

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1996

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:

As of June 30, 1996, the registrant had a total of 8,042,518 shares of
common stock, par value \$0.01 per share, issued and outstanding.

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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 three months ended June 30, 1996, will not be necessarily
indicative of the results for the entire fiscal year ending March 31, 1997.

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

ASSETS

	JUNE 30, 1996	MARCH 31, 1996
	-----	-----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 12,267,000	\$ 12,856,000
Accounts receivable, net of allowance for bad debts of \$5,113,000 and \$4,363,000 at June 30 and March 31, 1996, respectively	59,342,000	62,745,000
Inventories	3,667,000	4,592,000
Prepaid expenses and other current assets	4,174,000	3,059,000
	-----	-----
Total current assets	79,450,000	83,252,000
	-----	-----
PROPERTY, PLANT AND EQUIPMENT, at cost:		
Land	601,000	601,000
Buildings and improvements	2,938,000	2,890,000
Office equipment and furniture	2,933,000	2,645,000
Plant, machinery and equipment	14,369,000	14,171,000
Construction in progress	502,000	67,000
	-----	-----
	21,343,000	20,374,000
	-----	-----
Less accumulated depreciation and amortization	6,080,000	5,856,000
	-----	-----
	15,263,000	14,518,000
	-----	-----
OTHER ASSETS:		
Unamortized cost in excess of net assets of acquired companies, net of accumulated amortization	12,056,000	12,123,000
Other	2,281,000	2,081,000
	-----	-----
	\$109,050,000	\$111,974,000
	=====	=====

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

LIABILITIES AND STOCKHOLDERS' EQUITY

	JUNE 30, 1996	MARCH 31, 1996
	-----	-----
CURRENT LIABILITIES:		
CURRENT MATURITIES OF LONG-TERM DEBT	\$ 1,947,000	\$ 1,944,000
ACCOUNTS PAYABLE AND ACCRUED EXPENSES	32,400,000	37,808,000
CUSTOMER DEPOSITS	1,618,000	1,467,000
ACCRUED SALARIES AND WAGES	729,000	2,055,000
INCOME TAXES PAYABLE	1,421,000	432,000
	-----	-----
TOTAL CURRENT LIABILITIES	38,115,000	43,706,000
	-----	-----
LONG TERM LIABILITIES:		
LONG-TERM DEBT, NET OF CURRENT MATURITIES	2,106,000	2,103,000
DEFERRED COMPENSATION	1,369,000	1,572,000
DEFERRED INCOME TAXES	1,171,000	843,000
	-----	-----
	4,646,000	4,518,000
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COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
PREFERRED STOCK, \$1.00 PER VALUE; 100,000 SHARES AUTHORIZED, NONE ISSUED	--	--
COMMON STOCK, \$0.01 PAR VALUE; 10,000,000 SHARES AUTHORIZED, 8,043,000 AND 8,039,000 SHARES ISSUED AND OUTSTANDING AT JUNE 30, 1996 AND MARCH 31, 1996, RESPECTIVELY	81,000	80,000
CAPITAL IN EXCESS OF PAR VALUE	22,652,000	22,615,000
RETAINED EARNINGS	43,613,000	41,112,000
LESS TREASURY STOCK, AT COST	57,000	57,000
	-----	-----
	66,289,000	63,750,000
	-----	-----
	\$ 109,050,000	\$ 111,974,000
	=====	=====

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

	THREE MONTHS ENDED JUNE 30,	
	1996	1995
Revenue	\$170,694,000	\$138,960,000
Cost of Sales	159,062,000	129,786,000
Gross profit	11,632,000	9,174,000
Operating expenses:		
Salaries and wages	3,206,000	3,006,000
Provision for bad debts	1,318,000	150,000
Other	2,771,000	2,356,000
Income from operations	7,295,000	5,512,000
	4,337,000	3,662,000
Other income (expense), net:		
Equity in earnings of aviation joint venture	409,000	377,000
Other, net	(13,000)	9,000
	396,000	386,000
Income before income taxes	4,733,000	4,048,000
Provision for income taxes	1,629,000	1,503,000
Net income	\$ 3,104,000	\$ 2,545,000
Net income per share	\$ 0.38	\$ 0.32
Weighted average shares outstanding	8,184,000	8,023,000

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

	THREE MONTHS ENDED JUNE 30,	
	1996	1995
Cash flows from operating activities:		
Net income	\$ 3,104,000	\$ 2,545,000
Adjustments to reconcile net income to net cash provided by operating activities -		
Depreciation and amortization	443,000	409,000
Provision for bad debts	1,318,000	150,000
Deferred income tax provision	328,000	599,000
Equity in earnings of aviation joint venture, net	(325,000)	133,000
Other non-cash operating charges	3,000	16,000
Changes in assets and liabilities, net of dispositions:		
(Increase) decrease in -		
Accounts receivable	2,085,000	(2,630,000)
Inventories	925,000	(317,000)
Prepaid expenses and other current assets	(984,000)	1,093,000
Other assets	(157,000)	(36,000)
Increase (decrease) in -		
Accounts payable and accrued expenses	(5,609,000)	2,858,000
Customer deposits	151,000	259,000
Accrued salaries and wages	(1,326,000)	163,000
Income taxes payable	989,000	651,000
Deferred compensation	(203,000)	(168,000)
Total adjustments	(2,362,000)	3,180,000
Net cash provided by operating activities	\$ 742,000	\$ 5,725,000

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

	THREE MONTHS ENDED JUNE 30,	
	1996	1995
Cash flows from investing activities:		
Additions to property, plant and equipment	\$ (1,063,000)	\$ (246,000)
Repayments from aviation joint venture	--	338,000
Proceeds from disposition of assets	7,000	203,000
Proceeds from notes receivable	107,000	131,000
Additional expenditures for acquisition of business	(7,000)	(41,000)
Net cash (used in) provided by investing activities	(956,000)	631,000
Cash flows from financing activities:		
Dividends paid on common stock	(402,000)	(1,056,000)
Repayments of long-term debt	(11,000)	(47,000)
Proceeds from issuance of common stock	38,000	--
Net cash used in financing activities	(375,000)	(1,103,000)
Net (decrease) increase in cash and cash equivalents	(589,000)	5,253,000
Cash and cash equivalents, at beginning of period	12,856,000	10,907,000
Cash and cash equivalents, at end of period	\$ 12,267,000	\$ 16,160,000

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

THREE MONTHS ENDED JUNE 30,	
1996	1995

SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:

CASH PAID DURING THE PERIOD FOR:

INTEREST	\$ 44,000 =====	\$ 15,000 =====
INCOME TAXES	\$ 326,000 =====	\$ 292,000 =====

SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING ACTIVITIES:

Cash dividends declared, but not yet paid, totaling \$603,000 are included in accounts payable and accrued expenses as of June 30, 1996. There were no unpaid dividends at June 30, 1995.

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

THE THREE MONTHS ENDED JUNE 30, 1996 COMPARED TO THE THREE MONTHS ENDED JUNE 30, 1995

The Company's revenue for the three months ended June 30, 1996 was \$170,694,000, an increase of \$31,734,000, or 22.8%, as compared to revenue of \$138,960,000 for the corresponding period for the prior year. The Company's revenue during these periods was attributable to the following segments:

	THREE MONTHS ENDED JUNE 30, 1996	THREE MONTHS ENDED JUNE 30, 1995	PERCENTAGE INCREASE
AVIATION FUELING	\$ 87,984,000	\$ 62,859,000	40.0%
MARINE FUELING	77,132,000	72,087,000	7.0%
OIL RECYCLING	5,578,000	4,014,000	39.0%
TOTAL REVENUE	\$170,694,000	\$138,960,000	22.8%

The aviation fueling segment contributed \$87,984,000 in revenue for the three months ended June 30, 1996. This represented an increase in revenue of \$25,125,000, or 40.0%, as compared to the same period of the prior year. The increase in revenue was due to an increase in volume and the average price per gallon sold. The marine fueling segment contributed \$77,132,000 in revenue for the three months ended June 30, 1996, an increase of \$5,045,000, or 7.0%, over the corresponding period of the prior year. The increase in revenue was related primarily to an increase in the average price per metric ton sold. The oil recycling segment contributed \$5,578,000 in revenue for the three months ended June 30, 1996, an increase of \$1,564,000, or 39.0%, as compared to the same period of the prior year. The increase in revenue was due to an increase in volume and the average sales price per gallon of recycled oil sold, and higher used oil and waste water collection revenue.

The Company's gross profit of \$11,632,000 for the three months ended June 30, 1996, increased \$2,458,000, or 26.8%, as compared to the same period of the prior year. The Company's gross margin increased from 6.6% for the three months ended June 30, 1995, to 6.8% for the three months ended June 30, 1996.

The Company's aviation fueling business achieved a 6.9% gross margin for the three months ended June 30, 1996, as compared to 7.8% achieved for the same period during the prior year. This resulted from the average gross profit per gallon remaining constant while the average sales price per gallon increased. The Company's marine fueling segment

achieved a 4.7% gross margin for the three months ended June 30, 1996, as compared to a 4.2% gross margin for the same period of the prior year. This resulted from higher gross margins in trading and brokering activities over the same period of the prior year. The gross margin in the Company's oil recycling segment increased from 31.5% for the three months ended June 30, 1995, to 34.7%, for the three months ended June 30, 1996. This increase in the gross margin resulted from higher used oil and waste water collection gross profit and a higher gross profit per gallon of recycled oil sold.

Total operating expenses for the three months ended June 30, 1996 were \$7,295,000, an increase of \$1,783,000, or 32.3%, as compared to the same period of the prior year. The increase resulted primarily from a higher provision for bad debts in the aviation fueling segment, which increased \$1,090,000 over the corresponding period during the prior year. In relation to revenue, total operating expenses increased from 4.0% to 4.3%.

The Company's income from operations for the three months ended June 30, 1996 was \$4,337,000, an increase of \$675,000, 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 JUNE 30, 1996	1995	PERCENTAGE INCREASE (DECREASE)
AVIATION FUELING	\$ 3,093,000	\$ 3,499,000	(11.6)%
MARINE FUELING	1,018,000	678,000	50.1%
OIL RECYCLING	1,348,000	562,000	139.9%
CORPORATE OVERHEAD	(1,122,000)	(1,077,000)	4.2%
TOTAL INCOME FROM OPERATIONS	\$ 4,337,000 =====	\$ 3,662,000 =====	18.4% =====

The aviation fueling segment's income from operations was \$3,093,000 for the three months ended June 30, 1996, a decrease of \$406,000, or 11.6%, as compared to the three months ended June 30, 1995. This resulted from an increase in operating expenses, principally in the provision for bad debts, partially offset by an increase in the volume of product sold. The Company's aviation fueling segment also earned \$409,000 from its joint venture during the three months ended June 30, 1996, as compared to \$377,000 during the same period of the prior year. The results of the joint venture are shown in other income. The marine fueling segment earned \$1,018,000 in income from operations for the three months ended June 30, 1996, an increase of \$340,000, or 50.1% over the corresponding period of the prior year. This increase was

related primarily to an increase in the average gross profit per metric ton sold, partially offset by higher operating expenses. Income from operations of the oil recycling segment increased by \$786,000, or 139.9%, for the three months ended June 30, 1996, as compared to the same period of the prior year. This improvement resulted from an increase in volume and the average gross profit per recycled oil gallon sold, a higher used oil and waste water collection gross profit, and lower operating expenses.

Corporate overhead costs not charged to the business segments totaled \$1,122,000 for the three months ended June 30, 1996, an increase of \$45,000, or 4.2%, as compared to the same period of the prior year. In relation to revenue, total corporate overhead decreased to 0.7% for the three months ended June 30, 1996, as compared to 0.8% for the same period of the prior year.

The Company's effective income tax rate for the three months ended June 30, 1996 was 34.4%, as compared to 37.1% for the same period of the prior year. The decrease is the result of an overall decline in foreign income taxes.

Net income for the three months ended June 30, 1996 was \$3,104,000, an increase of \$559,000, or 22.0%, as compared to net income for the three months ended June 30, 1995. Earnings per share of \$0.38 for the three months ended June 30, 1996 exhibited a \$0.06, or 18.8% increase over the \$0.32 achieved during the same period of the prior year.

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents amounted to \$12,267,000 at June 30, 1996, as compared to \$12,856,000 at March 31, 1996. The principal uses of cash and cash equivalents during the first three months of fiscal year 1997 were \$1,063,000 for capital expenditures and \$402,000 in dividends paid on common stock, partially offset by net cash provided by operating activities of \$742,000. Other components of changes in cash and cash equivalents are detailed in the Consolidated Statements of Cash Flows.

Working capital as of June 30, 1996 was \$41,335,000, exhibiting a \$1,789,000 increase from working capital as of March 31, 1996. As of June 30, 1996, the Company's accounts receivable, excluding the allowance for bad debts, amounted to \$64,455,000, a decrease of \$2,653,000, as compared to the March 31, 1996 balance. In the aggregate, accounts payable, accrued expenses, and customer deposits decreased \$5,257,000. The net increase in trade credit of \$2,604,000 was primarily attributable to the aviation segment. The allowance for bad debts as of June 30, 1996 amounted to \$5,113,000, an increase of \$750,000 compared to the March 31, 1996 balance. During the first three months of fiscal year 1997, the Company charged \$1,318,000 to the provision for bad debts.

and had charge-offs in excess of recoveries of \$568,000.

Capital expenditures, which amounted to \$1,063,000 for the first three months of fiscal year 1997, consisted primarily of \$290,000 in office equipment and furniture, \$274,000 in plant, machinery and equipment, and \$470,000 in construction in progress related to increased storage capacity at the Company's Louisiana used oil facility. During the balance of fiscal year 1997, the Company anticipates spending approximately \$1,250,000 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.

Accrued salaries and wages decreased \$1,326,000, resulting from the payment of sales and management performance bonuses accrued for the 1996 fiscal year.

Income taxes payable at June 30, 1996, increased \$989,000, when compared to March 31, 1996. This increase resulted primarily from the payment of the first income tax installment for fiscal year 1997, subsequent to June 30, 1996, in accordance with U.S. federal and state income tax regulations.

Deferred income taxes increased \$328,000 from March 31, 1996 to June 30, 1996, principally due to an increase in the difference between tax and book depreciation, partially offset by an increase in the difference between the tax and book provision for bad debts.

Deferred compensation decreased \$203,000 from March 31, 1996 to June 30, 1996, primarily as a result of distributions in accordance with the Company's deferred compensation plans.

The Company's working capital requirements are not expected to vary substantially for the balance of fiscal year 1997. The Company expects to meet its cash requirements for the balance of fiscal year 1997 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.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

None

ITEM 2. CHANGES IN SECURITIES

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

27 FINANCIAL DATA SCHEDULE (for SEC use only)

(a) During the three months ended June 30, 1996, the Company 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 1, 1996

WORLD FUEL SERVICES CORPORATION

/s/ JERROLD BLAIR

JERROLD BLAIR
PRESIDENT

/s/ CARLOS A. ABAUNZA

CARLOS A. ABAUNZA
CHIEF FINANCIAL OFFICER

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S JUNE 30, 1996 UNAUDITED FINANCIAL STATEMENTS FILED ON FORM 10-Q AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS		
	MAR-31-1997	
	JUN-30-1996	
		12,267,000
		0
		64,455,000
		5,113,000
		3,667,000
	79,450,000	
		21,343,000
		6,080,000
	109,050,000	
38,115,000		0
	0	0
		81,000
		66,208,000
109,050,000		
		170,694,000
	170,694,000	
		159,062,000
		159,062,000
		0
		1,318,000
		136,000
		4,733,000
		1,629,000
3,104,000		0
		0
		0
		3,104,000
		0.38
		0.38