon a disqualifying disposition, any gain up to the difference between the option exercise price and the fair market value of the shares on the later of the date of exercise or the date of vesting, or, if less, the amount realized on the sale of shares, will be treated as ordinary income. Any additional gain will be capital gain.

If the optionee makes a disqualifying disposition of the purchased shares, then we will be entitled to an income tax deduction, for the taxable year in which such disposition occurs, equal to the excess of the fair market value of such shares on the option exercise date over the exercise price paid for the shares. In no other instance will we be allowed a deduction with respect to the optionee s disposition of the purchased shares.

Non-Statutory Options. No taxable income is recognized by an optionee upon the grant of a non-statutory option. The optionee will in general recognize ordinary income, in the year in which the option is exercised, equal to the excess of the fair market value of the purchased shares on the exercise date over the

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exercise price paid for the shares, and the optionee will be required to satisfy the tax withholding requirements applicable to such income.

New Plan Benefits

The amount of future option grants under the discretionary option grant program of the 2001 Plan to:

our Chief Executive Officer,

the four other most highly compensated executive officers whose salary for the fiscal year exceeded $100,000,

all current executive officers as a group, and

all employees, including all officers who are not executive officers, as a group,

are not determinable because, under the terms of the discretionary option grant program of the 2001 Plan, such grants are made in the discretion of the Plan Administrator or its designees. Future option exercise prices under the 2001 Plan are not determinable because they are based upon the fair market value of our ordinary shares on the date of grant.

The following table shows in the aggregate the options that would be granted to non-employee directors under the automatic option grant program if this Proposal No. 5 is approved by our shareholders:

Name and Position	Exercise Price (per share)	Number of Shares

All current directors who are not executive officers as a group (5 persons)	Fair market value on date of grant	30,000

The Board recommends a vote FOR the approval

and adoption of our 2001 Equity Incentive Plan.

PROPOSAL NO. 6:

ORDINARY RESOLUTION TO APPROVE VARIOUS MATTERS

RELATING TO ORDINARY SHARE ISSUANCES

We are incorporated in the Republic of Singapore. Under Singapore law, new ordinary shares may only be issued with the prior approval of our shareholders at a general meeting. Such approval, if granted, is effective from the date of the meeting at which it was given to the conclusion of the next Annual General Meeting of our shareholders or the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is the earlier. The Board believes that it is advisable and in our best interest for our shareholders to authorize the Directors to issue new shares for financing future transactions, acquisitions and other proper corporate opportunities and purposes. Having additional shares available and authorized for issuance in the future gives us greater flexibility to pursue corporate opportunities and enables the Directors to issue new shares without the expense and delay of an extraordinary general meeting of shareholders.

We are seeking shareholder approval to issue new ordinary shares during the period from the date of the 2001 Annual General Meeting to the date of the 2002 Annual General Meeting. If obtained, shareholder approval of this proposal will lapse on the date of the 2002 Annual General Meeting or the expiration of the period within which the 2002 Annual General Meeting is required by law to be held, whichever is earlier.

The Board recommends a vote FOR the resolution

relating to ordinary share issuances

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PROPOSAL NO. 7:

ORDINARY RESOLUTION TO APPROVE A BONUS ISSUE OF ONE ORDINARY

SHARE FOR EVERY ONE EXISTING ORDINARY SHARE HELD BY OUR SHAREHOLDERS

Under Singapore law, a company may capitalize its reserves and apply such capitalized sum in payment for additional ordinary shares, which may then be allotted and issued, to its shareholders, credited as fully paid, in a transaction commonly referred to as a bonus issue. A bonus issue is similar to a stock dividend by a Delaware or California corporation. However, under our Articles of Association, we may allot and issue shares in a bonus issue, which we refer to as bonus shares, only upon recommendation of the Directors and with the prior approval of our shareholders at a general meeting. The Board believes that it is advisable and has recommended that it is in the best interest for our shareholders that the Board be granted the authority to allot and issue, at its sole discretion after the date of the 2001 Annual General Meeting, but on or before 5:00 p.m., California time, August 31, 2002, a bonus issue of up to an aggregate of 482,652,838 bonus shares and, in the event that any new shares are allotted and issued by us after the close of business on July 26, 2001, which date we refer to in this section as the Record Date, but on or before 5:00 p.m., California time, August 31, 2002, an additional one bonus share for each new share so allotted and issued, to be credited as fully paid, which we refer to as the Bonus Shares.

The Board believes that such discretionary authority is in the best interest of our shareholders since it provides the Board an opportunity to review economic and financial conditions prior to making the decision as to whether a bonus issue should be effected.

If the Board exercises its authority to allot and issue the Bonus Shares after the date of the 2001 Annual General Meeting but on or before 5:00 p.m., California time, August 31, 2002, then the Bonus Shares are to be allotted and issued to the holders of record of the ordinary shares on the date specified by our Board of Directors after the date of the 2001 Annual General Meeting, but no later than 5:00 p.m., California time, August 31, 2002, on the basis of one bonus share for every one ordinary share then held. Fractional bonus shares will not be issued, but will be disposed of in such a manner as the Directors deem fit. As a result, if the bonus issue is approved at the 2001 Annual General Meeting and the Board exercises its authority to allot and issue the Bonus Shares after the date of the 2001 Annual General Meeting, but on or before 5:00 p.m., California time, August 31, 2002, then each holder of record of ordinary shares on the date specified by our Board of Directors after the date of the 2001 Annual General Meeting, but no later than 5:00 p.m., California time, August 31, 2002, would receive an additional one ordinary share, credited as fully paid, for every one ordinary share then held of record by such shareholder. If the bonus issue is approved at the 2001 Annual General Meeting but the Board does not exercise its authority to allot and issue the Bonus Shares after the date of the 2001 Annual General Meeting, but on or before 5:00 p.m., California time, August 31, 2002, then no bonus issue would be effected and, accordingly, no bonus shares would be allotted and issued to shareholders.

The Bonus Shares, if and when allotted and issued, would rank pari passu in all respects with the existing ordinary shares, and would have identical rights. A sum of up to S$4,826,528.38 and, in the event that any new shares are allotted and issued by us after the Record Date, but on or before 5:00 p.m., California time, August 31, 2002, an additional amount of S$0.01 for each new share so allotted and issued, from our Share Premium Account as at March 31, 2001, which sum we refer to as the Capital Sum, would be capitalized and applied in paying up in full the Bonus Shares to be issued. Accordingly, our issued and paid up capital would increase by up to S$4,826,528.38 after the allotment and issuance of the Bonus Shares and, in the event that any new shares are allotted and issued by us after the Record Date but on or before 5:00 p.m., California time, August 31, 2002, an additional amount of $0.01 each for each new share so allotted and issued. Our independent auditors, Arthur Andersen, have advised us that the balance in our Share Premium Account at March 31, 2001 is sufficient for the purpose of the bonus issue.

The Board recommends a vote FOR the

resolution approving the proposed bonus issue.

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SHAREHOLDER PROPOSALS FOR THE 2002 ANNUAL GENERAL MEETING

Shareholder proposals intended to be considered at the 2002 Annual General Meeting of shareholders must be received by us no less than 120 days prior to August 27, 2002. Any proposals must be mailed to our San Jose, California offices, 2090 Fortune Drive, San Jose, California 95131, Attention: Chief Executive Officer. Such proposals may be included in next year s proxy statement if they comply with certain rules and regulations promulgated by the Securities and Exchange Commission.

OTHER MATTERS

Management does not know of any matters to be presented at this Annual General Meeting other than those set forth herein and in the notice accompanying this proxy statement.

It is important that your shares be represented at the meeting, regardless of the number of shares which you hold. **You are, therefore, urged to execute promptly and return the accompanying proxy in the envelope which has been enclosed for your convenience.** Shareholders who are present at the meeting may revoke their proxies and vote in person or, if they prefer, may abstain from voting in person and allow their proxies to be voted.

By Order of the Board of Directors,

Bernard Liew Jin Yang
Yap Lune Teng
Joint Secretaries

August 21, 2001

Singapore

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES

(Incorporated in Singapore)

INDEX TO FINANCIAL STATEMENTS

As at 31 March 2001

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES

(Incorporated in Singapore)

DIRECTORS REPORT

31 MARCH 2001
(Amounts in Singapore dollars unless otherwise stated)

The directors are pleased to present their report to the members together with the audited financial statements of the Company and of the Group for the financial year ended 31 March 2001.

Directors

The directors of the Company in office at the date of this report are:

Michael E. Marks
Michael J. Moritz

Richard L. Sharp
Patrick Foley
Chuen Fah Alain Ahkong
Goh Thiam Poh, Tommie (appointed on 19 December 2000)

Principal Activities

The Company, which is listed on NASDAQ in the United States of America, is incorporated in Singapore. It is principally engaged in investment holding. The principal activities of the subsidiaries are detailed in Note 9 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Employees

The total number of employees in the Company and the Group at the end of the financial year was approximately Nil and 75,000 respectively (2000: Nil and 37,000).

Results for the Financial Year

	Group	Company
	$ 000	$ 000
(Loss) profit after tax but before minority interests	(496,662)	85,056
Minority interests	(2,112)	
Net (loss) profit for the financial year	(498,774)	85,056

Transfers To or From Reserves or Provisions

Except as shown in the financial statements, there were no material transfers to or from reserves or provisions during the financial year.

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Acquisition and Disposal of Subsidiaries

During the financial year, the Group acquired the following subsidiaries:

Name of Company	Interest Acquired	Consideration	Net Tangible Assets/(Liabilities) at Date of Acquisition

	%	US$ 000	US$ 000
Held by the Company			
Cumex Electronics S. A. de C. V.	100	9,930	(5,245)
IEC Holdings Ltd. and its subsidiaries	100	66,229	(35,097)
JIT Holdings Ltd. and its subsidiaries	100	434,171	83,818
Li Xin Industries Ltd. and its subsidiaries	100	68,771	(9,595)
Multilayer Technologies de Mexico	100	1,056	5,351
Palo Alto Products International Pte. Ltd. and its subsidiaries	100	469,484	63,365
Flextronics International Udine S.p.a (formerly known as San Marco Engineering S.r.l) and its subsidiaries	100	16,269	17,338
Held by Subsidiaries			
Chatham Technologies, Inc. and its subsidiaries	100	634,598	(152,291)
FICO, Inc.	100	45,250	(4,874)
Flextronics Design Finland Oy (formerly known as Sample Rate Systems Oy)	100	4,401	(523)
Flextronics Design S. D., Inc. (formerly known as Vextra Design, Inc.)	100	30,000	7,081
Flextronics Photonics PPT, Inc. (formerly known as Photonics Packaging Technologies, Inc.)	100	15,717	(3,641)
Flextronics Photonics Wave Optics, Inc. (formerly known as Wave Optics, Inc.)	100	89,762	(12,867)
Ojala-Yhtyma Oy and its subsidiary	100	164,343	(660)
Flextronics International (Israel) Ltd. (formerly known as Uniskor, Ltd.)	100	21,886	(4,384)
Lightning Metal Specialties, Inc. and its subsidiaries	100	107,184	22,713
The DII Group, Inc. and its subsidiaries	100	7,979,402	377,593

During the financial year, the Group incorporated the following subsidiaries:

Name of Subsidiary	Country of Incorporation and Place of Business	Principal Activities	The Group s Effective Shareholdings
			%
Held by the Company			
Flextronics Asia Pacific Ltd.	Mauritius	Investment holding	100
Flextronics International (Beijing) Ltd.			

	People s Republic of China	Exploitation and production of electrical outlet; design, processing, integration, testing, consultation and training	55
Flextronics International (Bermuda) Ltd.	Bermuda	Investment holding	100

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Name of Subsidiary	Country of Incorporation and Place of Business	Principal Activities	The Group s Effective Shareholdings
			%
Flextronics International Global Procurement Ltd.	Bermuda	Provision of procurement services	100
Flextronics International Sales, Ltd.	Cayman Islands	Dormant	100
Flextronics Network Services Mexico, S. A. de CV	Mexico	Provision of complete service package and implementation of equipment in the field of data and communication	100
Flextronics Technology (Shenzhen) Co., Ltd.	People s Republic of China	Production and sale of circuit boards, telephone sets and affiliated products, facsimile apparatus, computer function cards and adapters, mouses, blood sugar testers and controllers of computer games	100
Flextronics Vet. Servicios del Mexico, S.A. de C.V.	Mexico	Provision of employees services	100
FLX Cyprus II Limited	Cyprus	Investment holding	100

Flextronics International Marketing(L) Ltd. Malaysia Sales and marketing business 100

Held by Subsidiaries

FETX, Inc. United States of America (USA) Dormant 100

TXGP, Inc USA Dormant 100

FITX, Inc. USA Dormant 100

Flextronics Central Europe BV Netherlands Investment holding 100

Flextronics Hungaria Kft. II (FINCO II) Hungary Investment holding 100

Flextronics Network Services Colombia S.A. Colombia Provision of complete service package and implementation of equipment in the field of data and communication 100

Flextronics Network Services USA, Inc. USA Provision of complete service package and implementation of equipment in the field of data and communication 100

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Name of Subsidiary	Country of Incorporation and Place of Business	Principal Activities	The Group s Effective Shareholdings
			%
Flextronics (Portugal) Network Services	Portugal	Provision of complete service package and implementation of equipment in the field of data and communication	100

Flextronics Technologies (India) Private Limited
India Assembly operations 100
Flextronics Technology (Nanjing) Company Ltd.
People s Republic of China
Dormant 75
Flextronics Texas, Inc.
USA Dormant 100
Multek Industries Ltd.
People s Republic of China
Provision and sale of self-produced electronic products, including manufacturing of printed circuit boards, assembling of integrated circuit boards and assembling of components of meters and instruments. 100

The following subsidiaries were liquidated during the financial year :

Name of Subsidiary	Interest Disposed of	Consideration	Net Tangible Assets
	%	US$ 000	US$ 000
Moctol AB	100		
Tolipig AB	100		
Noitall AB	100		

Except as disclosed above, there were no acquisitions or disposals of subsidiaries during the financial year.

Issue of Shares and Debentures

During the financial year,

(i) the Company increased its authorised share capital from $2,500,000 divided into 250,000,000 ordinary shares of $0.01 each to $15,000,000 via the creation of 1,250,000,000 new ordinary shares of $0.01 each.

(ii) the Company issued the following shares:

(a) Distribution of 208,997,864 ordinary shares of $0.01 each for a 2 for 1 stock split effected as a bonus issue. All shares and share amounts have been retroactively restated to reflect the stock split, unless otherwise stated.

(b) 12,650,000 and 27,000,000 ordinary shares of $0.01 each for cash at US$35.63 and US$37.94 per share respectively for public offering with proceeds amounting to US$1.42 billion, net of issuance costs of US$50.8 million.

(c) 9,526,140 ordinary shares of $0.01 each for cash at a premium of US$53.0 million, net of expenses, by virtue of the exercise of share options previously granted.

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(d) 445,476 ordinary shares of $0.01 each for cash at a premium of US$8.9 million, net of expenses, by virtue of the Employee Share Purchase Plan.

(e) 125,536,310 ordinary shares of $0.01 each at a premium of US$418.5 million for the acquisition of The DII Group, Inc. and its subsidiaries, which is held by Flextronics International USA, Inc., a wholly owned subsidiary of Flextronics International Holding Corp which is in turn a wholly owned subsidiary of the Company.

(f) 6,307,840 ordinary shares of $0.01 each for the acquisition of Palo Alto Products International Pte. Ltd. and its subsidiaries at a premium of US$36.9 million.

(g) 13,710,812 ordinary shares of $0.01 each at a premium of US$108.3 million for the acquisition of Chatham Technologies, Inc. and its subsidiaries, which is held by Flextronics International PA, Inc., a wholly owned subsidiary of the Company.

(h) 2,315,706 ordinary shares of $0.01 each at a premium of US$3.2 million for the acquisition of Lightning Metal Specialties, Inc. and its subsidiaries, which is held by Flextronics International PA, Inc., a wholly owned subsidiary of the Company.

(i) 17,323,531 ordinary shares of $0.01 each for the acquisition of JIT Holdings Ltd. and its subsidiaries at a premium of US$60.0 million.

(j) 177,314 ordinary shares of $0.01 each at a premium of US$222,000 for the acquisition of Flextronics Design Finland Oy (formerly known as Sample Rate Systems Oy), which is held by a wholly owned subsidiary of the Company.

(k) 550,000 ordinary shares of $0.01 each for the acquisition of Flextronics International Udine S.p.a (formerly known as San Marco Engineering S.r.l.) and its subsidiaries at a premium of US$2.26 million.

(l) 676,492 ordinary shares of $0.01 each for the acquisition of IEC Holdings Ltd. and its subsidiaries at a premium of US$32.5 million.

(m) 4,051,832 ordinary shares of $0.01 each at a premium of US$135.7 million for the acquisition of Ojala-Yhtma Oy and its subsidiary, which is held by a wholly owned subsidiary of the Company.

(n) 2,349,592 ordinary shares of $0.01 each for the acquisition of Li Xin Industries Ltd. and its subsidiaries at a premium of US$68.8 million.

(o) 2,363,720 ordinary shares of $0.01 each at a premium of US$85.8 million for the acquisition of Flextronics Photonics Wave Optics, Inc. (formerly known as Wave Optics, Inc.), which is held by a wholly owned subsidiary of the Company.

(p) 337,866 ordinary shares of $0.01 each at a premium of US$15.7 million for the acquisition of Flextronics Photonics PPT, Inc. (formerly known as Photonics Packaging Technologies, Inc.), which is held by a wholly-owned subsidiary of the Company.

(q) 1,008,016 ordinary shares of $0.01 each for the purchase of the manufacturing facilities and related assets of Ericsson Radio AB at a premium of US$26.9 million.

During the financial year, the Company entered into a strategic alliance for product manufacturing with Motorola, Inc. (Motorola). This alliance provides incentives for Motorola to purchase over US$32 billion of products and services from the Company through 31 December 2005. In connection with this strategic alliance, Motorola paid US$100 million for an equity instrument that entities it to acquire 22 million ordinary shares of the Company at any time through 31 December 2005 upon meeting targeted purchase levels or making additional payments to the Company.

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During the financial year, the subsidiaries issued the following shares:

Name of Company	Shares Issued	Purpose
Flextronics Technology (Shenzhen) Co., Ltd.	US$3,000,000 paid-in capital	For incorporation and working capital
FLX Cyprus II Limited	1,000 ordinary shares of C£1 each	For incorporation and working capital
Flextronics Technology (Zhuhai) Co., Limited	US$5,000,000 paid-in capital	Additional working capital
FETX, Inc.	10,000 common stock of US$1 each	For incorporation and working capital
TXGP, Inc.	10,000 common stock of US$1 each	For incorporation and working capital
FITX, Inc.	10,000 common stock of US$1 each	For incorporation and working capital
Flextronics Network Services USA, Inc.	1,000 common stock of US$1 each	For incorporation and working capital
Flextronics International Global Procurement Ltd.	12,000 ordinary shares of US$1 each	For incorporation and working capital
Flextronics International (Bermuda) Ltd.	12,000 ordinary shares of US$1 each	For incorporation and working capital

Except as disclosed above, neither the Company nor its subsidiaries issued any shares or debentures during the financial year.

Arrangements to Enable Directors to Acquire Shares or Debentures

Except pursuant to those share options schemes as disclosed below, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

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Directors Interest in Shares and Debentures

The interests of the directors who held office at the end of the financial year in the shares of the Company and related corporations were as follows:

	Holdings in the Name of the Director, Spouse or Infant Children	
	1 April 2000 or Date of Appointment, if Later#	31 March 2001

The Company
Ordinary shares of $0.01 each

Michael E. Marks	2,113,164	2,119,738
Tsui Sung Lam	2,352	42,352
Michael J. Moritz	1,002,060	359,432
Richard L. Sharp	6,106,952	5,965,952
Patrick Foley	40,000	40,000
Goh Thiam Poh, Tommie	5,573,114	5,573,114

Represents number of shares after 2 for 1 stock split as disclosed in Note 3 to the financial statements.

Options to Acquire Ordinary Shares of $0.01 Each

.11.2001 969,734 40,946 2.8907 8.11.1996 to 8.11.2001 792,084 792,084 4.1875 11.12.1997 to 11.12.2002 3,200,000 3,200,000 6.0000 28.10.19
5000 1.10.1999 to 1.10.2004 573,996 573,996 14.5000 1.10.1999 to 1.10.2004 36,456 4.5742 7.4.2000 to 7.4.2005 1,000,000 23.1875 20.12

11.2001 299,244 244,344 2.9063 5.6.1997 to 5.6.2002 80,000 65,000 4.7344 2.6.1998 to 2.6.2003 6,000 42.0313 21.9.2000 to 21.9.2005

.8.2000 24,000 24,000 2.1563 15.8.1996 to 15.8.2001 24,000 24,000 5.5625 14.10.1997
000 18.9.1998 to 18.9.2003 24,000 24,000 13.8750 27.8.1999 to 27.8.2004 6,000 42.0313 21.9.2000 to 21.9.2005

.8.2000 24,000 24,000 2.1563 15.8.1996 to 15.8.2001 24,000 24,000 5.5625 14.10.1997
000 18.9.1998 to 18.9.2003 24,000 24,000 13.8750 27.8.1999 to 27.8.2004 6,000 42.0313 21.9.2000 to 21.9.2005

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Options to Acquire Ordinary Shares of $0.01 Each

5.5625	14.10.1997												
000	24,000	4.0000	18.9.1998 to	18.9.2003	24,000	24,000	13.8750	27.8.1999 to	27.8.2004	6,000	42.0313	21.9.2000 to	21.9.2005
kong													
14.10.1997													
000	24,000	4.0000	18.9.1998 to	18.9.2003	24,000	24,000	13.8750	27.8.1999 to	27.8.2004	6,000	42.0313	21.9.2000 to	21.9.2005

Represents number of shares after 2 for 1 stock split as disclosed in Note 3 to the financial statements.

Other than as disclosed above, no other directors of the Company had an interest in any shares or debentures of the Company or related corporations either at the beginning (or date of appointment, if later) or end of the financial year.

Directors Contractual Benefits

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than the share options as disclosed above, as disclosed as directors remuneration and fees in the accompanying financial statements and except for emoluments received from related corporations) by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member or with a company in which he has a substantial financial interest except for any professional fees paid to a firm of which the director is a member as shown in the financial statements.

Dividends

No dividend has been paid or declared since the end of the previous financial year. The directors of the Company do not recommend payment of a dividend during the financial year.

Bad and Doubtful Debts

Before the financial statements of the Company were prepared, the directors took reasonable steps to ensure that proper action had been taken in relation to writing off bad debts and providing for doubtful debts of the Company, and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would render the amount of bad debts written off or the amount of provision for doubtful debts in the group of companies inadequate to any substantial extent.

Current Assets

Before the financial statements of the Company were prepared, the directors took reasonable steps to ensure that any current assets of the Company which were unlikely to realise their book values in the ordinary course of the business had been written down to their estimated realisable values or that adequate provision had been made for the diminution in values of such current assets.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to current assets in the consolidated financial statements misleading.

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Charges and Contingent Liabilities

At the date of this report, no charge on the assets of the Company or any corporation in the Group has arisen which secures the liabilities of any other person and no contingent liability has arisen since the end of the financial year.

Ability to Meet Obligations

No contingent or other liability of the Company or any corporation in the Group has become enforceable, or is likely to become enforceable, within the period of twelve months after the end of the financial year which will or may affect the ability of the Company and of the Group to meet their obligations as and when they fall due.

Other Circumstances Affecting Financial Statements

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Company and the Group which would render any amount stated in the financial statements and consolidated financial statements misleading.

Unusual Items

In the opinion of the directors, except as disclosed in Note 32 of the accompanying consolidated financial statements, the results of the operations of the Company and of the Group for the financial year ended 31 March 2001 have not been substantially affected by any item, transaction or event of a material and unusual nature.

Unusual Items After the Financial Year

In the opinion of the directors, except as disclosed in Note 41 of the accompanying consolidated financial statements, in the interval between the end of the financial year and the date of this report, no item, transaction or event of a material and unusual nature, likely to affect substantially the results of the operations of the Company and of the Group for the financial year in which this report is made, has arisen.

Share Options and Share Option Plans (Schemes)

1993 Share Option Plan (the 1993 Plan)

During the financial year ended 31 March 2001, options over a total of 14,835,613 ordinary shares in the Company were granted with exercise prices ranging from US$2.1563 to US$44.1250 and a weighted average exercise price of US$17.5445. 3,936,274 ordinary shares in the Company were issued during the financial year by virtue of the exercise of options granted under the 1993 Plan. As at 31 March 2001, the number and class of unissued shares under option granted under the 1993 Plan was 29,447,092 ordinary shares, net of cancellation of options for 6,478,710 ordinary shares. The expiration dates range from 5 June 2001 to 29 March 2011.

1997 Interim Option Plan (the 1997 Plan)

During the financial year ended 31 March 2001, no options were granted under the 1997 plan. 246,591 ordinary shares in the Company were issued during the financial year by virtue of the exercise of options granted under the 1997 Plan. As at 31 March 2001, the number and class of unissued shares under option granted under the 1997 Plan was 682,847 ordinary shares, net of cancellation of options for 662,314 ordinary shares. The expiration dates range from 5 June 2002 to 2 June 2003.

1998 Interim Option Plan (the 1998 Plan)

During the financial year ended 31 March 2001, no options were granted under the 1998 plan. 675,250 ordinary shares in the Company were issued during the financial year by virtue of the exercise of options granted under the 1998 Plan. As at 31 March 2001, the number and class of unissued shares under option

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granted under the 1998 Plan was 1,312,749 ordinary shares, net of cancellation of options for 229,203 ordinary shares. The expiration dates range from 11 December 2002 to 10 December 2003.

1999 Interim Option Plan (the 1999 Plan)

During the financial year ended 31 March 2001, no options were granted under the 1999 Plan. 489,009 ordinary shares in the Company were issued during the financial year by virtue of the exercise of options granted under the 1999 Plan. As at 31 March 2001, the number and class of unissued shares under option granted under the 1999 Plan was 2,760,053 ordinary shares, net of cancellation of options for 141,264 ordinary shares. The expiration dates range from 15 December 2003 to 7 September 2004.

The Company has assumed certain option plans and the underlying options of companies which the Company has merged with or acquired. Options under such plans (Assumed Plans) have been converted into the Company s options and adjusted to effect the appropriate conversion ratios as specified by the applicable acquisition or merger agreements, but are otherwise administered in accordance with the terms of the Assumed Plans. Options under the Assumed Plans generally vest over 4 years and expire 10 years from the date of grant. The option plans assumed by the Company during the financial year ended 31 March 2001 were as follows:

D94 Option Plan (the DII 1994 Plan)

During the financial year, no options were granted under the DII 1994 plan. 2,062,520 ordinary shares of the Company were issued during the financial year by virtue of exercise of options granted under the DII 1994 plan. As at 31 March 2001, the number and class of unissued shares under option granted under the DII 1994 Plan was 5,722,562 ordinary shares, net of cancellation of options for 1,595,360 ordinary shares. The expiration dates range from 7 April 2003 to 19 January 2010.

PAPI Option Plan (the PAPI Plan)

During the financial year, options over a total of 791,824 ordinary shares in the Company were granted with exercise prices ranging from US$4.5742 to US$19.2018 and a weighted average exercise price of US$15.0062. 507,370 ordinary shares in the Company were issued during the financial year by virtue of the exercise of options granted under the PAPI Plan. As at 31 March 2001, the number and class of unissued shares under option granted under the PAPI Plan was 272,423 ordinary shares, net of cancellation of options for 12,031 ordinary shares. The expiration dates range from 7 April 2005 to 7 April 2010.

Chatham Option Plan (the Chatham Plan)

During the financial year, options over a total of 1,429,374 ordinary shares in the Company were granted with exercise prices ranging from US$8.0085 to US$25.6684 and a weighted average exercise price of US$13.5715. 644,647 ordinary shares in the Company were issued during the financial year by virtue of the exercise of options granted under the Chatham Plan. As at 31 March 2001, the number and class of unissued shares under option granted under the Chatham Plan was 771,567 ordinary shares, net of cancellation of options for 13,160 ordinary shares. The expiration dates range from 31 May 2005 to 31 August 2010.

IEC Option Plan (the IEC Plan)

During the financial year, options over a total of 107,946 ordinary shares in the Company were granted with an exercise price of US$26.2450. 72,318 ordinary shares in the Company were issued during the financial year by virtue of the exercise of options granted under the IEC Plan. As at 31 March 2001, the number and class of unissued shares under option granted under the IEC Plan was 35,628 ordinary shares. The expiration dates range from 14 February 2005 to 31 August 2005.

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Other Inactive Option Plans

These option plans are assumed plans for which all stock options available for grant have been fully granted. 888,203 ordinary shares of the Company were issued during the financial year by virtue of exercise of options granted under these plans. As at 31 March 2001, the numbers and class of unissued shares under option granted under such plans was 6,169,520, net of cancellation of options for 1,994,619 ordinary shares. The expiration dates range from 1 April 2002 to 1 December 2010.

Employee Share Purchase Plan (the ESPP)

During the financial year, the Company increased the total number of shares reserved for issuance under the ESPP to 2,400,000 shares. The ESPP was approved by the shareholders in October 1997. Under the ESPP, employees may purchase, on a periodic basis, a limited number of ordinary shares through payroll deductions over a six month period up to 10% of each participant s compensation. The per share purchase price is 85% of the fair market value of the shares at the beginning or end of the offering period, whichever is lower. A total of 445,476 ordinary shares have been issued under the ESPP as at 31 March 2001. The Company estimates that the per share weighted average fair value of ordinary shares issued to employees under the ESPP was US$20.00.

Auditors

Arthur Andersen have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

MICHAEL E. MARKS
CHUEN FAH ALAIN AHKONG
Director
Director

Singapore

6 August 2001

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Statement by Directors

In the opinion of the directors, the accompanying financial statements set out on pages S-15 to S-63 are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Group as at 31 March 2001 and of the results and changes in equity of the Company and of the Group and the cash flows of the Group for the year then ended and at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

MICHAEL E. MARKS
CHUEN FAH ALAIN AHKONG Director Director

Singapore

6 August 2001

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Auditors Report to the Members of Flextronics International Ltd.

We have audited the financial statements of the Company and the consolidated financial statements of the Group set out on pages S-15 to S-63. These financial statements are the responsibility of the Company s directors. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Singapore Standards on Auditing. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the directors, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion:

(a) the accompanying financial statements and consolidated financial statements are properly drawn up in accordance with the provisions of the Companies Act and Statements of Accounting Standard in Singapore and so as to give a true and fair view of:

(i) the state of affairs of the Company and of the Group as at 31 March 2001 and of the results and changes in equity of the Company and of the Group and cash flows of the Group for the year then ended; and

(ii) the other matters required by Section 201 of the Act to be dealt with in the financial statements and consolidated financial statements;

(b) the accounting and other records and the registers required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

We have considered the financial statements and auditors reports of all subsidiaries, of which we have not acted as auditors, being financial statements included in the consolidated financial statements. Details of these subsidiaries are described in Note 9 to the financial statements.

We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations as required by us for those purposes.

The auditors reports relating to the financial statements of the subsidiaries were not subject to any material qualification and, in respect of subsidiaries incorporated in Singapore, did not include any comment made under Section 207(3) of the Act.

Arthur Andersen

Certified Public Accountants

Singapore

6 August 2001

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES

(Incorporated in Singapore)

BALANCE SHEETS

As at 31 March 2001
(Amounts in Singapore dollars)

	Note	Group		Company	
		2001	2000	2001	2000
		$ 000	$ 000 (Note 42)	$ 000	$ 000 (Note 42)
Share capital and reserves					
Share capital	3	4,815	4,116	4,815	4,116
Share premium	4	5,679,043	2,438,990	5,801,678	2,561,625

Capital reserves
5 1,143,401 1,112,078 255 255
Deferred stock compensation
6 (8,795)
Accumulated profits
7 46,848 495,031 309,609 15,495

6,874,107 4,041,420 6,116,357 2,581,491
Minority interests
15,539 5,974

6,889,646 4,047,394 6,116,357 2,581,491

Fixed assets
8 3,286,623 2,290,056
Subsidiaries
9 4,426,261 566,158
Associated company
10 284
Other investments
11 141,433 36,809 129,612 27,344
Goodwill on consolidation
12 1,770,762 739,760
Purchased goodwill
13 98,965 63,792
Intangible assets
14 46,904 26,827
Deferred expenditure
15 1,859 282
Other non-current assets
16 151,403 305,649 26,571 137,032
Due from subsidiaries (non-trade)
17 2,032,825 617,508
Current assets

Stocks
18 3,212,231 1,976,688
Trade debtors
19 2,968,125 1,830,252

Other debtors, deposits and prepayments	20	607,702	306,989	18,158	11,922
Due from subsidiaries (non-trade)	21			1,300,288	769,291
Cash and cash equivalents	38	1,135,279	1,292,395	626,959	726,103
Other short term investments	11	2,916	34,012	2,409	33,844
		7,926,253	5,440,336	1,947,814	1,541,160

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES
(Incorporated in Singapore)

BALANCE SHEETS (Continued)

	Note	Group		Company	
		2001	2000	2001	2000
		$ 000	$ 000 (Note 42)	$ 000	$ 000 (Note 42)
Less:					
Current liabilities					
Short term advances	23	394,693	627,340		
Term loans current portion	23	141,055	216,508		
Trade creditors		2,661,141	2,122,956		
Other creditors and accruals	22	1,432,260	512,338	216,517	18,964
Hire purchase creditors current portion	24	49,615	41,584		
Due to subsidiaries (non-trade)	21			269,393	27,517
Provision for taxation		60,714	45,167		

		4,739,478	3,565,893	485,910	46,481
Net current assets		3,186,775	1,874,443	1,461,904	1,494,679
Non-current liabilities					
Term loans non-current portion	23	179,622	508,326		
Senior subordinated notes	23	1,401,322	519,000	1,401,322	259,500
Hire purchase creditors non-current portion	24	67,924	88,986		
Due to subsidiaries (non-trade)	17			558,146	
Deferred taxation		56,668	135,020		
Other payables	25	89,826	38,892	1,348	1,730
		6,889,646	4,047,394	6,116,357	2,581,491

The accompanying notes are an integral part of the financial statements.

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES

(Incorporated in Singapore)

STATEMENTS OF PROFIT AND LOSS

For the Year Ended 31 March 2001
(Amounts in Singapore dollars)

		Group		Company	
	Note	**2001**	**2000**	**2001**	**2000**
			$ 000		**$ 000**

$ 000 (Note 42) $ 000 (Note 42)

Turnover
26 21,046,657 11,679,674
Cost of sales
(19,340,283) (10,626,283)

Gross profit
1,706,374 1,053,391
Other operating income
27 55,997 38,517 172,620 69,985
Distribution and selling expenses
(134,749) (80,248)
Administrative expenses
(734,938) (537,378) (24,323) (17,525)
Other operating expenses
(633) (8,710) (3,879)

Profit from operations
28 892,051 465,572 144,418 52,460
Financial expenses
30 (235,052) (142,985) (106,760) (25,128)
Other income (expenses), net
31 62,423 (4,244) 70,163 (688)
Share of results of associated company
137
Unusual charges
32 (1,193,667) (12,877) (21,869)

(Loss) profit before tax
(474,108) 305,466 85,952 26,644
Tax
33 (22,554) (158,520) (896) (3)

(Loss) profit after tax but before minority interests
(496,662) 146,946 85,056 26,641
Minority interests
(2,112) (1,702)

Net (loss) profit for the financial year
(498,774) 145,244 85,056 26,641

Earnings (loss) per share (dollars)
34
basic
(1.13) 0.41
diluted
(1.13) 0.38

The accompanying notes are an integral part of the financial statements.

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES

(Incorporated in Singapore)

STATEMENTS OF CHANGES IN EQUITY

31 March 2001
(Amounts in Singapore dollars)

	Share Capital	Share Premium	Capital Reserves	Deferred Stock Compensation	Accumulated Profits	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Group						
Balance at 31 March 1999						

966 685,322 255 144,804 831,347
Retroactive adjustment on merger of companies (Note 2)
674 494,573 (16,397) 233,128 711,978
Retroactive adjustment for 2 for 1 bonus issue
1,974 (1,974)
Reclassification (Note 4)
(56,428) 56,428

3,614 626,920 551,256 (16,397) 377,932 1,543,325
Issuance of shares
460 1,686,171 549,770 2,236,401
Expenses on issuance of shares
(53,967) (53,967)
Issuance of shares for acquisition of companies
36 179,866 179,902
Impact of immaterial pooling of interests acquisitions
6 2,779 (3,734) (949)
Tax benefit on employee stock options
8,273 8,273
Exchange differences arising on translation
20,714 20,714
Profit for the financial year
145,244 145,244
Dividend issued to former shareholders of merged company
(45,125) (45,125)
Amortization of deferred stock compensation
7,602 7,602

Balance at 31 March 2000
4,116 2,438,990 1,112,078 (8,795) 495,031 4,041,420
Issuance of shares
516 2,700,132 2,700,648
Expenses on issuance of shares
(88,513) (88,513)
Issuance of shares for acquisition of companies
108 628,434 628,542
Impact of immaterial pooling of interests acquisitions
7 4,299 (3,656) 650

Tax benefit on employee stock options
20,051 20,051
Dividends issued to former shareholders of merged company
(327) (327)
Exchange differences arising on translation
161,506 161,506
Loss for the financial year
(498,774) (498,774)
Amortization of deferred stock compensation
8,795 8,795
Adjustment to conform fiscal years of pooled companies
68 6,973 (106,932) (99,891)

Balance at 31 March 2001
4,815 5,679,043 1,143,401 46,848 6,874,107

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES
(Incorporated in Singapore)

STATEMENTS OF CHANGES IN EQUITY (Continued)

	Share Capital	Share Premium	Capital Reserve	Revaluation Reserve	Accumulated Profits	Total
	$ 000	$ 000	$ 000	$ 000	$ 000	$ 000
Company						
Balance at 31 March 1999						

966 628,894 255 227,650 (23,667) 834,098
Retroactive adjustment on merger of companies (Note 2)
674 674
Retroactive adjustment for 2 for 1 bonus issue
1,974 (1,974)

3,614 626,920 255 227,650 (23,667) 834,772
Issuance of shares
460 1,686,171 1,686,631
Expenses on issuance of shares
(53,967) (53,967)
Issuance of shares for acquisition of companies
36 302,501 302,537
Impact of immaterial pooling of interests acquisitions
6 6
Exchange differences arising on translation
39,658 39,658
Profit for the year
26,641 26,641
Effect of change in accounting policy (Note 35)
(227,650) (27,137) (254,787)

Balance at 31 March 2000
4,116 2,561,625 255 15,495 2,581,491
Issuance of shares
516 2,700,132 2,700,648
Expenses on issuance of shares
(88,513) (88,513)
Issuance of shares for acquisition of companies
108 628,434 628,542
Impact of immaterial pooling of interests acquisitions
7 7
Exchange differences arising on translation
209,058 209,058
Profit for the year
85,056 85,056
Adjustment to conform fiscal years of pooled companies
68 68

Balance at 31 March 2001	4,815	5,801,678	255	309,609	6,116,357

The accompanying notes are an integral part of the financial statements.

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES

(Incorporated in Singapore)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Year Ended 31 March 2001
(Amounts in Singapore dollars)

	2001	2000
	$ 000	$ 000 (Note 42)
Cash flow from operating activities		
(Loss) profit before taxation	(474,108)	305,466
Adjustments for:		
Depreciation of fixed assets	379,183	244,145
Loss (gain) on sale of fixed assets	(2,402)	4,786
Gain on sale of subsidiaries		(620)
Fixed assets written off	8,234	

Long-lived assets written off in restructuring and merger-related exercises	404,144	
Share of profit from associated company	(137)	
Provision for stock obsolescence	58,456	54,928
Amortisation of purchased goodwill	6,990	3,227
Amortisation of goodwill on consolidation	102,394	37,433
Provision for doubtful trade debts	16,387	21,285
Amortisation of intangible assets	12,773	37,659
Amortisation of deferred stock compensation	8,795	7,602
Other non-cash restructuring and merger-related charges	239,587	
Interest expense	235,052	142,985
Interest income	(55,997)	(38,517)
Operating profit before working capital changes	939,351	820,379
Increase in:		
Trade debtors	(1,010,169)	(725,624)
Other debtors, deposits and prepayments	(277,912)	(150,810)
Stocks	(973,005)	(1,018,008)
Increase (decrease) in:		
Trade creditors	806,448	1,022,413
Other creditors and accruals	(186,425)	126,570
Cash (used in) generated from operations	(701,712)	74,920
Interest received	55,997	38,517
Interest paid	(118,815)	(132,957)

	2001	2000
Income taxes paid	(46,252)	(21,953)
Net cash used in operating activities	(810,782)	(41,473)

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES
(Incorporated in Singapore)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

	2001	2000
	$ 000	$ 000 (Note 42)
Cash flow from investing activities		
Purchase of business, net of cash acquired (Note A)	(431,881)	(424,134)
Acquisition of subsidiaries, net of cash acquired (Note B)	(276,137)	(145,609)
Purchase of fixed assets (Note C)	(1,345,775)	(772,908)
Proceeds from sale of other investments	81,530	
Proceeds from sale of fixed assets	121,650	60,916
Purchase of other investments	(94,544)	(199,362)
Net cash used in investing activities	(1,945,157)	(1,481,097)
Cash flow from financing activities		
Proceeds from issuance of shares	2,632,181	2,033,990
Dividend paid to former shareholders of acquired entities	(330)	(45,125)

Proceeds from bank borrowings	2,468,992	581,958
Repayment of bank borrowings	(2,522,036)	(204,555)
Repayment of hire purchase liabilities	(55,248)	(80,666)
Proceeds from issuance of equity instrument		171,481
Net cash provided by financing activities	2,695,040	2,285,602
Net (decrease) increase in cash and cash equivalents	(60,899)	763,032
Effect of exchange rate changes	(39,374)	371
Adjustment to conform fiscal year of pooled entities		(56,843)
Cash and cash equivalents at beginning of financial year	1,292,395	528,992
Cash and cash equivalents at end of financial year (Note 38)	1,135,279	1,292,395

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES
(Incorporated in Singapore)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

A. During the financial year, the Company purchased the manufacturing facilities and related assets of:

(i) Bosch Telecom GmBH (Denmark);

(ii) Ascom (Switzerland);

(iii) Siemens Mobile (Italy);

(iv) Siemens (United States); and

(v) Ericsson Radio AB (Sweden)

The acquisitions of the manufacturing facilities have been shown in the cash flow statements as a single item. The effect on the individual assets and liabilities is set out below:

	2001	2000
	$ 000	$ 000 (Note 42)
Trade debtors	36,860	
Stocks	295,815	309,122
Other debtors, deposits and prepayments	11,459	23,768
Other non-current assets	2,805	
Fixed assets	211,430	73,245
Intangible assets		2,984
Purchased goodwill	44,882	53,841
Other creditors and accruals	(89,525)	(26,069)
Other payables	(37,835)	(12,757)
Total net assets acquired	475,891	424,134
Total purchase consideration satisfied via the issue of 1,008,016 ordinary shares of $0.01 each at a premium of US$26.9 million	(48,356)	
Effect of exchange rate changes	4,346	
Net cash outlay from acquisitions	431,881	424,134

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES
(Incorporated in Singapore)

CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

B.

The acquisitions of all the subsidiaries during the financial years have been shown in the cash flow statements as a single item. The effect on the individual assets and liabilities is set out below:

	2001	2000
	$ 000	$ 000 (Note 42)
Trade debtors	150,957	117,786
Stocks	77,975	55,589
Other assets, debtors, deposits and prepayments	30,646	29,662
Fixed assets	200,671	62,233
Other non-current assets	1,273	1,513
Intangible assets	16,517	
Purchased goodwill		25,778
Short-term advances		(1,858)
Term loans	(170,023)	(83,835)
Hire purchase creditors	(21,360)	(30,371)
Trade creditors	(178,663)	(90,172)
Other creditors and accruals	(189,422)	(18,824)
Other non-current liabilities	(29,432)	(43)
Total net assets acquired	(110,861)	67,458
Total purchase consideration satisfied via the issue of 9,817,060 (2000 : 4,146,798) ordinary shares of $0.01 each at a premium of US$338.5 million (2000 : US$106.6 million)	(580,187)	(179,866)
Goodwill on consolidation	1,042,014	254,394
Effect of exchange rate changes	(74,829)	3,623
	276,137	145,609

C. Included in the fixed assets additions are fixed assets acquired under hire purchase of $17,979,000 (2000 : $86,433,000).

The accompanying notes are an integral part of the financial statements.

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES

(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS

31 March 2001
(Amounts in Singapore dollars unless otherwise stated)

The following notes are an integral part of and should be read in conjunction with the accompanying financial statements.

1. THE COMPANY, ITS SUBSIDIARIES AND THEIR PRINCIPAL ACTIVITIES

The Company, which is listed on NASDAQ in the United States of America, is incorporated in Singapore. It is principally engaged in investment holding. The address of the Company s registered office is 36 Robinson Road, #18-01, City House, Singapore 068877.

The principal activities of the subsidiaries are detailed in Note 9 to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The accounts of the Company and the Group, which are maintained in US dollars, are prepared under the historical cost convention. The financial statements have been prepared by translating the US dollars accounts to Singapore dollars at the exchange rate ruling at the financial year-end, except for share capital and premium, capital reserves and accumulated profits which are translated at historical exchange rates. Operating results are translated at average rates of exchange for the financial year. Exchange differences on currency translation are taken to reserves.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries made up to the end of the financial year. The results of subsidiaries acquired or disposed of during the financial year are included in or excluded from the Group financial statements with effect from the respective dates of acquisition or disposal. Significant intercompany balances and transactions have been eliminated on consolidation.

The acquisitions of The DII Group, Inc. and its subsidiaries (DII), Palo Alto Products International Pte. Ltd. and its subsidiaries (PAPI), Chatham Technologies, Inc. and its subsidiaries (Chatham), Lightning Metal Specialties, Inc. and its subsidiaries (Lightning), and JIT Holdings Ltd. and its subsidiaries (JIT) in financial year 2001 were accounted for as pooling of interests. Accordingly, prior period consolidated financial statements of the Group and the financial statements of the Company have been restated to give retroactive effect to these acquisitions. Under the pooling of interests method, the combined assets, liabilities and reserves of the pooled entities are recorded at their existing carrying amounts at the dates of mergers. The excess or deficiency of the amount recorded as share capital issued over the amount recorded for the share capital acquired is recorded as capital reserves.

DII and Lightning operated under a calendar year end prior to merging with the Group and accordingly, their respective balance sheets, statements of profit and loss, changes in equity and cash flows as of 31 December 1999 and for each of the two years ended 31 December 1999 have been combined with the Group s consolidated financial statements as of 31 March 2000 and for each of the financial years ended 31 March 2000. Chatham operated under a 30 September financial year end prior to merging with the Group and accordingly, the balance sheets, statements of profit and loss, changes in equity and cash flows as of 30 September 1999 and for each of the two years ended 30 September 1999 have been combined with the Group s consolidated financial statements as of 31 March 2000 and for each of the two financial years ended 31 March 2000.

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

DII, Chatham and Lightning changed their respective year ends to conform to the Group s financial year end of 31 March in the current financial year. Accordingly, DII s and Lightning s operations for the three months and Chatham s operations for the six months ended 31 March 2000 have been excluded from the consolidated statements of profit and loss for financial year 2001 and reported as an adjustment to retained earnings.

The acquisitions of Flextronics International Udine S.p.a (formerly known as San Marco Engineering S. r. l) and subsidiaries, and Flextronics Design Finland Oy (formerly known as Sample Rate Systems Oy) were also accounted for as pooling of interests. The historical operations of these entities were not material to the Group s consolidated operations on either an individual or an aggregate basis; accordingly prior period financial statements have not been restated for these acquisitions.

On acquisition of a subsidiary accounted for using the purchase method, any excess of the purchase consideration over the fair value of the assets acquired at the date of acquisition is included as goodwill on consolidation and amortized on a straight-line basis. Assets, liabilities and results of overseas subsidiaries are translated into Singapore dollars on the basis outlined in a later paragraph.

Revenue recognition

Revenue from the sale of manufactured products and services are recognized upon passage of title to the customer, which generally coincides with their delivery and passage.

Revenue from contract manufacturing, engineering and design services are recognized based on the percentage of completion method. Any losses are provided for as they become known.

Fixed assets and depreciation

Fixed assets are stated at cost net of accumulated depreciation and impairment loss. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to working condition for its intended use. Expenditure for additions, improvements and renewals are capitalized and expenditure for maintenance and repairs are charged to the profit and loss account. When assets are sold or retired, any gain or loss resulting from their disposal is included in the profit and loss account.

Fixed assets are depreciated using the straight-line method to write-off the cost over their estimated useful lives, except freehold land which is generally not depreciated. The estimated useful lives have been taken as follows:

	Years
Leasehold land	25
Building	20 to 50
Leasehold improvements	6 to 10
Plant and equipment	7 to 10
Others	2 to 10

Subsidiaries

Investments in subsidiaries are stated in the financial statements of the Company at cost. Provision is made where there is a decline in value that is other than temporary. See Note 35 for change in accounting policy.

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FLEXTRONICS INTERNATIONAL LTD. AND SUBSIDIARIES
(Incorporated in Singapore)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

Associated companies

An associated company is defined as a company, not being a subsidiary, in which the Group has a long-term equity interest of not less than 20% and in whose financial and operating policy decisions the Group exercises significant influence.

Investments in associated companies are stated in the Company s financial statements at cost and provision is made where there is a decline in value that is other than temporary.

The Group s share of the results of associated companies is included in the consolidated profit and loss account. The Group s share of the post acquisition reserves of associated companies is included in investments in the consolidated balance sheet. Where the audited accounts are not co-terminus with those of the Group, the share of profits is arrived at from the last audited accounts available and unaudited management accounts to the end of the accounting period.

Other investments

Quoted and unquoted investments are stated at cost. Provision is made where there is a decline in value that is other than temporary.

Dividend income is recorded gross on the date it is declared payable by the investee company.

Goodwill on consolidation

Goodwill on consolidation represents the excess of the purchase price of acquired companies over the fair value of the net assets acquired. Goodwill is amortized on a straight-line basis over the estimated lives of the benefits received which ranges generally from two to fifteen years. On an annual basis, the Company evaluates recorded goodwill for potential impairment against the current and estimated undiscounted future operating income before goodwill amortization of the business to which the goodwill relates.

Purchased Goodwill

Purchased goodwill represents the excess of the purchase price of acquired assets over the fair value of the net assets acquired. Goodwill is amortized on a straight-line basis over the estimated lives of the benefits received of ten to fourteen years.

Intangible assets

Intangible assets comprise technical agreements, patents, trademarks, developed technologies and identifiable assets in a subsidiary s assembled work forces, its favorable leases and its customer lists.

Technical agreements are being amortized on a straight-line basis over periods not exceeding five years. Patents and trademarks are being amortized on a straight-line basis over periods not exceeding five years. Purchased developed technologies are being amortized on a straight-line basis over periods not exceeding seven years. The identifiable intangible assets in the subsidiaries related to assembled work forces, its favorable leases and its customer lists are amortized on a straight line basis over the estimated lives of the benefits received of three to ten years.

Deferred expenditure

Deferred expenditure comprises preliminary expenses and is written off to the profit and loss account on a straight-line basis over a three-year period commencing from the date of commercial operations.

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Income tax

Income tax expense is determined on the basis of tax effect accounting, using the liability method and is applied to all significant timing differences. Deferred tax benefits are not recognised unless there is reasonable expectation of their realisation.

Stocks

Stocks are stated at the lower of cost and net realizable value. Cost comprises direct materials on a first-in-first-out basis and in the case of finished products, includes direct labor and attributable production overheads based on normal levels of activity. Net realizable value represents the estimated selling price less anticipated cost of disposal. Provision is made for deteriorated, damaged, obsolete and slow-moving stocks.

Hire purchase

Where assets are financed by hire purchase agreements that give rights approximating to ownership (finance leases), the assets are capitalized under fixed assets as if they had been purchased during the periods of the leases and the corresponding lease commitments are included under liabilities. Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account. Depreciation on the relevant assets is charged to the profit and loss account on the basis outlined.

Foreign currency transactions and balances

The financial statements of the subsidiaries maintained in currencies other than their respective functional currencies are remeasured into their functional currencies. Exchange adjustments arising from the remeasurement process and those resulting from transactions in foreign currencies are included in the statement of profit and loss.

The functional currency balance sheets of the subsidiaries are translated into the Group s functional currency of US dollars at the rate of exchange prevailing at year end and the functional currency statements of profit and loss are translated at average rates. Adjustments resulting from the translation of the financial statements of these companies from their functional currency into the Group s functional currency of US dollars, are taken to reserves.

The functional currency consolidated financial statements are translated into the reporting currency, Singapore dollars, using the year end exchange rate to translate assets and liabilities and average rate to translate profit and loss statement items. Exchange differences arising therefrom are taken into reserves.

Forward contracts

The Company enters into forward exchange contracts to hedge underlying transactional currency exposures and does not engage in foreign currency speculation. The credit risk of these forward contracts is minimal since the contracts are with large financial institutions. The Company hedges committed exposures and these forward contracts generally do not subject the Company to risk of accounting losses. The gains and losses on forward contracts generally offset the gains and losses on the assets, liabilities and transactions hedged.

Profits and losses on outstanding forward foreign exchange contracts used for hedging purposes are computed by revaluing these unmatured contracts at the exchange rate prevailing at year end and are dealt with through the statement of profit and loss to match against the exchange differences on the underlying foreign currency exposures being hedged. The premium or discount arising on these foreign exchange contracts is recognised in the statement of profit and loss over the period of the hedge.

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Retirement benefits/Pension funds

In accordance with government regulations, certain of the Group s European subsidiaries are required to contribute employee retirement benefits to pension retirement funds. The contributions are calculated based on a certain percentage of the salaries of the existing employees and are charged to the profit and loss account as incurred.

Segments

The Group operates and is managed internally by four geographic business segments. The operating segments include Asia, Americas, Western and Central Europe. Each operating segment has a regional president that reports to the Chairman and Chief Executive Officer, who is the chief decision maker.

Segment revenue, expenses and results include transfers between geographical segments. Such transfers are accounted for on an arm s length basis.

Accounting standards effective after financial year

Statement of Accounting Standards (SAS) No. 22 Business Combinations is effective for financial years beginning on or after 1 October 2000. Had this accounting standard been applied for the current financial year, the acquisitions of DII, PAPI, Chatham, Lightning and JIT would have been accounted for under the purchase method instead of the pooling of interests method, and SAS 36 Impairment of Assets, SAS 37 Provisions, Contingent Liabilities and Contingent Assets, and SAS 34 Intangible Assets would have to be adopted to be in compliance with the requirements of SAS 22.

SAS No. 32 Financial Instruments: Disclosure and Presentation is effective for financial years beginning on or after 1 October 2000. Had this accounting standard been applied for the current financial year, the equity instrument issued to Motorola, Inc. which entitles it to acquire 22 million ordinary shares of the Company at any time through 31 December 2005 upon meeting targeted purchase levels or making additional payments to the Company, would be estimated to have a fair market value of US$386.5 million at the time of issuance using the Black Scholes option pricing model, and would have resulted in an unusual charge equal to the excess of the fair value of the equity instrument over the US$100 million proceeds received.

3. SHARE CAPITAL

	Group and Company	
	2001	**2000**
	$ 000	**$ 000 (Note 42)**
Authorised:		
1,500,000,000 (2000: 250,000,000*) ordinary shares of $0.01 each		

	15,000	2,500*
Issued and fully paid:		
481,531,339 (2000: 411,596,229) ordinary shares of $0.01 each	4,815	4,116

* Represents number of shares and amount before 2 for 1 stock split

During the financial year,

(i) the Company increased its authorised share capital from $2,500,000 divided into 250,000,000 ordinary shares of $0.01 each to $15,000,000 via the creation of 1,250,000,000 new ordinary shares of $0.01 each.

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(ii) the Company issued the following shares:

(a) Distribution of 208,997,864 ordinary shares of $0.01 each for a 2 for 1 stock split effected as a bonus issue. All shares and share amounts have been retroactively restated to reflect the stock split, unless otherwise stated.

(b) 12,650,000 and 27,000,000 ordinary shares of $0.01 each for cash at US$35.63 and US$37.94 per share respectively for public offering with proceeds amounting to US$1.42 billion, net of issuance costs of US$50.8 million.

(c) 9,526,140 ordinary shares of $0.01 each for cash at a premium of US$53.0 million, net of expenses, by virtue of the exercise of share options previously granted.

(d) 445,476 ordinary shares of $0.01 each for cash at a premium of US$8.9 million, net of expenses, by virtue of the Employee Share Purchase Plan.

(e) 125,536,310 ordinary shares of $0.01 each at a premium of US$418.5 million for the acquisition of The DII Group, Inc. and its subsidiaries, which is held by Flextronics International USA, Inc., a wholly owned subsidiary of Flextronics International Holding Corp which is in turn a wholly owned subsidiary of the Company.

(f) 6,307,840 ordinary shares of $0.01 each for the acquisition of Palo Alto Products International Pte. Ltd. and its subsidiaries at a premium of US$36.9 million.

(g) 13,710,812 ordinary shares of $0.01 each at a premium of US$108.3 million for the acquisition of Chatham Technologies, Inc. and its subsidiaries, which is held by Flextronics International PA, Inc., a wholly owned subsidiary of the Company.

(h) 2,315,706 ordinary shares of $0.01 each at a premium of US$3.2 million for the acquisition of Lightning Metal Specialties, Inc. and its subsidiaries, which is held by Flextronics International PA, Inc., a wholly owned subsidiary of the Company.

(i) 17,323,531 ordinary shares of $0.01 each for the acquisition of JIT Holdings Ltd. and its subsidiaries at a premium of US$60.0 million.

(j) 177,314 ordinary shares of $0.01 each at a premium of US$222,000 for the acquisition of Flextronics Design Finland Oy (formerly known as Sample Rate Systems Oy), which is held by a wholly owned subsidiary of the Company.

(k) 550,000 ordinary shares of $0.01 each for the acquisition of Flextronics International Udine S.p.a (formerly known as San Marco Engineering S.r.l.) and its subsidiaries at a premium of US$2.26 million.

(l) 676,492 ordinary shares of $0.01 each for the acquisition of IEC Holdings Ltd. and its subsidiaries at a premium of US$32.5 million.

(m) 4,051,832 ordinary shares of $0.01 each at a premium of US$135.7 million for the acquisition of Ojala-Yhtma Oy and its subsidiary, which is held by a wholly owned subsidiary of the Company.

(n) 2,349,592 ordinary shares of $0.01 each for the acquisition of Li Xin Industries Ltd. and its subsidiaries at a premium of US$68.8 million.

(o) 2,363,720 ordinary shares of $0.01 each at a premium of US$85.8 million for the acquisition of Flextronics Photonics Wave Optics, Inc. (formerly known as Wave Optics, Inc.), which is held by a wholly owned subsidiary of the Company.

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(p) 337,866 ordinary shares of $0.01 each at a premium of US$15.7 million for the acquisition of Flextronics Photonics PPT, Inc. (formerly known as Photonics Packaging Technologies, Inc.), which is held by a wholly owned subsidiary of the Company.

(q) 1,008,016 ordinary shares of $0.01 each for the purchase of the manufacturing facilities and related assets of Ericsson Radio AB at a premium of US$26.9 million.

4. SHARE PREMIUM

The share premium account may be applied only for the purposes specified in the Companies Act. The balance is not available for distribution of dividends except in the form of shares.

An amount of $56,428,000 has been reclassified from the share premium account in the consolidated financial statements to capital reserves. This amount relates to the share premium of certain pooled entities acquired in the prior years which should be classified as capital reserves upon the pooling of interests. Accordingly, prior year comparatives have been restated to conform with current year s presentation.

5. CAPITAL RESERVES

The Company, which is listed on NASDAQ in the United States of America, also prepares accounts which comply with United States generally accepted accounting principles. These accounts, which are in US dollars, are filed with the Securities and Exchange Commission (SEC) in the United States. During the year ended 31 March 1994, an amount of $254,885, representing the difference between the fair market value at the date of grant of certain share options to selected management employees and the exercise price of the options, was charged to the profit and loss account in compliance with United States generally accepted accounting principles. No such charge was made in the preparation of the Singapore statutory accounts as there is no equivalent accounting standard in Singapore. In order to reduce the revenue reserve to that reported in the accounts prepared in compliance with United States generally accepted accounting principles, an amount of $254,885 was transferred from revenue reserve to capital reserves. Details of the share options granted are detailed in Note 37.

6. DEFERRED STOCK COMPENSATION

Under the DII 1994 Stock Incentive Plan, certain key executives of The DII Group, Inc. (DII) were awarded 1,468,320 performance shares during the financial year ended 31 March 1999. These performance shares vest over a period of time, not exceeding eight years. The performance shares vested at an accelerated rate upon the achievement of certain annual earnings per share targets established by DII s Compensation Committee. These performance shares were not reported as outstanding until vested.

The market value of the performance shares at the date of award was charged to deferred stock compensation, which forms part of shareholders equity and was amortized to expense based upon the estimated number of shares expected to be issued in any particular year. The amount was fully amortized by the end of the financial year ended 31 March 2001.

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7. ACCUMULATED PROFITS

	Group 2001 $ 000	Group 2000 $ 000 (Note 42)
Retained by:		
Company	309,609	15,495
Subsidiaries	(262,898)	479,536
Associated companies		137
	46,848	495,031

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8. FIXED ASSETS

Group	Land	Building	Leasehold Improvements	Plant and Equipment	Others