UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 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 SEPTEMBER 30, 1998

[ ] 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 | 59-2459427 |
| (State or other jurisdiction of incorporation or organization) | (I.R.S. Employer Identification No.) |
| 700 SOUTH ROYAL POINCIANA BLVD., SUITE 800 MIAMI SPRINGS, FLORIDA | 33166 |
| (Address of Principal Executive Offices) | (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 [X] No [ ].

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of October 20, 1998, the registrant had a total of 12,361,231 shares of common stock, par value $0.01 per share, issued and outstanding.



## PART I. FINANCIAL INFORMATION

### ITEM 1. FINANCIAL STATEMENTS

The following unaudited, condensed consolidated financial statements of World Fuel Services Corporation (the "Company") 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 generally accepted accounting principles. 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 six months ended September 30, 1998, will not be necessarily indicative of the results for the entire fiscal year ending March 31, 1999.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

ASSETS

| | SEPTEMBER 30, 1998 | MARCH 31, 1998 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash and cash equivalents | $ 11,125,000 | $ 14,459,000 |
| Accounts receivable, net of allowance for bad debts of $4,665,000 and $4,594,000 at September 30 and March 31, 1998, respectively | 90,047,000 | 81,648,000 |
| Inventories | 5,468,000 | 5,504,000 |
| Prepaid expenses and other current assets | 11,869,000 | 5,937,000 |
| Total current assets | 118,509,000 | 107,548,000 |
| PROPERTY, PLANT AND EQUIPMENT, at cost: | | |
| Land | 1,054,000 | 1,054,000 |
| Buildings and improvements | 3,124,000 | 3,098,000 |
| Office equipment and furniture | 5,918,000 | 5,286,000 |
| Plant, machinery and equipment | 18,578,000 | 17,458,000 |
| Construction in progress | 1,262,000 | 230,000 |
| | 29,936,000 | 27,126,000 |
| Less accumulated depreciation and amortization | 10,166,000 | 9,065,000 |
| | 19,770,000 | 18,061,000 |
| OTHER ASSETS: | | |
| Unamortized cost in excess of net assets of acquired companies, net of accumulated amortization | 15,162,000 | 15,402,000 |
| Other | 1,708,000 | 2,248,000 |
| | $155,149,000 | $143,259,000 |

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WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(Continued)

LIABILITIES AND STOCKHOLDERS' EQUITY

| | SEPTEMBER 30, 1998 | MARCH 31, 1998 |
|---|---|---|
| CURRENT LIABILITIES: | | |
| Current maturities of long-term debt | $ 113,000 | $ 119,000 |
| Accounts payable and accrued expenses | 43,886,000 | 40,560,000 |
| Customer deposits | 2,492,000 | 2,536,000 |
| Accrued salaries and wages | 2,543,000 | 1,851,000 |
| Income taxes payable | 2,937,000 | 2,381,000 |
| Total current liabilities | 51,971,000 | 47,447,000 |
| LONG-TERM LIABILITIES | 5,839,000 | 3,901,000 |
| 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; 12,423,000 and 12,481,000 shares issued and outstanding at September 30 and March 31, 1998, respectively | 125,000 | 125,000 |
| Capital in excess of par value | 26,793,000 | 26,479,000 |
| Retained earnings | 71,716,000 | 65,364,000 |
| Less treasury stock, at cost | 1,295,000 | 57,000 |
| | 97,339,000 | 91,911,000 |
| | $155,149,000 | $143,259,000 |

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

| | SIX MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|
| | 1998 | 1997 |
| Revenue | $373,351,000 | $392,099,000 |
| Cost of sales | 343,692,000 | 368,792,000 |
| Gross profit | 29,659,000 | 23,307,000 |
| Operating expenses: | | |
| Salaries and wages | 10,549,000 | 7,899,000 |
| Provision for bad debts | 2,072,000 | 14,000 |
| Other | 7,928,000 | 5,829,000 |
| | 20,549,000 | 13,742,000 |
| Income from operations | 9,110,000 | 9,565,000 |
| Other income, net | 540,000 | 1,129,000 |
| Income before income taxes | 9,650,000 | 10,694,000 |
| Provision for income taxes | 2,049,000 | 2,766,000 |
| Net income | $ 7,601,000 | $ 7,928,000 |
| Basic earnings per common share | $ 0.61 | $ 0.65 |
| Weighted average shares | 12,496,000 | 12,163,000 |
| Diluted earnings per common share | $ 0.60 | $ 0.64 |
| Weighted average shares -- diluted | 12,708,000 | 12,411,000 |

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

| | THREE MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|
| | 1998 | 1997 |
| Revenue | $ 180,320,000 | $ 205,792,000 |
| Cost of sales | 165,517,000 | 193,559,000 |
| Gross profit | 14,803,000 | 12,233,000 |
| Operating expenses: | | |
| Salaries and wages | 5,592,000 | 4,202,000 |
| Provision for bad debts | 834,000 | (28,000) |
| Other | 4,156,000 | 2,888,000 |
| | 10,582,000 | 7,062,000 |
| Income from operations | 4,221,000 | 5,171,000 |
| Other income, net | 287,000 | 410,000 |
| Income before income taxes | 4,508,000 | 5,581,000 |
| Provision for income taxes | 988,000 | 1,456,000 |
| Net income | $ 3,520,000 | $ 4,125,000 |
| Basic earnings per common share | $ 0.28 | $ 0.34 |
| Weighted average shares | 12,497,000 | 12,163,000 |
| Diluted earnings per common share | $ 0.28 | $ 0.33 |
| Weighted average shares -- diluted | 12,653,000 | 12,445,000 |

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

| | SIX MONTHS ENDED SEPTEMBER 30, 1998 | SIX MONTHS ENDED SEPTEMBER 30, 1997 |
|---|---|---|
| Cash flows from operating activities: | | |
| Net income | $ 7,601,000 | $ 7,928,000 |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities-- | | |
| Depreciation and amortization | 1,394,000 | 1,200,000 |
| Provision for bad debts | 2,072,000 | 14,000 |
| Deferred income tax provision | 170,000 | 510,000 |
| Other non-cash operating credits | (69,000) | (100,000) |
| Changes in assets and liabilities: | | |
| (Increase) decrease in-- | | |
| Accounts receivable | (14,146,000) | (8,766,000) |
| Inventories | 36,000 | 962,000 |
| Prepaid expenses and other current assets | (1,941,000) | (1,259,000) |
| Other assets | 510,000 | (746,000) |
| Increase (decrease) in-- | | |
| Accounts payable and accrued expenses | 3,327,000 | 5,667,000 |
| Customer deposits | (44,000) | (410,000) |
| Accrued salaries and wages | 692,000 | (214,000) |
| Income taxes payable | 556,000 | 1,952,000 |
| Deferred compensation | (282,000) | (71,000) |
| Total adjustments | (7,725,000) | (1,261,000) |
| Net cash (used in) provided by operating activities | (124,000) | 6,667,000 |
| Cash flows from investing activities: | | |
| Additions to property, plant and equipment | (2,829,000) | (1,832,000) |
| (Advances to) repayments from aviation joint venture | (200,000) | 106,000 |
| Issuance of notes receivable | (300,000) | -- |
| Proceeds from notes receivable | 267,000 | 504,000 |
| Net cash used in investing activities | $ (3,062,000) | $ (1,222,000) |

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WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(Continued)

| | SIX MONTHS ENDED SEPTEMBER 30, 1998 | 1997 |
|---|---|---|
| Cash flows from financing activities: | | |
| Dividends paid on common stock | $ (1,250,000) | $ (1,216,000) |
| Borrowings under revolving credit facility | 862,000 | -- |
| Repayment of long-term debt | (56,000) | (70,000) |
| Proceeds from issuance of common stock | 296,000 | -- |
| Net cash used in financing activities | (148,000) | (1,286,000) |
| Net (decrease) increase in cash and cash equivalents | (3,334,000) | 4,159,000 |
| Cash and cash equivalents, at beginning of period | 14,459,000 | 11,035,000 |
| Cash and cash equivalents, at end of period | $ 11,125,000 | $ 15,194,000 |

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

| | 1998 | 1997 |
|---|---|---|
| Cash paid during the period for: | | |
| Interest | $ 74,000 | $ 27,000 |
| Income taxes | $ 1,488,000 | $ 345,000 |

SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES:

Cash dividends declared, but not yet paid, totaling $623,000 and $608,000 are included in accounts payable and accrued expenses as of September 30, 1998 and 1997, respectively.

During the six months ended September 30, 1998, the Company borrowed $1,238,000 for the repurchase of the Company's common stock. The repurchased common stock is shown in the treasury stock section of the balance sheet. The stock purchases were made pursuant to an August 1998 Board of Directors authorization to repurchase up to $6,000,000 of the Company's common stock.

During the six months ended September 30, 1998, the Company reclassified approximately $3,675,000 from accounts receivable to notes receivable. The notes receivable are shown in the Prepaid and other current assets section of the balance sheet.

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

THE SIX MONTHS ENDED SEPTEMBER 30, 1998 COMPARED TO THE SIX MONTHS ENDED SEPTEMBER 30, 1997

The Company's revenue for the six months ended September 30, 1998 was $373,351,000, a decrease of $18,748,000, or 4.8%, as compared to revenue of $392,099,000 for the corresponding period of the prior year, the result of a substantial decline in world oil prices. The Company's revenue during these periods was attributable to the following segments:

| | SIX MONTHS ENDED SEPTEMBER 30, 1998 | 1997 |
|---|---|---|
| Aviation Fueling | $162,577,000 | $195,454,000 |
| Marine Fueling | 198,514,000 | 183,711,000 |
| Oil Recycling | 12,260,000 | 12,934,000 |
| Total Revenue | $373,351,000 | $392,099,000 |

The aviation fueling segment contributed $162,577,000 in revenue for the six months ended September 30, 1998. This represented a decrease in revenue of $32,877,000, or 16.8%, as compared to the same period of the prior year. The decrease in revenue was due to decreases in the average price per gallon and the volume of gallons sold. The marine fueling segment contributed $198,514,000 in revenue for the six months ended September 30, 1998, an increase of $14,803,000, or 8.1%, over the corresponding period of the prior year. The increase in revenue was related primarily to an increase in the volume of metric tons sold, partially offset by a decrease in the average sales price per metric ton sold. The oil recycling segment contributed $12,260,000 in revenue for the six months ended September 30, 1998, a decrease of $674,000, or 5.2%, as compared to the same period of the prior year. The decrease in revenue was due to a decrease in the average sales price per gallon of recycled oil sold, partially offset by an increase in volume of recycled oil sold and higher used oil and waste water collection revenue.

The Company's gross profit of $29,659,000 for the six months ended September 30, 1998 increased $6,352,000, or 27.3%, as compared to the same period of the prior year. The Company's gross margin increased from 5.9% for the six months ended September 30, 1997, to 7.9% for the six months ended September 30, 1998. The Company's aviation fueling business achieved a 9.1% gross margin for the six months ended September 30, 1998, as compared to 5.5% achieved for the same period during the prior year. This resulted principally from a decline in the average price per gallon sold, as well as an increase in the average gross profit per gallon and the addition of Baseops, an aviation services company which the Company acquired effective January 1998. The Company's marine fueling segment achieved a 5.9% gross margin for the six months ended September 30, 1998, as compared to a 4.5% gross margin for the same period of the prior year. This was the result of lower world oil prices and a higher average gross profit per metric ton sold. The gross margin in the Company's oil recycling segment decreased from 32.5% for the six months ended September 30, 1997, to 25.3% for the six months ended September 30, 1998. This decrease resulted from a lower gross profit per gallon of recycled oil sold, due primarily to lower fuel prices and the fixed costs of this segment.

Total operating expenses for the six months ended September 30, 1998 were $20,549,000, an increase of $6,807,000, or 49.5%, as compared to the same period of the prior year. The increase resulted primarily from higher salaries and wages relating principally to staff additions and performance bonuses, higher operating expenses in the aviation and marine segments related to business expansion, and a $2,058,000 higher provision for bad debts over the corresponding period during the prior year.

The Company's income from operations for the six months ended September 30, 1998 was $9,110,000, a decrease of $455,000, or 4.8%, as compared to the same period of the prior year. Income from operations during these periods was attributable to the following segments:

| | SIX MONTHS ENDED SEPTEMBER 30, | |
|---|---|---|
| | 1998 | 1997 |
| Aviation Fueling | $ 6,282,000 | $ 6,868,000 |
| Marine Fueling | 4,065,000 | 2,557,000 |
| Oil Recycling | 1,413,000 | 2,769,000 |
| Corporate Overhead | (2,650,000) | (2,629,000) |
| Total Income from Operations | $ 9,110,000 | $ 9,565,000 |

The aviation fueling segment's income from operations was $6,282,000 for the six months ended September 30, 1998, a decrease of $586,000, or 8.5%, as compared to the six months ended September 30, 1997. This resulted from a decrease in the volume of gallons sold and an increase in operating expenses due to a higher provision for bad debts and expenses related to business expansion. Partially offsetting was a higher average gross profit per gallon sold and an increase in service revenue. The marine fueling segment earned $4,065,000 in income from operations for the six months ended September 30, 1998, an increase of $1,508,000, or 59.0%, over the corresponding period of the prior year. This increase was primarily the result of a higher volume and average gross profit per metric ton, partially offset by higher operating expenses due to business expansion and a higher provision for bad debts. Income from operations of the oil recycling segment decreased by $1,356,000, or 49.0%, for the six months ended September 30, 1998, as compared to the same period of the prior year. This resulted from a decrease in gross profit, partially offset by an increase in gallons of recycled oil sold.

Other income for the six months ended September 30, 1998 decreased $589,000, or 52.2% over the corresponding period of the prior year, as a result of lower earnings from the Company's aviation joint venture and lower interest income. The Company's effective income tax rate for the six months ended September 30, 1998 was 21.2%, as compared to 25.9% for the same period of the prior year. This decrease is the result of a true-up of U.S. income taxes for overaccruals in prior periods and an overall decline in foreign taxes.

Net income for the six months ended September 30, 1998 was $7,601,000, a decrease of $327,000, or 4.1%, as compared to net income of $7,928,000 for the six months ended September 30, 1997. Diluted earnings per share of $0.60 for the six months ended September 30, 1998 exhibited a $0.04, or 6.3% decrease over the $0.64 achieved during the same period of the prior year.

THE THREE MONTHS ENDED SEPTEMBER 30, 1998
COMPARED TO THE THREE MONTHS ENDED SEPTEMBER 30, 1997

The Company's revenue for the three months ended September 30, 1998 was $180,320,000, a decrease of $25,472,000, or 12.4%, as compared to revenue of $205,792,000 for the corresponding period of the prior year, the result of a substantial decline in world oil prices. The Company's revenue during these periods was attributable to the following segments:

| | THREE MONTHS ENDED SEPTEMBER 30, 1998 | 1997 |
|---|---|---|
| Aviation Fueling | $ 77,301,000 | $ 99,337,000 |
| Marine Fueling | 96,973,000 | 99,429,000 |
| Oil Recycling | 6,046,000 | 7,026,000 |
| Total Revenue | $180,320,000 | $205,792,000 |

The aviation fueling segment contributed $77,301,000 in revenue for the three months ended September 30, 1998. This represented a decrease in revenue of $22,036,000, or 22.2%, as compared to the same period of the prior year. The decrease in revenue was due to decreases in the average price per gallon and the volume of gallons sold. The marine fueling segment contributed $96,973,000 in revenue for the three months ended September 30, 1998, a decrease of $2,456,000, or 2.5%, over the corresponding period of the prior year. The decrease in revenue was related primarily to a decrease in the average sales price per metric ton sold, partially offset by an increase in the volume of metric tons sold. The oil recycling segment contributed $6,046,000 in revenue for the three months ended September 30, 1998, a decrease of $980,000, or 13.9%, as compared to the same period of the prior year. The decrease in revenue was due to a decrease in the average sales price per gallon of recycled oil sold and a decrease in the volume of recycled oil sold, partially offset by higher used oil and waste water collection revenue.

The Company's gross profit of $14,803,000 for the three months ended September 30, 1998, increased $2,570,000, or 21.0%, as compared to the same period of the prior year. The Company's gross margin increased from 5.9% for the three months ended September 30, 1997, to 8.2% for the three months ended September 30, 1998. The Company's aviation fueling business achieved a 9.0% gross margin for the three months ended September 30, 1998, as compared to 5.7% achieved for the same period during the prior year. This resulted principally from the decline in the average price per gallon sold, as well as from an increase in the average gross profit per gallon sold and the addition of Baseops. The Company's marine fueling segment achieved a 6.8% gross margin for the three months ended September 30, 1998, as compared to a 4.5% gross margin for the same period of the prior year. This resulted from a decrease in the average price of metric ton sold and a higher average gross profit per metric ton sold. The gross margin in the Company's oil recycling segment decreased from 30.0% for the three months ended September 30, 1997, to 21.3%, for the three months ended September 30, 1998. This decrease resulted from a lower gross profit per gallon of recycled oil sold, due to lower fuel prices and the fixed costs of this segment.

Total operating expenses for the three months ended September 30, 1998 were $10,582,000, an increase of $3,520,000, or 49.8%, as compared to the same period of the prior year. The increase resulted primarily from higher salaries and wages relating principally to staff additions and performance bonuses, higher operating expenses in the aviation and marine segments, and a $862,000 higher provision for bad debts over the corresponding period during the prior year.

The Company's income from operations for the three months ended September 30, 1998 was $4,221,000, a decrease of $950,000, or 18.4%, 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 SEPTEMBER 30, 1998 | 1997 |
|---|---|---|
| Aviation Fueling | $ 2,751,000 | $ 3,694,000 |
| Marine Fueling | 2,538,000 | 1,534,000 |
| Oil Recycling | 400,000 | 1,402,000 |
| Corporate Overhead | (1,468,000) | (1,459,000) |
| Total Income from Operations | $ 4,221,000 | $ 5,171,000 |

The aviation fueling segment's income from operations was $2,751,000 for the three months ended September 30, 1998, a decrease of $943,000, or 25.5%, as compared to the three months ended September 30, 1997. This resulted from a decrease in volume and an increase in operating expenses due to a higher provision for bad debts and expenses related to Baseops. Partially offsetting was a higher average gross profit per gallon sold and an increase in service revenue. The marine fueling segment earned $2,538,000 in income from operations for the three months ended September 30, 1998, an increase of $1,004,000, or 65.4%, over the corresponding period of the prior year. This increase was primarily the result of a higher volume and average gross profit per metric ton sold, partially offset by higher operating expenses due to an increase in the provision for bad debts and performance based bonuses. Income from operations of the oil recycling segment decreased by $1,002,000, or 71.5%, for the three months ended September 30, 1998, as compared to the same period of the prior year. This resulted from a decrease in the gallons of recycled oil sold as well as a decrease in gross profit due to lower world oil prices and the fixed costs of this segment.

Other income decreased $123,000, or 30.0%, over the same period a year ago, primarily as a result of lower earnings from the aviation joint venture and lower interest income. The Company's effective income tax rate for the three months ended September 30, 1997 was 21.9%, as compared to 26.1% for the same period of the prior year. The decrease is the result of an overall decline in foreign taxes.

Net income for the three months ended September 30, 1998 was $3,520,000, a decrease of $605,000, or 14.7%, as compared to net income of $4,125,000 for the three months ended September 30, 1997. Diluted earnings per share of $0.28 for the three months ended September 30, 1998 exhibited a $0.05, or 15.2% decrease over the $0.33 achieved during the same period of the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents amounted to $11,125,000 at September 30, 1998, as compared to $14,459,000 at March 31, 1998. The principal uses of cash and cash equivalents during the first six months of fiscal year 1999 were $2,829,000 for capital expenditures and $1,250,000 in dividends paid on common stock. Other components of changes in cash and cash equivalents are detailed in the Consolidated Statements of Cash Flows.

Working capital as of September 30, 1998 was $66,538,000 exhibiting a $6,437,000 increase from working capital as of March 31, 1998. As of September 30, 1998, the Company's accounts receivable, excluding the allowance for bad debts, amounted to $94,712,000, an increase of $8,470,000, as compared to the March 31, 1998 balance. In the aggregate, accounts payable, accrued expenses and customer deposits increased $3,282,000. The net increase in trade credit of $5,188,000 was primarily attributable to the marine segment. The allowance for bad debts as of September 30, 1998 amounted to $4,665,000, an increase of $71,000 compared to the March 31, 1998 balance. During the first six months of fiscal year 1999, the Company charged $2,072,000 to the provision for bad debts and had charge-offs in excess of recoveries of $2,001,000.

Prepaid and other current assets as of September 30, 1998 were $11,869,000, exhibiting an increase of $5,932,000 from the March 31, 1998 balance. The increase was largely related to the reclassification of accounts receivable to notes receivable. Accrued salaries and wages increased $692,000 during the first six months of the 1999 fiscal year, resulting from higher performance bonuses, primarily in the Company's marine segment.

Capital expenditures for the first six months of fiscal year 1999 consisted primarily of $966,000 for the implementation of a new financial and sales information system and $1,196,000 in plant, machinery and equipment related to the oil recycling segment. During the balance of fiscal year 1999, the Company anticipates spending approximately $1,500,000 for the implementation of the financial and sales system and $2,000,000 to upgrade plant, machinery and equipment. The Company also anticipates spending an estimated $1,000,000 over the next several years to clean up contamination which was present at one of the Company's sites when it was acquired by the Company. The clean up costs will be capitalized as part of the cost of the site, up to the fair market value of the site.

Stockholders' equity amounted to $97,339,000, or $7.84 per share at September 30, 1998, compared to $91,911,000, or $7.36 per share at March 31, 1998. This increase of $5,428,000 was due to $7,601,000 in earnings for the six months ended September 30, 1998, partially offset by $1,249,000 in declared dividends and $1,238,000 for the purchase of treasury stock.

The Company's working capital requirements are not expected to vary substantially for the balance of fiscal year 1999. The Company expects to meet its cash requirements for the balance of fiscal year 1999 from existing cash, operations and additional borrowings, as necessary, under its existing credit facility.

The Company's business has not been significantly affected by inflation during the periods discussed in this report.

YEAR 2000 ISSUE

The Company has been evaluating date-sensitive software and equipment for Year 2000 compliance. The financial and sales system upgrade that the Company is currently implementing is expected to be completed before the end of fiscal year 1999, and is Year 2000 compliant. There can be no assurance that there will not be an adverse effect on the Company if third parties do not convert their systems in a timely manner and in a way that is compatible with the Company's systems.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

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

The Company's annual meeting of stockholders was held on August 17, 1998.

The matters voted on at the annual meeting were: to elect the Directors of the Company and to increase the number of shares of Common Stock authorized under the Company's 1996 Employee Stock Option Plan from 750,000 shares to 1,250,000 shares. All of the Company's director nominees were elected and the increase in the 1996 Employee Stock Option Plan was adopted.

ELECTION OF DIRECTORS

| NAME OF DIRECTOR | VOTES FOR | VOTES AGAINST |
|---|---|---|
| 1. Ralph R. Weiser | 10,099,583 | 402,269 |
| 2. Jerrold Blair | 10,099,734 | 402,118 |
| 3. Ralph R. Feuerring | 10,099,134 | 402,718 |
| 4. John R. Benbow | 10,099,734 | 402,118 |
| 5. Phillip S. Bradley | 10,097,559 | 402,293 |
| 6. Myles Klein | 10,099,734 | 402,118 |
| 7. Michael J. Kasbar | 10,099,734 | 402,118 |
| 8. Paul H. Stebbins | 10,099,734 | 402,118 |
| 9. Luis R. Tinoco | 10,098,609 | 403,243 |

PART II. OTHER INFORMATION (CONTINUED)

INCREASE IN NUMBER OF SHARES OF COMMON STOCK RESERVED UNDER THE 1996 EMPLOYEE STOCK OPTION PLAN

| VOTES FOR | VOTES AGAINST | VOTES ABSTAINED |
| --- | --- | --- |
| 7,987,100 | 660,740 | 59,617 |

ITEM 5. OTHER INFORMATION

None

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) During the three months ended September 30, 1998, the Company did not file any reports on Form 8-K.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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: October 28, 1998 WORLD FUEL SERVICES CORPORATION

By: /S/ JERROLD BLAIR

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JERROLD BLAIR
PRESIDENT

By: /S/ CARLOS A. ABAUNZA

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

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S SEPTEMBER 30, 1998 UNAUDITED FINANCIAL STATEMENTS FILED ON FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

6-MOS
MAR-31-1999
SEP-30-1998
11,125,000
0
94,712,000
4,665,000
5,468,000
118,509,000
29,936,000
10,166,000
155,149,000
51,971,000
0
0
0
125,000
97,214,000
155,149,000
373,351,000
373,351,000
343,692,000
343,692,000
0
2,072,000
123,000
9,650,000
2,049,000
7,601,000
0
0
0
7,601,000
0.61
0.60