

SECURITIES AND EXCHANGE COMMISSION
Washington D.C. 20549

FORM 10-Q

(Mark One)

X Quarterly report pursuant to Section 13 or 15(d) of the Securities
--- Exchange Act of 1934

For the quarterly period ended February 28, 1997.

--- Transition report pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the transition period from _____ to _____.

Commission file number: 0-21308

JABIL CIRCUIT, INC.

(Exact name of registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of
incorporation or organization)

38-1886260
(I.R.S. Employer
Identification No.)

10800 Roosevelt Blvd.
St. Petersburg, FL 33716
(Address of principal executive offices, including zip code)

Registrant's Telephone No., including area code: (813) 577-9749

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days:

Yes X No
--- ---

As of February 28, 1997, there were 18,213,614 shares of the Registrant's
Common Stock outstanding.

JABIL CIRCUIT, INC. AND SUBSIDIARIES

INDEX

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Balance Sheets at February 28, 1997 and August 31, 1996.....	3
Consolidated Statements of Operations for the six months ended February 28, 1997 and 1996.....	4

Consolidated Statements of Cash Flows for the six months ended February 28, 1997 and 1996.....	5
Notes to Consolidated Financial Statements.....	6
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.....	8

PART II. OTHER INFORMATION

Item 4. Submission of matters to a vote of security holders.....	11
Item 6. Exhibits and Reports on Form 8-K.....	12
Signatures.....	13

3
PART I. FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS JABIL CIRCUIT, INC. AND SUBSIDIARIES CONSOLIDATED BALANCE SHEETS (in thousands, except for share and per share data)
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	August 31, 1996 -----	February 28, 1997 -----
ASSETS		
Current assets		
Cash	\$ 73,319	\$ 65,158
Accounts receivable - Net	84,839	90,838
Inventories	64,869	78,281
Refundable income taxes	0	0
Prepaid expenses and other current assets	340	463
Deferred income taxes	3,971	5,142
	-----	-----
Total current assets	227,338	239,882
Property, plant and equipment, net	70,704	91,254
Other assets	1,898	1,882
	-----	-----
	\$299,940	\$333,018
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Current installments of long term debt	1,979	1,979
Current installments of capital lease obligations	472	480
Accounts payable	78,600	93,372
Accrued expenses	24,550	24,745
Income taxes payable	5,979	3,146
	-----	-----
Total current liabilities	111,580	123,722
Long term debt, less current installments	57,257	56,217
Capital lease obligations, less current installments	1,114	975
Deferred income taxes	2,883	2,359
Deferred grant revenue	2,872	2,729
	-----	-----
Total liabilities	175,706	186,002
	-----	-----
Stockholders' equity		
Common stock	18	18
Additional paid in capital	56,924	59,792
Retained earnings	67,319	87,206
	-----	-----
	124,261	147,016
Less:		
Unearned compensation from grant of stock option	27	0
	-----	-----
Net stockholders' equity	124,234	147,016
	-----	-----
	\$299,940	\$333,018
	=====	=====

See Accompanying Notes to Consolidated Financial Statements

3

4

JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except for per share data)

	Three months ended		Six months ended	
	Feb. 29, 1996	Feb. 28, 1997	Feb. 29, 1996	Feb. 28, 1997
Net revenue	\$235,628	\$222,187	\$469,483	\$425,257
Cost of revenue	217,360	195,711	433,897	375,689
Gross profit	18,268	26,476	35,586	49,568
Operating expenses:				
Selling, general and administrative	6,070	7,918	11,631	15,645
Research and development	528	804	927	1,509
Operating income	11,670	17,754	23,028	32,414
Interest expense	2,323	389	4,986	1,047
Income before income taxes	9,347	17,365	18,042	31,367
Income taxes	3,009	6,306	6,489	11,480
Net income	\$ 6,338	\$ 11,059	\$ 11,553	\$ 19,887
Net income per share	\$ 0.34	\$ 0.58	\$ 0.65	\$ 1.04
Weighted average number of shares of common stock and common stock equivalents	18,818	19,163	17,892	19,053

See Accompanying Notes to Consolidated Financial Statements

4

5

JABIL CIRCUIT, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

	February 29, 1996	February 28, 1997
Cash flows from operating activities:		
Net income	\$11,553	\$19,887
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	8,624	11,447
Recognition of grant revenue	(1,082)	(1,065)
Deferred income taxes	(1,102)	(1,695)
(Gain) loss on sale of property	(6)	(307)
Foreign currency translation loss	80	0
Changes in operating assets and		

liabilities:		
Accounts receivable	4,059	(5,999)
Inventories	(20,128)	(13,412)
Prepaid expenses and other current assets	256	(123)
Refundable income taxes	2,154	0
Other assets	(630)	14
Accounts payable and accrued expenses	(5,768)	12,134
	-----	-----
Net cash provided by (used in) operating activities	(1,990)	20,881
	-----	-----
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(19,376)	(32,036)
Proceeds from sale of property and equipment	197	375
	-----	-----
Net cash used in investing activities	(19,179)	(31,661)
	-----	-----
Cash flows from financing activities:		
Increase/(Decrease) in note payable to bank	(22,000)	0
Proceeds from long-term debt	9,222	0
Payments of long-term debt	(6,405)	(1,040)
Payments of capital lease obligations	(445)	(131)
Net proceeds from issuance of common stock	39,651	2,868
Proceeds from Scottish grant	0	922
	-----	-----
Net cash provided/(used) by financing activities	20,023	2,619
	-----	-----
Net increase (decrease) in cash	(1,146)	(8,161)
Cash at beginning of period	5,486	73,319
	-----	-----
Cash at end of period	\$ 4,340	\$65,158
	=====	=====
Supplemental disclosure information:		
Cash Paid:		
Interest	\$ 2,252	\$ 2,196
	-----	-----
Income taxes	\$ 1,550	\$12,340
	-----	-----
Non-Cash Investing and Financing activities:		
Tax benefit of options exercised	\$ 111	\$ 1,103
	=====	=====

See Accompanying Notes to Consolidated Financial Statements

JABIL CIRCUIT, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements of Jabil Circuit, Inc. and subsidiaries ("the Company") are unaudited and have been prepared based upon prescribed guidance of the Securities and Exchange Commission ("SEC"). As such, they do not include all disclosures required by generally accepted accounting principles, and should be read in conjunction with the annual audited consolidated statements as of and for the year ended August 31, 1996 contained in the Company's 1996 annual report on Form 10-K. In the opinion of management, the accompanying consolidated financial statements include all adjustments, consisting of normal and recurring adjustments necessary for a fair presentation of the financial position, results of operations and cash flows for the periods presented when read in conjunction with the annual audited consolidated financial statements and related notes thereto. The results of operations for the six month period ended February 28, 1997 are not necessarily indicative of the results that should be expected for a full fiscal year.

Net Income Per Share

Net income per share is computed using the weighted average number of common shares and dilutive common equivalent shares outstanding during the applicable period. Common equivalent shares consist of stock options, using the treasury stock method.

Commitments and Contingencies

At February 28, 1997 the Company had outstanding approximately \$14 million in equipment purchase commitments, and approximately \$30.0 million in

commitments related to the construction of new manufacturing facilities

During the 1994 fiscal year, the Company instituted a breach of contract action against Epson of America Inc. requesting certain specified and unspecified monetary damages. On July 21, 1995, Epson filed a counterclaim citing damages for, among other things, breach of contract and negligent misrepresentation. The Company expects discovery to conclude during the second half of fiscal 1997 and the trial to commence in the second half of fiscal 1997 in the United States District Court for the Middle District of Florida. The parties have been unsuccessful in mediating or arbitrating the dispute, despite participation in several non-binding mediation and arbitration sessions. The Company intends to pursue aggressively its legal claims and contest vigorously Epson's counterclaims. The Company believes strongly in the validity of its claims and believes that any potential exposure to the Company is substantially less than the amount claimed by Epson. The Company believes that adequate provision has been

6

7

made in its consolidated financial statements for adverse exposure related to this matter. However, such litigation may result in substantial costs and diversion of resources and, given the uncertainties inherent in litigation, could have a material adverse effect on the Company's operating results and financial condition, if decided adversely to the Company.

The Company is party to certain other law suits in the ordinary course of business. Management does not believe that these proceedings, individually or in aggregate, are material or that any adverse outcomes of these lawsuits will have a material adverse effect on the Company's financial statements.

7

8

JABIL CIRCUIT, INC. AND SUBSIDIARIES

This management's Discussion and Analysis of Financial Condition and Results of Operations contains trend analysis and a number of forward looking statements. These statements are based on current expectations and actual results may differ materially. Among the factors which could cause actual results to vary are those described in "Business Factors" below.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company's net revenue for the second quarter and first six months of fiscal 1997 decreased 5.7% and 9.4% to \$222 million and \$425 million respectively from \$236 million and \$469 million in the second quarter and first six months of fiscal 1996. This decrease was primarily due to the end of production of certain hard drive and personal computer products, offset by increased production of communications products. Foreign source revenue represented 37% and 34% of net revenue for the second quarter and first six months of fiscal 1997 respectively, compared to 39% and 40% for the same periods of fiscal 1996. The decrease in foreign source revenue was attributable to decreased exports from the Company's domestic locations.

Gross margin increased to 11.9% and 11.7% for the second quarter and first six months respectively of fiscal 1997 from 7.8% and 7.6% for the second quarter and first six months of fiscal 1996. This increase resulted from a shift in product mix to higher value added products along with increased utilization of the Company's international operations.

Selling, general and administrative expenses in the second quarter and first six months of fiscal 1997 increased to 3.6% and 3.7% of net revenue

respectively compared to 2.6% and 2.5% in the second quarter and first six months of the prior fiscal year, or \$1.8 million and \$4.0 million in absolute dollars. The increase was due to additional staffing at an operational level and increased resources at a corporate level.

Research and development expenses increased as a percentage of net revenue in the second quarter and first six months of fiscal 1997 to 0.4% as compared to 0.2% for the second quarter and first six months of fiscal 1996. In absolute dollars, the expenses increased approximately \$276,000 and \$582,000 versus the same periods of fiscal 1996 due to expansion of circuit design activities.

Interest expense decreased \$2.0 million and \$4.0 million respectively in the second quarter and first six months of fiscal 1997 to \$0.4 million and \$1.0 million from \$2.3 million and \$5.0 million in the second quarter and first six months of fiscal 1996 due to a decrease in total borrowings, lower effective interest rates and interest income earned on cash balances.

8

9

The Company's effective tax rate increased to 36.3% and 36.6% in the second quarter and first six months of fiscal 1997 respectively from 32.2% and 36.0% in the second quarter and first six months of fiscal 1996. Fiscal 1996 tax rates were lower due to utilization of net operating losses from international operations.

Business Factors

Due to the nature of turnkey manufacturing and the Company's relatively small number of customers, the Company's quarterly operating results are affected by the levels and timing of orders; the level of capacity utilization of its manufacturing facilities and associated fixed costs; fluctuations in materials costs; and by the mix of materials costs versus manufacturing costs. Similarly, operating results are affected by price competition; level of experience in manufacturing a particular product; degree of automation used in the assembly process; efficiencies achieved by the Company in managing inventories and fixed assets; timing of expenditures in anticipation of increased sales; customer product delivery requirements; and shortages of components or labor. In the past, some of the Company's customers have terminated their manufacturing arrangement with the Company, and other customers have significantly reduced or delayed the volume of manufacturing services ordered from the Company. Any such termination of a manufacturing relationship or change, reduction or delay in orders could have an adverse affect of the Company's results of operations.

Liquidity and Capital Resources

At February 28, 1997 the Company's principal sources of liquidity consisted of cash and available borrowings under the Company's credit facilities. The Company and its subsidiaries have committed line of credit facilities in place with a syndicate of banks that provide up to \$60 million of working capital borrowing capacity.

The Company generated \$20.9 million of cash in operating activities for the six months ended February 28, 1997. The generation of cash was primarily due to net income of \$19.9 million, depreciation and amortization of \$11.4 million and an increase of accounts payable and accrued expenses of \$12.1 million, offset by an increase in inventories of \$13.4 million and an increase in accounts receivable of \$6.0 million.

Net cash used in investing activities of \$31.6 million for the six months ended February 28, 1997 was a result of the Company's capital expenditures for equipment world-wide in order to support increased activities and the construction of new manufacturing facilities.

Net cash of \$2.6 million was provided by financing activities for the six months ended February 28, 1997. This was primarily attributable to \$1.0 million payments of long term debt offset by \$2.8 million of proceeds from the issuance of common stock.

10

The Company believes that cash on hand, funds provided by operations and available under the credit agreements will be sufficient to satisfy its currently anticipated working capital and capital expenditure requirements for the next twelve months.

10

11

JABIL CIRCUIT, INC. AND SUBSIDIARIES

Part II - OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

At the company's annual stockholders meeting on January 23, 1997, the following members were elected to the board of directors:

	FOR: ----	WITHHELD -----
William D. Morean	16,620,268	93,790
Thomas A. Sansone	16,620,268	93,790
Ronald J. Rapp	16,619,268	94,790
Lawrence J. Murphy	16,637,768	76,290
Mel S. Lavitt	16,619,568	94,490
Steven A. Raymund	16,638,668	75,390

The following proposals were approved at the annual shareholders meeting:

	AFFIRMATIVE VOTES -----	NEGATIVE VOTES -----	WITHHELD -----
1 To approve amendment of the Company's 1992 Employee Stock Purchase Plan to increase by 200,000 shares the number of shares reserved for issuance thereunder.	16,563,604	143,986	4,468
2 To approve amendment to the Company's 1992 Stock Option Plan to increase by 400,000 shares the number of shares reserved for issuance thereunder.	15,288,245	1,287,472	6,868
3 To ratify selection of KPMG Peat Marwick as independent auditors for the Company.	16,707,335	3,117	3,606

11

12

Part II - OTHER INFORMATION

Item 6: Exhibits and Reports on Form 8-K

(a) Exhibits

11.1 Statement re Computation of Net Income per Share

27.1 Financial Data Schedule (for SEC use only)

(b) Form 8-K

No Reports on Form 8-K were filed by the Registrant during the quarter ended February 28, 1997.

12

13

SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Jabil Circuit, Inc.

Registrant

Date: 4/14/97

/s/ Thomas A. Sansone

Thomas A. Sansone
President

Date: 4/14/97

/s/ Chris A. Lewis

Chris A. Lewis
Chief Financial Officer

13

JABIL CIRCUIT INC.
 STATEMENT OF COMPUTATION OF EARNINGS PER SHARE
 (in thousands, except for per share amounts)
 (Unaudited)

	Three months ended February 28,		Six months ended February 28,	
	1996	1997	1996	1997
Net income	\$ 6,338	\$11,059	\$11,553	\$19,887
Computation of weighted average common and common equivalent shares outstanding:				
Common stock	17,716	18,090	16,691	17,963
Options	1,102	1,073	1,201	1,090
Total number of shares used in computing per share amounts	18,818	19,163	17,892	19,053
Net income per share	\$0.34	\$0.58	\$0.65	\$1.04

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF JABIL CIRCUIT, INC. FOR THE SIX MONTHS ENDED FEBRUARY 28, 1997, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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