

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

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 1-9533

WORLD FUEL SERVICES CORPORATION
(Exact name of registrant as specified in its charter)

Florida
(State or other jurisdiction of
incorporation or organization)

59-2459427
(I.R.S. Employer
Identification No.)

700 South Royal Poinciana Blvd., Suite 800
Miami Springs, Florida
(Address of Principal Executive Offices)

33166
(Zip Code)

Registrant's Telephone Number, including area code: (305) 884-2001

Indicate by check mark whether the registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes No .

APPLICABLE ONLY TO CORPORATE ISSUERS:

The registrant had a total of 10,403,000 shares of common stock, par value
\$0.01 per share, as of August 1, 2001.

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

The following unaudited, condensed consolidated financial statements of World Fuel Services Corporation (the "Company" or "World Fuel") have been prepared in accordance with the instructions to Form 10-Q and, therefore, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States. In the opinion of management, all adjustments necessary for a fair presentation of the financial information for the interim periods reported have been made. Results of operations for the three months ended June 30, 2001, will not be necessarily indicative of the results for the entire fiscal year ending March 31, 2002. The condensed consolidated financial statements and notes thereto included in this Form 10-Q should be read in conjunction with the Company's audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended March 31, 2001.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(IN THOUSANDS, EXCEPT SHARE DATA)

	June 30, 2001	March 31, 2001
	----- (UNAUDITED)	-----
ASSETS		

CURRENT ASSETS:		
Cash and cash equivalents	\$ 34,963	\$ 38,977
Accounts and notes receivable, net of allowance for bad debts of \$11,043 and \$11,167 at June 30 and March 31, 2001, respectively	120,467	125,863
Inventories	3,803	5,009
Prepaid expenses and other current assets	17,504	18,376
	-----	-----
Total current assets	176,737	188,225
PROPERTY AND EQUIPMENT, net	6,204	6,131
GOODWILL, net	29,709	24,598
OTHER ASSETS	2,980	3,211
	-----	-----
	\$ 215,630	\$ 222,165
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		

CURRENT LIABILITIES:		
Short-term debt	\$ 3,393	\$ 2,321
Accounts payable	68,445	69,147
Accrued expenses	21,341	28,465
Customer deposits	4,411	5,781
Other current liabilities	5,933	6,725
	-----	-----
Total current liabilities	103,523	112,439
LONG-TERM LIABILITIES	5,381	5,866
	-----	-----
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$1.00 par value; 100,000 shares authorized, none issued	-	-
Common stock, \$0.01 par value; 25,000,000 shares authorized; 12,541,000 shares issued and outstanding	125	125
Capital in excess of par value	26,889	26,889
Retained earnings	96,636	93,770
Less treasury stock, at cost; 2,138,000 shares	16,924	16,924
	-----	-----
	106,726	103,860
	-----	-----
	\$ 215,630	\$ 222,165
	=====	=====

The accompanying notes to the condensed consolidated financial statements are an integral part of these condensed consolidated balance sheets.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(UNAUDITED - IN THOUSANDS, EXCEPT PER SHARE DATA)

	Three Months Ended June 30,	
	2001	2000
Revenue	\$ 338,107	\$ 374,530
Cost of revenue	319,810	357,462
Gross profit	18,297	17,068
Operating expenses:		
Salaries and wages	7,624	6,551
Provision for bad debts	846	1,253
Other	5,193	5,685
	13,663	13,489
Income from operations	4,634	3,579
Other income, net:		
Interest income, net	409	377
Non-recurring credit in the marine segment	1,000	-
Other (expense) income, net	(173)	365
	1,236	742
Income from operations before income taxes	5,870	4,321
Provision for income taxes	1,183	1,074
Net income	\$ 4,687	\$ 3,247
Basic earnings per share	\$ 0.45	\$ 0.30
Basic weighted average shares	10,403	10,888
Diluted earnings per share	\$ 0.44	\$ 0.30
Diluted weighted average shares	10,558	10,896

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

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(UNAUDITED - IN THOUSANDS)

	Three Months Ended June 30,	
	2001	2000
Cash flows from continuing operating activities:		
Net income	\$ 4,687	\$ 3,247
Adjustments to reconcile net income to net cash (used in) provided by continuing operating activities -		
Depreciation and amortization	422	580
Provision for bad debts	846	1,253
Deferred income tax (benefit) provision	(411)	110
Other non-cash operating (credits) charges	(113)	8
Changes in operating assets and liabilities:		
Accounts and notes receivable	4,550	1,313
Inventories	1,206	3,610
Prepaid expenses and other current assets	(292)	(1,743)
Other assets	350	331
Accounts payable and accrued expenses	(9,127)	(3,006)
Other current liabilities	(2,386)	(1,069)
Total adjustments	(4,955)	1,387
Net cash (used in) provided by continuing operating activities:	(268)	4,634
Cash flows from investing activities:		
Payment for acquisition of business	(3,064)	-
Capital expenditures	(504)	(354)
Net cash used in investing activities	(3,568)	(354)
Cash flows from financing activities:		
Dividends paid on common stock	(520)	(554)
Purchases of treasury stock	-	(1,415)
Repayment of debt	(1,408)	(11)
Net cash used in financing activities	(1,928)	(1,980)
Discontinued operations	1,750	(9,201)
Net decrease in cash and cash equivalents	(4,014)	(6,901)
Cash and cash equivalents, at beginning of period	38,977	32,773
Cash and cash equivalents, at end of period	\$ 34,963	\$ 25,872

(Continued)

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES

 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

 (UNAUDITED - IN THOUSANDS)
 (Continued)

Three Months Ended	
June 30,	
2001	2000
-----	-----

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

Cash paid during the period for:		
Interest	\$ 277	\$ 3
	=====	=====
Income taxes	\$ 1,108	\$ 10,504
	=====	=====

SUPPLEMENTAL SCHEDULE OF NONCASH ACTIVITIES:

Cash dividends declared, but not yet paid, of \$1.8 million and \$541 thousand are included in Accrued expenses as of June 30, 2001 and 2000, respectively.

In connection with an April 2001 acquisition in the marine segment, the Company issued \$2.0 million in notes payable, of which \$1.0 million each was included in Short-term debt and Long-term liabilities. See Note 2 in the Notes to the Condensed Consolidated Financial Statements for additional information.

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

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(UNAUDITED-IN THOUSANDS, EXCEPT PER SHARE DATA)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting polices followed for quarterly financial reporting are the same as those disclosed in Note 1 of the Notes to the Consolidated Financial Statements included in the Company's Annual Report on Form 10-K for the year ended March 31,2001.

(2) NATURE OF ACQUISITION

In April 2001, the Company acquired the stock of a British Virgin Islands ("BVI") corporation, for an aggregate purchase price of \$5.1 million, including an estimated \$64 thousand in acquisition costs. This acquisition was accounted for as a purchase. The BVI company sells and markets marine fuel services through a Dubai, United Arab Emirates ("Dubai") corporation. The BVI company owns 49% of the Dubai company. In accordance with local laws, the Dubai entity is 51% owned by a Dubai citizen, who is called a Sponsor. The Dubai company, pursuant to a management contract, is required to pay for the sales staff and administrative support provided by the BVI entity. The BVI entity has entered into various agreements with the Dubai Sponsor to prevent an unauthorized ownership transfer and to effectively grant majority control of the Dubai entity to the Company. The Dubai company effectively operates as a branch office of the BVI company. Accordingly, the operations of the BVI company and the Dubai entity have been included with the results of the Company since April 1,2001.

(3) RECENT ACCOUNTING PRONOUNCEMENTS

Business Combinations

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141, "Business Combinations." SFAS No. 141 establishes accounting and reporting standards for business combinations requiring that all business combinations, within the scope of SFAS No. 141, are to be accounted for using only the purchase method of accounting. SFAS No. 141 will be effective for all business combinations initiated after June 30, 2001. The Company will adopt SFAS No. 141, effective July 1, 2001, as required. The Company does not believe that the implementation of SFAS No. 141 will have a material effect on the Company's financial statements.

Goodwill
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Effective April 1, 2001, as permitted, the Company elected to early adopt SFAS No. 142, "Goodwill and Other Intangible Assets." SFAS No. 142 establishes accounting and reporting for acquired goodwill and other intangible assets. SFAS No. 142 states that goodwill shall not be amortized prospectively. Accordingly, no goodwill amortization was recorded for the three months ended June 30, 2001. The early adoption of SFAS No. 142 also requires the Company to complete a review of its reportable segments' goodwill for impairment, no later than September 30, 2001. The Company intends to complete this review within the prescribed deadline. The Company does not believe that the adoption of SFAS No. 142, including the ultimate outcome of the goodwill impairment review, had or will have a material effect on the Company's financial statements. In accordance with SFAS No. 142, the following proforma information is presented:

	For the Three Months Ended June 30,	
	2001	2000
	-----	-----
Reported net income:	\$ 4,687	\$ 3,247
Add back: Goodwill amortization	-	145
	-----	-----
Adjusted net income	\$ 4,687	\$ 3,392
	=====	=====
Basic earnings per share:		
Reported net income	\$ 0.45	\$ 0.30
Goodwill amortization	-	0.01
	-----	-----
Adjusted net income	\$ 0.45	\$ 0.31
	=====	=====
Diluted earnings per share:		
Reported net income	\$ 0.44	\$ 0.30
Goodwill amortization	-	0.01
	-----	-----
Adjusted net income	\$ 0.44	\$ 0.31
	=====	=====

In addition to the goodwill balance on the accompanying Condensed Consolidated Balance Sheets, equity method goodwill of \$2.9 million related to the Company's acquisition of a 50% equity interest in an aviation joint venture during the fourth quarter of fiscal 2001 is included in Other assets in the accompanying Condensed Consolidated Balance Sheets as of June 30 and March 31, 2001.

Derivatives

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Effective April 1, 2001, the Company adopted SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS No. 138, "Accounting for Derivative Instruments and Certain Hedging Activities-an amendment of FASB Statement No. 133." SFAS No. 133, as amended, establishes accounting and reporting standards requiring that every derivative instrument (including certain derivative instruments embedded in other contracts) be recorded on the balance sheet as either an asset or a liability measured at its fair value. The implementation of SFAS No. 133, as amended, did not have a material effect on the Company's financial statements.

(4) COMMITMENTS AND CONTINGENCIES

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In July 2001, the Company settled litigation it had filed in February 2000 relating to the loss of product off the coast of Nigeria. The settlement resulted in a recovery of \$1.0 million, which has been received by the Company. As of and for the three months ended June 30, 2001, the Company included the \$1.0 million recovery in Prepaid expenses and other current assets in the accompanying Condensed Consolidated Balance Sheets and as a Non-recurring credit in the marine segment in the accompanying Condensed Consolidated Statements of Income.

In July 2001, the Company received a Summary Judgment from the United States District Court for the Southern District of Florida which ordered Donald F. Moorehead, Jr., Chairman of EarthCare to pay the Company compensatory damages for approximately \$5.0 million, plus prejudgment interest from May 1, 2001, the date of the breach, at the rate of 18% per annum. This judgment relates to Mr. Moorehead's default on his agreement to purchase all of the shares of EarthCare stock owned by the Company for approximately \$5.0 million. As of June 30 and March 31, 2001, a contract receivable of approximately \$5.0 million is included in Prepaid expenses and other current assets in the accompanying Condensed Consolidated Balance Sheets. The Company believes that it will recover the full amount of the contract receivable.

The Company is also involved in legal and administrative proceedings primarily arising in the normal course of its business. In the opinion of management, except as set forth above or in the Company's Annual Report on Form 10-K, the Company's liability, if any, under any pending legal or administrative proceedings, will not materially affect its financial condition or results of operations. See Part II, Item 1 (Legal Proceedings) of this Form 10-Q.

(5) COMPREHENSIVE INCOME

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There were no significant items of other comprehensive income, and thus, net income is equal to comprehensive income for all periods presented.

(6) EARNINGS PER SHARE

Basic earnings per share is computed based on the weighted average number of common shares outstanding. Diluted earnings per share is based on the sum of the weighted average number of common shares outstanding plus common stock equivalents arising out of employee stock options and non-employee stock options and warrants. Shares used to calculate earnings per share are as follows:

	For the Three Months Ended June 30,	
	2001	2000
Basic weighted average shares	10,403	10,888
Common stock equivalents - dilutive stock options and warrants	155	8
Diluted weighted average shares used in the calculation of diluted earnings per share	10,558	10,896
Stock options which are not included in the calculation of diluted earnings per share because their impact is antidilutive	845	966

(7) BUSINESS SEGMENTS

The Company markets fuel services and has two reportable operating segments: marine and aviation fuel services. In its marine fuel services business, the Company markets marine fuel and related management services to a broad base of international shipping companies and to the U.S. military. Services include credit terms, 24-hour around-the-world service, fuel management services, and competitively priced fuel. In its aviation fuel services business, the Company extends credit and provides around-the-world single-supplier convenience, 24-hour service, fuel management services, and competitively priced aviation fuel and other aviation related services to passenger, cargo and charter airlines. The Company also offers flight plans and weather reports to its corporate customers.

Performance measurement and resource allocation for the reportable operating segments are based on many factors. One of the primary financial measures used is income from operations. The Company employs shared-service concepts to realize economies of scale and efficient use of resources. The costs of shared services and other corporate center operations managed on a common basis are allocated to the segments based on usage, where possible, or on other factors according to the nature of the activity.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND

RESULTS OF OPERATIONS - (IN THOUSANDS, EXCEPT PER SHARE DATA)

Forward-looking Disclosure

This document includes forward-looking statements. The words believes, intends, expects, anticipates, projects, estimates, predicts, and similar expressions are intended to identify forward-looking statements. Such statements, estimates, and projections reflect various assumptions by World Fuel's management concerning anticipated results, and are subject to significant business, economic and competitive risks and contingencies, many of which are beyond management's control. Factors that could cause results to differ include, but are not limited to, quarterly fluctuations in results; the management of growth; fluctuations in world oil prices or foreign currency; major changes in political, economic, regulatory or environmental conditions; the loss of key customers, suppliers or members of senior management; uninsured losses; competition; credit risk associated with accounts and notes receivable; and other risks detailed in this report and in World Fuel's other Securities and Exchange Commission filings. Actual results may differ materially from any forward-looking statements set forth herein.

Results of Operations

Profit from World Fuel's marine fuel services business is determined primarily by the volume and commission rate of brokering business generated and by the volume and gross profit achieved on trade sales, as well as the overall level of operating expenses, which may be significantly affected to the extent that World Fuel is required to provision for potential bad debts. Profit from World Fuel's aviation fuel services business is directly related to the volume and the gross profit achieved on sales, as well as the overall level of operating expenses, which may be significantly affected to the extent that World Fuel is required to provision for potential bad debts.

World Fuel's profitability during the comparable three months ended June 30, 2001 versus the three months ended June 30, 2000 was favored by the recovery of \$1.0 million relating to the loss of product off the coast of Nigeria, an improvement in the gross profit per gallon sold in aviation and metric ton sold in marine, an increase in metric tons traded and brokered in marine, and a lower provision for bad debts. During the same comparable periods, earnings were affected by a decline in aviation volume and increases in salaries and other operating expenses. The decline in aviation volume reflects management's decision to reduce its credit exposure and increase margins. The decrease in aviation fuel sales volume is also related, in part, to lower demand resulting from a general slowdown in economic activity. The current deterioration in the economy may result in further decreases in aviation sales volume, as well as decreases in revenue in the marine fuel services segment.

The increase in expenses is related, in part, to the business initiatives implemented during the latter part of fiscal 2001 and the three months ended June 30, 2001. These initiatives include the launch of World Fuel's new fuel management division in the aviation segment, as well as increased spending in connection with information technology. Expenses have also increased due to the hiring of additional management personnel and the acquisitions in the marine segment.

The Three Months Ended June 30, 2001 Compared to the Three Months Ended June 30,

 2000

World Fuel's revenue for the three months ended June 30, 2001 was \$338.1 million, a decrease of \$36.4 million, or 9.7%, as compared to revenue of \$374.5 million for the corresponding period of the prior year. World Fuel's revenue during these periods was attributable to the following segments:

	Three Months Ended June 30,	
	2001	2000
	-----	-----
Marine Fuel Services	\$ 234,106	\$ 241,729
Aviation Fuel Services	104,001	132,801
	-----	-----
Total Revenue	\$ 338,107	\$ 374,530
	=====	=====

The marine fueling segment contributed \$234.1 million in revenue for the three months ended June 30, 2001, a decrease of \$7.6 million, or 3.2%, over the corresponding period of the prior year. The decrease in revenue was due to a lower average price per metric ton sold, partially offset by an increase in the volume of metric tons sold and brokered. The aviation fuel services segment contributed \$104.0 million in revenue for the three months ended June 30, 2001. This represented a decrease in revenue of \$28.8 million, or 21.7%, as compared to the same period of the prior year. The decrease in revenue was due to a 24.0% decrease in the volume of gallons sold, partially offset by an increase in the average price per gallon sold. The decrease in the sales volume reflects management's decision to reduce its credit exposure and increase margins, which began in the third quarter of fiscal 2001, as well as a general slowdown in economic activity.

World Fuel's gross profit of \$18.3 million for the three months ended June 30, 2001 increased \$1.2 million, or 7.2%, as compared to the same period of the prior year. World Fuel's gross margin increased from 4.6% for the three months ended June 30, 2000, to 5.4% for the three months ended June 30, 2001. World Fuel's marine fuel services segment achieved a 4.1% gross margin for the three months ended June 30, 2001, as compared to a 3.6% gross margin for the same period of the prior year. The increase resulted from better pricing and minimizing low margin business, as well as the drop in the average price per metric ton traded. World Fuel's aviation fuel services business achieved an 8.4% gross margin for the three months ended June 30, 2001, as compared to 6.3% for the same period during the prior year. This increase resulted from an overall increase in the gross profit per gallon sold. The improvement in gross profit per gallon resulted, in part, from a revision in World Fuel's pricing strategy in response to higher and volatile oil prices.

Total operating expenses for the three months ended June 30, 2001 were \$13.7 million, an increase of \$174 thousand, or 1.3%, as compared to the same period of the prior year. This increase results, in part, from operating expenses of the newly acquired companies, staff additions, and various business initiatives implemented over the past six months, as described above. Largely offsetting these increases was a lower provision for bad debts, the reimbursement of legal fees associated with the dismissed class action lawsuit, and the adoption of Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets," which eliminated the amortization of goodwill effective April 1, 2001. In addition, the operating expenses for the three months ended June 30, 2000 included a provision for phase-out costs related to World Fuel's exit from its offshore marine fuel transportation business.

World Fuel's income from operations for the three months ended June 30, 2001 was \$4.6 million, an increase of \$1.1 million, or 29.5%, as compared to the same period of the prior year. Income from operations during these periods was attributable to the following segments:

	Three Months Ended June 30,	
	2001	2000
Marine Fuel Services	\$ 3,527	\$ 2,447
Aviation Fuel Services	2,821	3,206
Corporate Overhead	(1,714)	(2,074)
Total Income from Operations	\$ 4,634	\$ 3,579

The marine fuel services segment earned \$3.5 million in income from operations for the three months ended June 30, 2001, an increase of \$ 1.1 million, or 44.1%, over the corresponding period of the prior year. This increase resulted from higher gross profit and a lower provision for bad debts in the current quarter, and higher operating expenses for the first quarter of the prior year related to provisioned phase-out costs. The aviation fuel services segment's income from operations was \$2.8 million for the three months ended June 30, 2001, a decrease of \$385 thousand, or 12.0%, as compared to the three months ended June 30, 2000. Operating income for the three months ended June 30, 2001 was affected by increased operating expenses as a result of staff additions and various business initiatives which were implemented in the past six months. Partially offsetting these increases was a higher gross profit and a lower provision for bad debts.

During the three months ended June 30, 2001, Other income, net, was \$1.2 million, an increase of \$494 thousand, or 66.6%, as compared to the three months ended June 30, 2000. In July 2001, World Fuel settled litigation it had filed in February 2000 relating to the loss of product off the coast of Nigeria. The settlement resulted in a recovery of \$1.0 million, which has been received by World Fuel and was included as a Non-recurring credit in the marine segment for the three months ended June 30, 2001. Partially offsetting this increase was the recording of foreign exchange losses for the three months ended June 30, 2001, as compared to foreign exchange gains for the three months ended June 30, 2000.

World Fuel's effective tax rate decreased from 25% for the three months ended June 30, 2000 to 20% for the three months ended June 30, 2001. This decrease reflects the impact of the \$1.0 million settlement recovery for which World Fuel was not subject to income taxes.

Net income for the three months ended June 30, 2001 was \$4.7 million, an increase of \$1.4 million, or 44.3%, as compared to the same period of the prior year. Diluted earnings per share was \$0.44, an increase of \$0.14, or 46.7%, as compared to the same period of the prior year.

Liquidity and Capital Resources

Cash and cash equivalents amounted to \$35.0 million at June 30, 2001, as compared to \$39.0 million at March 31, 2001. The principal uses of cash and cash equivalents during the three months ended June 30, 2001 were \$3.1 million for an acquisition in our marine segment, \$1.4 million in repayment of debts, \$520 thousand in dividends declared in March 2001, and \$504 thousand for capital expenditures. Components of changes in cash and cash equivalents are detailed in the Condensed Consolidated Statements of Cash Flows.

Working capital as of June 30, 2001 was \$73.2 million, representing a decrease of \$2.6 million from working capital as of March 31, 2001. As of June 30, 2001, World Fuel's accounts and notes receivable, excluding the allowance for bad debts, amounted to \$131.5 million, a decrease of \$5.5 million, as compared to the March 31, 2001 balance. This decrease is mostly related to the volume decline in the aviation segment. Partially offsetting was an increase in accounts receivable for the marine segment, as compared to the March 31, 2001 balance. The allowance for bad debts as of June 30, 2001 amounted to \$11.0 million as compared to the \$11.2 million at March 31, 2001. During the three months ended June 30, 2001, World Fuel charge \$846 thousand to the provision for bad debts and had charge-offs in excess of recoveries of \$970 thousand.

Prepaid expenses and other current assets decreased \$872 thousand due to the \$1.75 million EarthCare settlement payment received by World Fuel in April 2001. Partially offsetting was an increase in deferred income tax assets and amounts due from the aviation joint venture.

Capital expenditures for the three months ended June 30, 2001 consisted of computer equipment purchases and computer software development costs. Goodwill increased by \$5.1 million during the three months ended June 30, 2001, to \$29.7 million, due to the marine acquisition consummated in April 2001.

In the aggregate, accounts payable, accrued expenses and customer deposits decreased \$9.2 million. Long and short-term debt, in the aggregate, increased by \$636 thousand, as a result of the marine segment acquisition, partially offset by the second installment paid on the Bunkerfuels acquisition.

Stockholders' equity amounted to \$106.7 million, or \$10.26 per share at June 30, 2001, compared to \$103.9 million, or \$9.98 per share at March 31, 2001. The \$2.8 million increase in stockholders' equity was due to \$4.7 million in earnings, partially offset by the declaration of the special and first quarter regular cash dividend, totaling \$1.8 million, in May 2001.

World Fuel expects to meet its working capital and capital expenditure requirements from existing cash, operations and additional borrowings, as necessary, under its existing line of credit. World Fuel's business has been, and will continue to be, affected by high fuel prices.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

World Fuel has no material changes to the disclosure made on this matter in World Fuel's annual report on Form 10-K for the year ended March 31, 2001.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

In July 2001, World Fuel settled litigation it had filed in February 2000 relating to the loss of product off the coast of Nigeria. The settlement resulted in a recovery of \$1.0 million, which has been received by World Fuel. As of and for the three months ended June 30, 2001, World Fuel included the \$1.0 million recovery in Prepaid expenses and other current assets in the accompanying Condensed Consolidated Balance Sheets and as a Non-recurring credit in the marine segment in the accompanying Condensed Consolidated Statements of Income.

In July 2001, World Fuel received a Summary Judgment from the United States District Court for the Southern District of Florida which ordered Donald F. Moorehead, Jr., Chairman of EarthCare to pay World Fuel compensatory damages for approximately \$5.0 million, plus prejudgment interest from May 1, 2001, the date of the breach, at the rate of 18% per annum. This judgment relates to Mr. Moorehead's default on his agreement to purchase all the shares of EarthCare stock owned by World Fuel for approximately \$5.0 million. As of June 30 and March 31, 2001, a contract receivable of approximately \$5.0 million is included in Prepaid expenses and other current assets in the accompanying Condensed Consolidated Balance Sheets.

World Fuel is also involved in legal and administrative proceedings primarily arising in the normal course of its business. In the opinion of management, except as set forth above or in World Fuel's Annual Report on Form 10-K for the year ended March 31, 2001, World Fuel's liability, if any, under any pending legal or administrative proceedings will not materially affect its financial condition or results of operations.

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

None

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Reports on Form 8-K.

During the quarter ended June 30, 2001, World Fuel did not file any reports on Form 8-K.

SIGNATURES

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

DATE: August 8, 2001

WORLD FUEL SERVICES CORPORATION

/s/ Paul H. Stebbins

PAUL H. STEBBINS
PRESIDENT and CHIEF OPERATING OFFICER

/s/ Carlos A. Abaunza

CARLOS A. ABAUNZA
CHIEF FINANCIAL OFFICER and TREASURER
(Principal Financial and Accounting
Officer)