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 MARCH 31, 2004

☐ **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.)**
9800 N.W. 41st Street, Suite 400 **Miami, Florida** **(Address of Principal Executive Offices)**	**33178** **(Zip Code)**

Registrant's Telephone Number, including area code: (305) 428-8000

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 ☐

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-12 of the Exchange Act). Yes ☒ No ☐

The registrant had a total of 11,212,000 shares of common stock, par value $0.01 per share, net of treasury stock, outstanding as of May 6, 2004.

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Part I

Item 1. Financial Statements

General

The following unaudited, condensed consolidated financial statements and notes thereto of World Fuel Services Corporation and Subsidiaries 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 March 31, 2004 will not be necessarily indicative of the results for the entire fiscal year. The condensed consolidated financial statements and notes thereto included in this Form 10-Q should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Annual Report on Form 10-K ("10-K Report") for the year ended December 31, 2003. World Fuel Services Corporation and Subsidiaries are collectively referred to in this Form 10-Q as "we," "our" and "us." Certain amounts in prior periods have been reclassified to conform to the current period presentation.

Forward-Looking Statements

This report includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in these sections. All statements regarding our expected financial position and operating results, our business strategy, our financing plans and forecasted demographic and economic trends relating to our industry are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may," "will," "anticipate," "estimate," "expect," or "intend" and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from the results, performance or achievements expressed or implied by the forward-looking statements. We cannot promise you that our expectations in such forward-looking statements will turn out to be correct. Factors that impact such forward looking statements include, but are not limited to, quarterly fluctuations in results; the management of growth; fluctuations in world oil prices or foreign currency; 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 our other Securities and Exchange Commission filings. A more detailed description of the principal risks in our business is set forth in "Risk Factors" in our 10-K Report for the year ended December 31, 2003. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	As of	
	March 31, 2004	December 31, 2003
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 76,013	$ 76,256
Accounts and notes receivable, net of allowance for bad debts of $10,687 and $10,538 at March 31, 2004 and December 31, 2003, respectively	245,600	192,119
Inventories	32,073	22,940
Prepaid expenses and other current assets	33,245	19,706
Receivable from aviation joint venture partner	7,171	—
Total current assets	394,102	311,021
Property and equipment, net	6,630	6,963
Other:		
Goodwill, net of amortization of $3,565 at March 31, 2004 and December 31, 2003	36,860	36,860
Identifiable intangible asset, net of amortization of $828 and $736 at March 31, 2004 and December 31, 2003, respectively	1,012	1,104
Other assets	1,700	1,730
	$ 440,304	$ 357,678
Liabilities		
Current liabilities:		
Short-term debt	$ 1,502	$ 1,600
Accounts payable	238,841	172,885
Accrued expenses	15,625	9,987
Other current liabilities	22,320	20,290
Total current liabilities	278,288	204,762
Long-term liabilities	4,629	4,537
Commitments and contingencies		
Stockholders' Equity		
Preferred stock, $1.00 par value; shares of 100 authorized, none issued	—	—
Common stock, $0.01 par value; shares of 25,000 authorized; shares of 12,765 issued and outstanding at March 31, 2004 and December 31, 2003	128	128
Capital in excess of par value	36,544	34,672
Retained earnings	138,106	132,976
Unearned deferred compensation	(2,474)	(2,788)
Treasury stock, at cost; shares of 1,771 and 1,973 at March 31, 2004 and and December 31, 2003, respectively	(14,917)	(16,609)
	157,387	148,379
	$ 440,304	$ 357,678

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

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited - In thousands, except per share data)

	For the Three Months Ended March 31,	
	2004	2003
Revenue	$ 911,797	$ 658,000
Cost of revenue	(884,866)	(630,689)
Gross profit	26,931	27,311
Operating expenses:		
Salaries and wages	(10,248)	(10,098)
Provision for bad debts	(885)	(2,701)
Other	(8,088)	(7,594)
	(19,221)	(20,393)
Income from operations	7,710	6,918
Other (expense) income, net:		
Interest income, net	84	142
Other, net	91	(395)
	175	(253)
Income before income taxes	7,885	6,665
Provision for income taxes	(1,822)	(1,397)
	6,063	5,268
Minority interest	(109)	—
Net income	$ 5,954	$ 5,268
Basic earnings per share	$ 0.55	$ 0.50
Basic weighted average shares	10,805	10,584
Diluted earnings per share	$ 0.52	$ 0.48
Diluted weighted average shares	11,485	11,034

The accompanying notes 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)

	For the Three Months Ended March 31, 2004	For the Three Months Ended March 31, 2003
Cash flows from operating activities:		
Net income	$ 5,954	$ 5,268
Adjustments to reconcile net income to net cash provided by (used in) operating activities - Provision for bad debts	841	2,701
Depreciation and amortization	792	878
Deferred income tax benefits	(241)	(37)
Earnings from aviation joint venture, net	—	(381)
Unearned deferred compensation amortization	274	157
Other non-cash operating charges	4	201
Changes in operating assets and liabilities:		
Accounts and notes receivable	(54,322)	(8,254)
Inventories	(9,132)	(9,206)
Prepaid expenses and other current assets	(13,540)	(302)
Receivable from aviation joint venture partner	(7,171)	—
Other assets	29	(262)
Accounts payable and accrued expenses	71,575	(14,028)
Other current liabilities	3,964	2,140
Deferred compensation and other long-term liabilities	1,831	301
Total adjustments	(5,096)	(26,092)
Net cash provided by (used in) operating activities	858	(20,824)
Cash flows from investing activities:		
Capital expenditures	(366)	(994)
Net cash used in investing activities	(366)	(994)
Cash flows from financing activities:		
Dividends paid on common stock	(828)	(797)
Proceeds from exercise of stock options	1,693	166
Borrowings under revolving credit facility, net	—	16,000
Repayment of debt	(1,600)	(1,527)
Net cash (used in) provided by financing activities	(735)	13,842
Net decrease in cash and cash equivalents	(243)	(7,976)
Cash and cash equivalents, at beginning of period	76,256	57,776
Cash and cash equivalents, at end of period	$ 76,013	$ 49,800

(Continued)

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

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WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited - In thousands)
(Continued)

	For the Three Months Ended March 31,	
	2004	**2003**
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the period for:		
Interest	$ 197	$ 16
Income taxes	$ 1,528	$ 1,691

Supplemental Schedule of Noncash Investing and Financing Activities:

Cash dividends declared, but not yet paid, totaled $825 thousand and $803 thousand at March 31, 2004 and March 31, 2003, respectively, and were paid in April 2004 and April 2003, respectively.

During the three months ended March 31, 2003, in connection with the construction of our new corporate office, we recorded leasehold improvements and its related deferred rental credit of $315 thousand, which was paid by the landlord as an office construction allowance. The related deferred rental credit was included in Long-term liabilities. The deferred rental credit is being amortized on a straight-line basis over the lease period of 10 years for the new corporate office.

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

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Interim period data are Unaudited)

1. Recent Acquisitions and Significant Accounting Policies

Recent Acquisition

On April 2, 2004 (the "Closing Date"), we acquired all of the outstanding shares (the "THL Shares") of Tramp Holdings Limited ("THL") and the shares of Tramp Group Limited, a subsidiary of THL, which were not otherwise held by THL (the "TGL Shares"). The aggregate purchase price for the THL Shares and the TGL Shares was approximately $83.8 million, including acquisition cost of approximately $500 thousand, and may increase or decrease subject to certain post-closing adjustments. The aggregate purchase price will be paid in cash, of which approximately $75.5 million was paid on the Closing Date and the remaining payment will be made in accordance with the THL Shares acquisition agreement. The Tramp group of companies primarily sells and markets marine fuel services. The acquisition was funded through our cash reserves and borrowings under our existing $100.0 million syndicated revolving credit facility, as amended on March 31, 2004. See Exhibit 10.1 for the amendment to credit agreement.

Significant Accounting Policies

Except as described below, the significant 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 our 10-K Report for the fiscal year ended December 31, 2003.

Basis of Consolidation

The accompanying consolidated financial statements and related notes to the condensed consolidated financial statements include our accounts, those of our majority owned or controlled subsidiaries and those of our aviation joint venture, after elimination of all significant intercompany accounts, transactions, and profits. Prior to January 2004, we used the equity method of accounting to record our share of the earnings and losses of our aviation joint venture.

Recent Accounting Pronouncement

In January 2003, the Financial Accounting Standard Board ("FASB") issued Interpretation No. 46 ("FIN No. 46"), "Consolidation of Variable Interest Entities." FIN No. 46 expands upon and strengthens existing accounting guidance that addresses when a company should include in its financial statements the assets, liabilities and activities of another entity. A variable interest entity is a corporation, partnership, trust, or any other legal structure used for business purposes that either (a) does not have equity investors with voting rights or (b) has equity investors that do not provide sufficient financial resources for the entity to support its activities. FIN No. 46 requires a variable interest entity to be consolidated by a company if that company is subject to a majority of the risk of loss from the variable interest entity's activities or is entitled to receive a majority of the entity's residual returns or both. The consolidation requirements of FIN No. 46 apply immediately to variable interest entities created after January 31, 2003. We determined that we do not have any variable interest entities created after January 31, 2003. In December 2003, FASB revised FIN No. 46, which deferred the effective date for the consolidation requirements for variable interest entities, other than special-purpose entities, created before February 1, 2003, to the period ending after March 15, 2004. Accordingly, effective January 2004, we consolidated the financial position of our aviation joint venture and its results of operations, after elimination of all significant intercompany accounts, transactions, and profits. The implementation of FIN No. 46 did not have any significant effect on our consolidated financial position or our consolidated results of operations. See Note 6 for additional information.

Reclassifications

Certain amounts in prior years have been reclassified to conform to current year's presentation.

2. Comprehensive Income

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

3. Earnings Per Share

Basic earnings per share are computed based on the weighted average number of common shares outstanding. Diluted earnings per share are based on the sum of the weighted average number of common shares outstanding, non-vested restricted common stock and common stock equivalents arising out of employee stock options and non-employee stock options and warrants. Our net income is the same for basic and diluted earnings per share calculations. Shares used to calculate earnings per share are as follows (in thousands):

	For the Three Months Ended March 31,	
	2004	2003
Basic weighted average shares	10,805	10,584
Restricted stock weighted average shares	146	116
Common stock equivalents	534	334
Diluted weighted average shares used in the calculation of diluted earnings per share	11,485	11,034
Weighted average shares subject to stock options and warrants included in the determination of common stock equivalents for the calculation of diluted earnings per share	1,508	1,101
Weighted average shares subject to stock options which were not included in the calculation of diluted earnings per share because their impact is antidilutive	—	171

4. Employee and Non-Employee Director Stock Options

Effective April 1, 2002, we adopted the accounting provision of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation – Transition and Disclosure, an amendment of FASB Statement No. 123," to account for stock options granted to our employees and non-employee directors using the prospective method. Under the fair value recognition provision, as of the grant date, we recorded the fair value of the stock options granted as Unearned deferred compensation, which is amortized over the minimum vesting period of each individual award as compensation cost. For stock options granted prior to April 1, 2002, we continued using the intrinsic value method of Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employee," and related interpretations. Accordingly, no compensation expense has been recognized for such stock options when the exercise price was at or above market price of our common stock on the date of grant.

As required, the following table reflects pro forma net income and earnings per share if the fair value based method had been applied to all outstanding and unvested awards in each period (in thousands, except earnings per share):

	For the Three Months Ended March 31,	
	2004	2003
Net income:		
Net income, as reported	$ 5,954	$ 5,268
Add: Stock-based employee and non-employee director compensation expense included in reported net income, net of related tax effects	170	97
Deduct: Total stock-based employee and non-employee director compensation expense determined under fair value based method for all awards, net of related tax effects	(180)	(116)
Pro forma net income	$ 5,944	$ 5,249
Basic earnings per share:		
As reported	$ 0.55	$ 0.50
Pro forma	$ 0.55	$ 0.50
Diluted earnings per share:		
As reported	$ 0.52	$ 0.48
Pro forma	$ 0.52	$ 0.48

5. Deferred Compensations Plans

Under the terms of the 2003 Executive Incentive Plan, our senior executives are eligible to receive long term incentive award (“LTIP award”) grants pursuant to which they will receive cash awards upon achievement of long-term performance goals. Achievement of performance goals is measured over a series of rolling three-year performance periods, with the periods for the first two award grants commencing in January 2003 and January 2004, respectively. LTIP awards are designed to reward strong financial performance on a sustained basis over a period of years, as measured by the Compound Average Annual Growth Rates (“CAGR”) in net income, as defined in the plan. Target awards for the first two award grants are $750 thousand each for our Chief Executive Officer and Chief Operating Officer, and $200 thousand each for the other three senior executives. The executives would earn 50% of the target award if we achieve a 15% CAGR in net income over the three-year performance period, and 100% of the target award if an 18% CAGR in net income is achieved over the applicable three year performance period. The maximum award is 200% of the target award, and would be earned if a CAGR in net income of at least 21% is achieved over the three-year performance period. If and when each cash award is earned over each individual award’s three-year performance period, such cash award may be deferred at the executive’s option, on such terms and conditions as may be approved by the Compensation Committee. The deferred amounts will earn interest at the U.S. Prime Rate, with a maximum rate of 10% per year. The accrual for LTIP awards is made equally over each award’s three-year performance period based on management’s estimate of the ultimate award to be earned by the senior executives at the end of each three-year performance period. As of March 31, 2004, we have accrued $1.6 million for LTIP awards, which was included in Long-term liabilities in the accompanying Consolidated Balance Sheets.

6. Aviation Joint Venture

In December 2000, we entered into a joint venture with Signature Flight Support Corporation (“Signature”) through the acquisition of a 50% equity interest in PAFCO LLC (“PAFCO”) from Signature. We paid Signature $1.0 million in cash and a $2.5 million non-interest bearing note, payable over five years through January 2006. PAFCO markets aviation fuel and related services. The non-interest bearing promissory note was discounted at 9% and the discount of $558 thousand is being amortized as interest expense over a five-year term using the interest method. In accordance with PAFCO’s operating agreement, we are entitled to 80% of the income from PAFCO’s operations. The higher allocation percentage versus the ownership percentage is in consideration of the risks assumed by us with respect to credit losses on PAFCO’s accounts receivable. We are required to purchase, without recourse, PAFCO’s accounts receivable that are 120 days past due, subject to certain requirements. Net losses, including infrequent or unusual losses, and interest expense incurred by PAFCO, and any gain resulting from the liquidation of the venture, will be shared equally between Signature and us.

Prior to January 2004, we used the equity method of accounting to record our share of the earnings and losses of our aviation joint venture. In addition, the amortized interest expense on the non-interest bearing promissory note was also included in net earnings from aviation joint venture. In accordance with the implementation of FIN No. 46, effective January 2004, we consolidated the financial position of PAFCO and its results of operations, after elimination of all significant intercompany accounts, transactions, and profits. The following table summarizes PAFCO’s effect on our consolidated results of operations and financial position (in thousands):

	For the Three Months Ended March 31,	
	2004	2003
Revenue	$ 44,351	$ —
Gross profit	$ 759	$ —
Income from operations	$ 543	$ —
Other income	$ —	$ 381
Minority interest	$ (109)	$ —
Net income	$ 434	$ 381

	As of	
	March 31, 2004	December 31, 2003
Accounts and notes receivable	$ 1,097	$ —
Inventories	$ 8,205	$ —
Receivable from aviation joint venture partner	$ 7,171	$ —
Total assets and total liabilities	$ 17,100	$ —

The Receivable from aviation joint venture partner consisted primarily of accounts receivable due from Signature amounting to $7.4 million, net of certain payables to Signature of $138 thousand and minority interest payables to Signature of $109 thousand. The accounts receivable due from Signature resulted from PAFCO’s sale to Signature, which amounted to $26.5 million for the three months ended March 31, 2004. In addition to the PAFCO’s sales to Signature, in the normal course of business, we utilize Signature and Aircraft Service International Group (“ASIG”), a sister company of Signature, as subcontractors to provide various services to customers, including into-plane fueling at airports, and transportation and storage of fuel and fuel products. Such activities with Signature and ASIG were not considered to be significant.

7. Business Segments

We market fuel and related services, and have two reportable operating segments: marine and aviation fuel services. In our marine fuel services business, we market marine fuel and related management services to a broad base of international shipping companies and to governmental and multilateral entities. Services include credit terms, 24-hour around-the-world service, fuel management services, and competitively priced fuel. In our aviation fuel services business, we extend credit and provide 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, as well as to governmental and multilateral entities. We also offer flight plans and weather reports to our 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. We employ 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. The accounting policies of the reportable operating segments are the same as those described in the Summary of Significant Accounting Policies. (See Note 1).

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Information concerning our operations by business segment is as follows (in thousands):

	For the Three Months Ended March 31,	
	2004	2003
Revenue		
Marine fuel services	$ 478,625	$ 397,443
Aviation fuel services	433,172	260,557
	$ 911,797	$ 658,000
Income from operations		
Marine fuel services	$ 4,390	$ 4,604
Aviation fuel services	6,850	5,022
Corporate overhead	(3,530)	(2,708)
	$ 7,710	$ 6,918

	As of	
	March 31, 2004	December 31, 2003
Accounts and notes receivable, net		
Marine fuel services, net of allowance for bad debts of $5,740 and $5,704 at March 31, 2004 and December 31, 2003, respectively	$ 153,677	$ 127,717
Aviation fuel services, net of allowance for bad debts of $4,947 and $4,834 at March 31, 2004 and December 31, 2003, respectively	91,923	64,402
	$ 245,600	$ 192,119
Goodwill and identifiable intangible asset:		
Marine fuel services, net of accumulated amortization of $3,258 and $3,166 at March 31, 2004 and December 31, 2003, respectively	$ 29,663	$ 29,755
Aviation fuel services, net of accumulated amortization of $1,134 at March 31, 2004 and December 31, 2003	8,209	8,209
	$ 37,872	$ 37,964
Total assets		
Marine fuel services	$ 223,852	$ 194,263
Aviation fuel services	160,963	134,180
Corporate	55,489	29,235
	$ 440,304	$ 357,678

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion should be read in conjunction with "Item 1. Financial Statements" appearing elsewhere in this Form 10-Q, as well as our Form 10-K Report for the year ended December 31, 2003.

Reportable Segments

We have two reportable operating businesses: marine and aviation fuel services. In our marine fuel services business, we market marine fuel and related management services to a broad base of international shipping companies and to governmental and multilateral entities. Services include credit terms, 24-hour around-the-world service, fuel management services, and competitively priced fuel. In our aviation fuel services business, we extend credit and provide 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, as well as to governmental and multilateral entities. We also offer flight plans and weather reports to our corporate customers.

Performance measurement and resource allocation for the reportable operating segments are based on many factors. Two of our primary financial measures used are revenue and income from operations. Our marine fuel business accounted for approximately 52% and 60% of our total revenue for the first quarter of 2004 and 2003, respectively. Our aviation fuel business accounted for the remaining 48% and 40% of total revenue for the first quarter of 2004 and 2003, respectively. Excluding corporate overhead, our marine fuel services and our aviation fuel services contributed 39% and 61%, respectively, of operating income for the first quarter of 2004, as compared to 48% and 52% for the first quarter of 2003, respectively.

Critical Accounting Policies and Estimates

The discussion and analysis of our financial condition and results of operations are based upon the consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. On an on-going basis, we evaluate our estimates, including those related to bad debts, income taxes, goodwill and identifiable intangible asset, and certain accrued liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

We have identified the policies below as critical to our business operations and the understanding of our results of operations. For a detailed discussion on the application of these and other accounting policies, see Note 1 of the "Notes to the Consolidated Financial Statements" in Item 1 of our 10-K Report for the year ended December 31, 2003.

Revenue Recognition

Revenue is generally recorded in the period when the sale is made or as the services are performed. We contract with unrelated third parties to provide the fuel and/or deliver most services. This causes delays in receiving the necessary information for invoicing to our customers. Accordingly, revenue may be recognized in a period subsequent to when the actual delivery of fuel or service was performed. This policy does not result in reported results that are materially different than if the revenue were recognized in the period of actual delivery or performance.

Accounts Receivable and Allowance for Bad Debts

Credit extension, monitoring and collection are performed by each of our business segments. Each segment has a credit committee. The credit committees are responsible for approving credit limits above certain amounts, setting and maintaining credit standards, and ensuring the overall quality of the credit portfolio. We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and the customer's current credit worthiness, as determined by our review of our customer's credit information. We extend credit on an unsecured basis to many of our customers.

We continuously monitor collections and payments from our customers and maintain a provision for estimated credit losses based upon our historical experience and any specific customer collection issues that we have identified. Accounts receivable are reduced by an allowance for amounts that may become uncollectible in the future. Such allowances can be either specific to a particular customer or general to all customers in each of our two business segments. As of March 31, 2004 and December 31, 2003, we had accounts and notes receivable of $245.6 million and $192.1 million, respectively, net of allowance for bad debts of $10.7 million and $10.5 million, respectively.

We believe the level of our allowance for bad debts is reasonable based on our experience and our analysis of the net realizable value of our trade receivables at March 31, 2004. We cannot guarantee that we will continue to experience the same credit loss rates that we have experienced in the past since adverse changes in the marine and aviation industries, or changes in the liquidity or financial position of our customers, could have a material adverse effect on the collectability of our accounts receivable and our future operating results. If credit losses exceed established allowances, our results of operation and financial condition may be adversely affected. For additional information on the credit risks inherent in our business, see “Risk Factors” in Item 1 of our 10-K Report for the year ended December 31, 2003.

Goodwill and Identifiable Intangible Asset

Goodwill represents our cost in excess of net assets, including identifiable intangible asset, of the acquired companies and the aviation joint venture. The identifiable intangible asset for customer relations existing at the date of acquisition was recorded and is being amortized over its useful life of five years. We accounted for goodwill and identifiable intangible asset in accordance with Statement of Financial Accounting Standards (“SFAS”) No. 142, “Goodwill and Other Intangible Assets.” Among other provisions, SFAS No. 142 states that goodwill shall not be amortized prospectively. Accordingly, for the three months ended March 31, 2004 and December 31, 2003, no goodwill amortization was recorded. For each of the three months ended March 31, 2004 and 2003, we amortized $92 thousand of our identifiable intangible asset.

In accordance with SFAS No. 142, goodwill must be reviewed annually (or more frequently under certain circumstances) for impairment. The initial step of the goodwill impairment test compares the fair value of a reporting unit with its carrying amount, including goodwill. Based on results of these comparisons, goodwill in each of our reporting units is not considered impaired. Accordingly, no impairment charges were recognized.

Income Taxes

Our provision for income taxes was determined by taxable jurisdiction. We file a consolidated U.S. federal income tax return, which includes all of our U.S. companies. Our non-U.S. companies file income tax returns in their respective countries of incorporation, as required. We do not provide for U.S. federal and state income taxes, and non-U.S. withholding taxes on the undistributed earnings of our non-U.S. companies. The distribution of these earnings would result in additional U.S. federal and state income taxes to the extent they are not offset by foreign tax credits and non-U.S. withholding taxes. It is our intention to reinvest undistributed earnings of our non-U.S. companies indefinitely and thereby postpone their remittance. Accordingly, no provision has been made for taxes that could result from the remittance of such earnings.

We provide for deferred income taxes on temporary differences arising from assets and liabilities whose bases are different for financial reporting and U.S. federal, state and non-U.S. income tax purposes. A valuation allowance is recorded to reduce deferred income tax assets when it is more likely than not that an income tax benefit will not be realized. No valuation allowance was recorded in the accompanying Consolidated Balance Sheets.

Results of Operations

Profit from our 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 sales, as well as the overall level of operating expenses, which may be significantly affected to the extent that we are required to provision for potential bad debts. Profit from our aviation fuel services business is primarily 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 we are required to provision for potential bad debts.

Comparing the first quarter of 2004 and 2003, our profitability was favorably impacted in 2004 by increases in business volume for marine and aviation, and a lower provision for bad debts for 2004. Earnings were adversely affected by lower gross profit per metric ton sold in marine and gross profit per gallon sold in aviation, higher salaries and wages and other operating expenses, and higher effective tax rates for 2004.

We may experience decreases in future sales volume and margins as a result of continued conflicts and instability in the Middle East, Asia and Latin America, possible future terrorist activity and military conflicts. In addition, since 2001, world oil prices have been very volatile and we expect continued volatility in world oil prices as a result of the instability and conflicts in the Middle East. The volatility in world oil prices can adversely affect our customers' business, and consequently our results of operations. See "Risk Factors" in Item 1 of our 10-K Report for the year ended December 31, 2003.

Three Months Ended March 31, 2004 Compared to Three Months Ended March 31, 2003

Our revenue for the first quarter of 2004 was $911.8 million, an increase of $253.8 million, or 38.6%, as compared to revenue of $658.0 million for the first quarter of 2003. Our revenue during these periods was attributable to the following segments (in thousands):

	For the Three Months Ended March 31,	
	2004	**2003**
Marine fuel services	$ 478,625	$ 397,443
Aviation fuel services	433,172	260,557
	$ 911,797	$ 658,000

Our marine fuel services segment contributed $478.6 million in revenue for the first quarter of 2004, an increase of $81.2 million, or 20.4%, over the corresponding period of the prior year. The increase in revenue was due to a 37.0% increase in the volume of metric tons sold from 2003, partially offset by an 11.9% decrease in the average price per metric ton sold from 2003. The growth in the volume of metric tons sold was primarily due to strategic competitive pricing. Our aviation fuel services segment contributed $433.2 million in revenue for the first quarter of 2004, an increase of $172.6 million, or 66.2%, as compared to the first quarter of 2003. The increase in revenue was due to a 65.8% increase in the number of gallons of aviation fuel sold from 2003. The increase in aviation sales volume was due to new commercial business, as well as growth in the fuel management businesses. Also contributing to the increase in revenue was the consolidation in the first quarter of 2004 of PAFCO, our aviation joint venture with Signature Flight Support Corporation. This accounting change stems from the implementation of the new accounting pronouncement regarding the consolidation of variable interest entities. See Note 1 to the condensed consolidated financial statements included herein for additional information.

Our gross profit of $26.9 million for the first quarter of 2004 decreased slightly by $380 thousand, or 1.4%, as compared to the first quarter of 2003. Our gross margin decreased to 3.0% for the first quarter of 2004, from 4.2% for the first quarter of 2003. Our marine fuel services segment achieved a 2.5% gross margin for the first quarter of 2004, a decrease from the 3.6% gross margin achieved for the first quarter of 2003. The decline in our marine gross margin was largely due to the higher than normal level of gross profit per metric ton earned in 2003, as well as to shifts in the business mix. Our aviation fuel services business achieved a 3.5% gross margin for the first quarter of 2004, as compared to 5.0% for the first quarter of 2003. The decrease in aviation gross margin reflects our volume growth in our lower margin, high credit quality fuel management business.

Total operating expenses for the first quarter of 2004 were $19.2 million, a decrease of $1.2 million, or 5.7%, as compared to the first quarter of 2003. The decrease in operating expenses was due to a lower provision for bad debts, partially offset by a 1.5% increase in salaries and wages and a 6.5% increase in other operating expenses. The increase in salaries and wages was primarily due to accruals for incentive compensation payouts. The increase in other operating expenses was primarily due to internal acquisition costs incurred and expensed during the first quarter of 2004 relating to the purchase of the Tramp group of companies.

Our income from operations for the first quarter of 2004 was $7.7 million, as compared to $6.9 million for the first quarter of 2003. Income from operations during these periods was attributable to the following segments (in thousands):

	For the Three Months Ended March 31,	
	2004	2003
Marine fuel services	$ 4,390	$ 4,604
Aviation fuel services	6,850	5,022
Corporate overhead	(3,530)	(2,708)
	$ 7,710	$ 6,918

The marine fuel services segment earned $4.4 million in income from operations for the first quarter of 2004, a decrease of $214 thousand, or 4.6%, as compared to $4.6 million for the corresponding period of the prior year. This decrease resulted primarily from a 16.5% decrease in gross profit, partially offset by a 22.2% decrease in operating expenses. The decrease in marine operating expenses was attributed to lower provision for bad debts and salaries and wages. The aviation fuel services segment's income from operations was $6.9 million for the first quarter of 2004, an increase of $1.8 million, or 36.4%, as compared to the first quarter of 2003. This improvement was mainly due to a $2 million increase in gross profit. Corporate overhead costs not charged to the business segments totaled $3.5 million for the first quarter of 2004, as compared to $2.7 million during the first quarter of 2003. The increase in corporate overhead costs was mainly due to increases in salaries and wages and acquisition costs. For explanations of the variances in operating expenses for the first quarter of 2004 as compared to the first quarter of 2003, see the above discussion on operating expenses.

During the first quarter of 2004, we reported $175 thousand in other income, net, as compared to other expense, net, of $253 thousand for the first quarter of 2003. Included in other expense, net during the first quarter of 2003 was equity earnings from our PAFCO aviation joint venture of $381 thousand. Effective January 2004, the results of our aviation joint venture in PAFCO were consolidated into our results of operations. The adjusted positive variance of $809 thousand from the first quarter of 2003 to the first quarter of 2004 was primarily related to net foreign currency exchange gains in Mexico recorded in 2004 as opposed to net foreign currency exchange losses in 2003. Foreign currency gains and losses in Mexico primarily stem from mismatches between our US dollar receivables and Mexican peso payables.

For the first quarter of 2004, our effective tax rate was 23.1%, for an income tax provision of $1.8 million, as compared to 21.0% and an income tax provision of $1.4 million for the first quarter of 2003. This increase is primarily a result of changes in the proportion of operating income contributed by our various subsidiaries in different tax jurisdictions, each with their own effective tax rates.

Due to the consolidation of our PAFCO aviation joint venture, we recorded minority interest of $109 thousand for the first quarter of 2004 relating to our joint venture partner's share of the profit in such entity.

Net income and diluted earnings per share for the first quarter of 2004 were $6.0 million and $0.52, respectively, as compared to $5.3 million and $0.48 during the same quarter of 2003.

Liquidity and Capital Resources

In our marine and aviation fuel businesses, the primary use of working capital is to finance receivables. We maintain aviation fuel inventories at certain locations in the United States, mostly for competitive reasons. Our marine and aviation fuel businesses historically have not required significant capital investment in fixed assets as we subcontract fueling services and maintain inventories at third party storage facilities. We have funded our operations primarily with cash flow generated from operations. As of March 31, 2004, we had $76.0 million of cash and cash equivalents as compared to $76.3 million at December 31, 2003.

We also have a revolving credit facility that permits borrowings of up to $100.0 million with a sublimit of $40.0 million for the issuance of letters of credit. Our available borrowings under the credit facility are reduced by the amount of outstanding letters of credit. The credit facility imposes certain operating and financial restrictions, including restrictions on the payment of dividends in excess of specified amounts. Our failure to comply with the obligations under the credit facility, including meeting certain financial ratios, could result in an event of default. An event of default, if not cured or waived, would permit acceleration of any outstanding indebtedness under the credit facility, impair our ability to receive advances and issue letters of credit, and may have a material adverse effect on us. As of March 31, 2004, had no borrowings under the credit facility. Letters of credit of $17.2 million were outstanding, at March 31, 2004, under the credit facility agreement.

Net cash provided by continuing operating activities totaled $858 thousand for first quarter of 2004, as compared to net cash used in operating activities of $20.8 million for the first quarter of 2003. Although there was an increase in our net income, the variance in cash flows from continuing operating activities of $21.7 million was primarily a result of changes in operating assets and liabilities, in particular, accounts payable increased due to growth in business volume as well as higher fuel costs from December 2003, and this was partially offset by an increase in accounts receivable, prepaid expenses relating to prepaid fuel and receivable from aviation joint venture partner.

During the first quarter of 2004, net cash used in investing activities relating to capital expenditures was $366 thousand, a decrease of $628 thousand as compared to the first quarter of 2003. This decrease was mainly due to higher expenses in 2003 relating to the relocation of our corporate office.

Net cash used in financing activities was $735 thousand for the first quarter of 2004, as compared to net cash provided by financing activities of $13.8 million for the first quarter of 2003. The variance in cash flows from financing activities of $14.6 million primarily results from a $16.0 million in net borrowings under our revolving credit facility in 2004, partially offset by an increase in the proceeds from the exercise of stock options of $1.5 million.

Working capital at March 31, 2004 was $115.8 million, representing an increase of $9.6 million from working capital at December 31, 2003. Our accounts and notes receivable, at March 31, 2004, excluding the allowance for bad debts, amounted to $256.3 million, an increase of $53.6 million, as compared to the balance at December 31, 2003. This increase is due to increased business activities and higher fuel prices from December 2003 for both our marine and aviation segments. At March 31, 2004, the allowance for bad debts of $10.7 million increased by $149 thousand from the balance at December 31, 2003. During the first quarter of 2004, we charged $885 thousand to the provision for bad debts, as compared to $2.7 million for the first quarter of 2003. We have charge-offs in excess of recoveries of $736 thousand for the first quarter of 2004, as compared to $2 million for the first quarter of 2003.

As of March 31, 2004, prepaid expenses and other current assets of $33.2 million increased $13.5 million from December 31, 2003. This increase was primarily due to increases in prepaid fuel and an increase in the fair market value of our outstanding derivatives. Net goodwill and identifiable intangible asset decreased $92 thousand, to $37.9 million, due to the amortization of the identifiable intangible asset.

Our current liabilities, excluding short-term debt, increased $73.6 million primarily due to increases in accounts payable, as compared to the balance at December 31, 2003. Long-term debt and short-term debt, in the aggregate, decreased by $1.6 million due to repayment of our acquisition debt while other long-term liabilities increased $1.6 million mainly due to increases in deferred compensation.

Stockholders’ equity amounted to $157.4 million at March 31, 2004, as compared to $148.4 million at December 31, 2003. The increase in stockholders’ equity was primarily due to $6.0 million in earnings, the exercise of employee stock options and its related income tax benefits totaling $3.6 million, and the amortization of unearned deferred compensation of $275 thousand, partially offset by the declaration of dividends of $825 thousand during the first quarter of 2004.

We believe that available funds from existing cash and cash equivalents, our credit facility, and cash flows generated by operations will be sufficient to fund our working capital and capital expenditure requirements for the next twelve months. Our opinions concerning liquidity and our ability to obtain advances from our credit facility are based on currently available information. To the extent this information proves to be inaccurate, or if circumstances change, future availability of trade credit or other sources of financing may be reduced and our liquidity would be adversely affected. Factors that may affect the availability of trade credit, or other financing, include our performance (as measured by various factors including cash provided from operating activities), the state of worldwide credit markets, and our levels of outstanding debt. However, we may decide to raise additional funds to respond to competitive pressures or to acquire complementary businesses. Accordingly, we cannot guarantee that financing will be available when needed or desired on terms favorable to us.

Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements

Except for changes in our letters of credit and purchase and sale commitments and derivatives, as described below, our contractual obligations and commercial commitments did not change materially from December 31, 2003 to March 31, 2004. For a discussion of these matters, refer to “Contractual Obligations, Commercial Commitments and Off-Balance Sheet Arrangements” in Item 7 of our 10-K Report for the year ended December 31, 2003.

Letters of Credit

In the normal course of business, we are required to provide letters of credit to certain suppliers. A majority of these letters of credit expire within one year from their issuance, and expired letters of credit are renewed as needed. As of March 31, 2004, we had letters of credit outstanding of $17.2 million, as compared to $16.1 million in letters of credit outstanding as of December 31, 2003. The letters of credit were issued under our revolving credit facility, and count against the $100.0 million limit on total borrowings under this facility. For additional information on our revolving credit facility and letters of credit, see the discussion thereof in “Liquidity and Capital Resources,” above.

Purchase and Sale Commitments and Derivatives

See “Item 3 – Quantitative and Qualitative Disclosures About Market Risk,” included in this Form 10-Q, for a discussion of our purchase and sale commitments and derivatives.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

To take advantage of favorable market conditions or for competitive reasons, we enter into short-term cancelable fuel purchase commitments for the physical delivery of product. We simultaneously may hedge the physical delivery of fuel through a commodity based derivative instrument, to minimize the effects of commodity price fluctuations.

As part of our price risk management services, we offer to our marine and aviation customers fixed fuel prices on future sales with, or without, physical delivery of fuel. Typically, we simultaneously enter into a commodity based derivative instrument with a counterparty to hedge our variable fuel price on related future purchases with, or without, physical delivery of fuel. The counterparties are major oil companies and derivative trading firms. Accordingly, we do not anticipate non-performance by such counterparties. Pursuant to these transactions, we are not affected by market price fluctuations since the contracts have the same terms and conditions except for the fee or spread earned by us. Performance risk by the customer under these contracts is considered a credit risk. This risk is minimized by entering into these contracts and transactions only with customers meeting stricter credit criteria.

As of March 31, 2004, we had five outstanding swaps contracts totaling approximately 56 thousand metric tons of marine fuel, expiring through December 2005, and eight outstanding swaps contracts totaling 15.5 million gallons of aviation fuel, expiring through December 2004. As of March 31, 2004, we have recorded our derivatives, which consisted of swaps contracts to hedge fixed fuel prices on future sales to our customers with, or without, physical delivery of fuel, at their fair market value of $3.4 million. In the accompanying Condensed Consolidated Balance Sheets, such amount was included as Prepaid expenses and other current assets with an offsetting amount in Accrued expenses.

We conduct the vast majority of our business transactions in U.S. dollars. However, in certain markets, primarily in Mexico, payments to our aviation fuel supplier are denominated in local currency. In addition, in Mexico, payments from some of our customers are also denominated in local currency. This subjects us to foreign currency exchange risk, which may adversely affect our results of operations and financial condition. We seek to minimize the risks from currency exchange rate fluctuations through our regular operating and financing activities.

Our policy is to not use derivative financial instruments for speculative purposes.

Item 4. Controls and Procedures

As of March 31, 2004, we have evaluated the effectiveness of our disclosure controls and procedures, under the supervision and with the participation of our management, including our CEO, COO and Chief Financial Officer ("CFO"). Based upon this evaluation, our CEO, COO and CFO concluded that, as of March 31, 2004, our disclosure controls and procedures were effective so that the information we are required to disclose in the reports which we file or submit under the Securities Exchange Act of 1934 (i) is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and (ii) is accumulated and communicated to our management, including our CEO, COO and CFO, as appropriate to allow timely decisions regarding required disclosure. Such evaluation did not identify any change in our internal controls over financial reporting that occurred during the quarter ended March 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal controls over financial reporting.

Part II

Item 1. Legal Proceedings

As described in Item 3 of our 10-K Report for the year ended December 31, 2003, we are involved in certain material legal proceedings. There has been no material development in those proceedings since the filing of our 10-K Report.

In addition to the matters described in our 10-K Report for the year ended December 31, 2003, we are also involved in litigation and administrative proceedings primarily arising in the normal course of our business. In the opinion of management, except as set forth in our 10-K Report for the year ended December 31, 2003, our liability, if any, under any pending litigation or administrative proceedings will not materially affect our 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) The exhibits set forth in the following index of exhibits are filed as part of this Form 10-Q:

Exhibit No.	Description
10.1	First Amendment to Credit Agreement, dated as of March 31, 2004, between World Fuel Services Corporation, the Lenders (as defined) and LaSalle Bank National Association, as a Lender and as the Administrative Agent for Lenders.
31.1	Certification of the Chief Executive Officer pursuant to Rule 12a-14(a) or Rule 15d – 14(a).
31.2	Certification of the Chief Operating Officer pursuant to Rule 12a-14(a) or Rule 15d – 14(a).
31.3	Certification of the Chief Financial Officer pursuant to Rule 12a-14(a) or Rule 15d – 14(a).
32.1	Statement of Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002.

(b) Reports on Form 8-K.

February 26, 2004. We filed a Current Report on Form 8-K to report the results of operations for the three months and fiscal year ended December 31, 2003.

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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: May 6, 2004

World Fuel Services Corporation

/s/ Francis X. Shea

Francis X. Shea, Executive Vice President
and Chief Financial Officer
(Principal Financial and Accounting Officer)

FIRST AMENDMENT TO CREDIT AGREEMENT

This First Amendment to Credit Agreement (this "*Amendment*"), dated as of March 31, 2004, is entered into between **WORLD FUEL SERVICES CORPORATION**, a Florida corporation (the "*Company*"), the **LENDERS** (as hereinafter defined) and **LASALLE BANK NATIONAL ASSOCIATION**, a national banking association, as a Lender and as the Administrative Agent for Lenders (the "*Administrative Agent*"), and amends the Credit Agreement, dated as of December 19, 2003, between the Company, the Administrative Agent and the Lenders from time to time party thereto (the "*Lenders*") (as heretofore or hereinafter modified, supplemented, restated or otherwise amended, hereinafter referred to as the "*Agreement*").

WITNESSETH:

WHEREAS, the Company desires to acquire Tramp Holdings Limited, a United Kingdom company (the "*Acquired Company*") with operations based in London, England (the "*Proposed Acquisition*");

WHEREAS, the terms, covenants and conditions of the Agreement prohibit the Proposed Acquisition;

WHEREAS, the Company has requested that the Administrative Agent and the Lenders waive compliance with and /or amend certain provisions of the Agreement to permit the Company to consummate the Proposed Acquisition; and

WHEREAS, the Administrative Agent and Lenders are willing to so amend and/or waive such provisions of the Agreement in accordance with the terms and conditions hereof.

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Incorporation of Defined Terms. Each capitalized term used in this Amendment but not otherwise defined herein shall have the meaning ascribed thereto in the Agreement.

2. Amendment. Section 10.6 of the Agreement shall be deleted in its entirety and replaced with the following:

> Use of Proceeds. Use the proceeds of the Loans, and the Letters of Credit, solely for working capital purposes, for Capital Expenditures, for other general business purposes and, subject to the limitations set forth in Section 11.5, for Acquisitions; and not use or permit any proceeds of any Loan to be used, either directly or indirectly, for the purpose, whether immediate, incidental or ultimate, of "purchasing or carrying" any Margin Stock.

3. Amendment. Section 11.1 of the Agreement shall be amended as follows:

(a) The word "and" following the ";" at the end of Section 11.1(h) shall be deleted;

(b) The "." at the end of Section 11.1(i) shall be deleted and replaced with "; and"; and

(c) A new Section 11.1(j) shall be added as follows:

(j) Debt of any Loan Party to HSBC Bank (London) (or any other lender approved in writing by the Administrative Agent) in connection with letters of credit, in an aggregate amount not to exceed $25,000,000 at any one time outstanding, issued by HSBC Bank (London)(or such other approved lender) at the request of such Loan Parties in support of the Loan Parties' cargo business, the repayment obligations of which may be guaranteed by the Company.

4. Amendment. Section 11.3 of the Agreement shall be deleted in its entirety and replaced with the following:

Operating Leases. Not permit the aggregate amount of all rental payments under Operating Leases made (or scheduled to be made) by the Loan Parties (on a consolidated basis) to exceed $7,500,000 in any Fiscal Year.

5. Amendment. The following sentence shall be added to the end of Section 11.4 of the Agreement:

Notwithstanding anything to the contrary in this Section 11.4, the Company may issue its capital securities (i) in accordance with the Company's 2001 Omnibus Plan for employees, (ii) in accordance with the Company's 1993 Non-Employee Director plan, and (iii) to employees or non-employees of the Company as compensation for services performed for the Company by such individuals.

6. Amendment. Section 11.11(e) of the Agreement shall be deleted in its entirety and replaced with the following:

(e) bank deposits in the ordinary course of business, provided that the aggregate amount of all such deposits which are maintained with any bank other than a Lender shall not at any time exceed an average monthly balance of $10,000,000;

7. Waivers by Administrative Agent and Lenders. In connection with the Proposed Acquisition and subject to the limitations in this Amendment, the Administrative Agent and Lenders hereby waive (the "*Acquisition Waivers*") the Company's non-compliance with certain terms and conditions of the Agreement as follows:

(i) Notwithstanding anything to the contrary in Sections 10.11 or 11.11(e) of the Agreement (as amended by this Amendment), for the period of ninety (90) days following the date hereof, the Company may: (A) maintain operating and investment accounts acquired in connection with the Proposed Acquisition with the depository or investment institutions presently maintaining such accounts on behalf of the Acquired Company, and (B) exceed, solely in connection with the Proposed Acquisition, the $10,000,000 limitation for bank deposits with banks other than Lenders set forth in Section 11.11(e);

(ii) Notwithstanding anything to the contrary in Section 11.1(c) of the Agreement, the Company may loan or otherwise advance funds to Loan Parties, the proceeds of such loans or advances to be used by the Loan Parties solely to consummate stock purchases in connection with the Proposed Acquisition;

(iii) Notwithstanding anything to the contrary in Section 11.4 of the Agreement, the Company may, in connection with the Proposed Acquisition, issue stock of the Company with a value not to exceed 350,000 GBP;

(iv) Notwithstanding anything to the contrary in Section 11.5 of the Agreement, the Company and the other Loan Parties may consummate the Proposed Acquisition; and

(v) Notwithstanding anything to the contrary in Section 11.14 of the Agreement, the Company may cancel Debt owed to it by the Loan Parties and incurred in connection with the Proposed Acquisition.

Upon the Company's satisfaction of the terms and conditions if this Amendment, the Acquisition Waivers shall become effective. Notwithstanding anything else to the contrary herein, the Acquisition Waivers are waivers of the specific Acquisition Waivers enumerated herein only and are not, nor should they be construed to be, waivers of any other existing or future non-compliance with the terms and conditions of the Agreement, Unmatured Event of Default or Event of Default, whether or not similar to the Acquisition Waivers enumerated herein.

8. Modifications. All references in the Agreement and the other Loan Documents to the term "Loan Documents" shall be deemed to include this Amendment.

9. Ratification. Except as modified hereby, the terms and conditions of the Agreement and the other Loan Documents including, without limitation, the Pledge Agreements to which the Company is a party, shall remain in full force and effect and are hereby ratified and confirmed in all respects.

10. Representations and Warranties. The Company represents and warrants to, and agrees with, Administrative Agent and the Lenders that (i) it has no defenses, set-offs or counterclaims of any kind or nature whatsoever against the Administrative Agent or any Lender with respect to any Obligations created under the Agreement and the other Loan Documents, any of the other agreements among the parties hereto, or any action previously taken or not taken by the Administrative Agent or any Lender with respect thereto or with respect to any Lien or Collateral in connection therewith to secure such Obligations, and (ii) this Amendment has been duly authorized by all necessary action on the part of the Company, has been duly executed by Company, and constitutes the valid and binding obligation of the Company, enforceable against the Company in accordance with the terms hereof.

11. Agreement Representations and Warranties. The Company hereby certifies that the representations and warranties contained in the Agreement continue to be true and correct and that no Unmatured Event of Default or Event of Default has occurred that has not been cured or waived.

12. Conditions to Effectiveness of Amendment. This Amendment shall become effective when the Administrative Agent shall have received (i) counterparts of this Amendment duly executed by the Company, (ii) counterparts of the Reaffirmation and Consents attached hereto executed by each Pledgor and Guarantor, as applicable, (iii) payment to the Administrative Agent for the account of the Lenders, an amendment fee in the amount of five (5) basis points of the aggregate Commitment payable to each Lender in accordance with their respective Pro Rata Share, (iii) resolutions of the applicable governing body of the Company, officer's certificates, incumbency certificates, organizational documents and such other entity documents as the Administrative Agent may request, (iv) payment of all costs and expenses incurred by the Administrative Agent in connection herewith, including all Attorney Costs of the Administrative Agent, (v) stock certificates representing sixty-five percent (65%) of the issued and outstanding stock of the Acquired Company together with stock powers therefore, executed by the respective Loan Parties purchasing such stock in connection with the Proposed Acquisition, together with each of the other applicable items and documents required by Section 10.13 of the Agreement and (vi) such other documents as the Administrative Agent may request.

13. Counterparts. This Amendment may be executed in any number of counterparts which, when taken together, shall constitute one original. Any telecopied signature hereto shall be deemed a manually executed and delivered original.

14. Governing Law. This Amendment shall be governed by, and construed and interpreted in accordance with, the laws of the State of Florida.

15. Titles. The section titles contained in this Amendment are and shall be without substantive meaning or content of any kind whatsoever and are used for convenience of reference only.

16. WAIVER OF TRIAL BY JURY. EACH OF THE COMPANY, THE ADMINISTRATIVE AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AMENDMENT, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed as of the date first above written.

WORLD FUEL SERVICES CORPORATION, a Florida corporation

By: /s/ Frank Shea

Frank Shea, Chief Financial Officer

LASALLE BANK NATIONAL ASSOCIATION

By: /s/ Richard Lavina

Richard Lavina, Senior Vice President

COMMERCE BANK, N.A.

By: /s/ Alan L. Hill

Alan L. Hill, Vice President

HSBC BANK USA

By: /s/ Jose M. Cruz

Jose M. Cruz, Senior Vice President

MERRILL LYNCH BUSINESS FINANCIAL SERVICES, INC.

By: /s/ Andrew M. Richards

Andrew M. Richards, Vice President

ISRAEL DISCOUNT BANK OF NEW YORK

By: /s/ David Keinen

David Keinen, Senior Vice President

and

By: /s/ Roberto M. Munoz

Roberto R. Munoz, Senior Vice President

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER
Pursuant to
Rule 13a-14(a) or 15d – 14(a)

I, Paul H. Stebbins, certify that:

1. I have reviewed this quarterly report on Form 10-Q of World Fuel Services Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
   a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2004

/s/ Paul H. Stebbins

Paul H. Stebbins
Chairman and Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF THE CHIEF OPERATING OFFICER
pursuant to
Rule 13a-14(a) or 15d – 14(a)

I, Michael J. Kasbar, certify that:

1. I have reviewed this quarterly report on Form 10-Q of World Fuel Services Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2004

/s/ Michael J. Kasbar

Michael J. Kasbar
President and Chief Operating Officer

Exhibit 31.3

CERTIFICATION OF THE CHIEF FINANCIAL OFFICER
Pursuant to
Rule 13a-14(a) or 15d – 14(a)

I, Francis X. Shea, certify that:

1. I have reviewed this quarterly report on Form 10-Q of World Fuel Services Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 6, 2004

/s/ Francis X. Shea

Francis X. Shea
Executive Vice President and
Chief Financial Officer

Exhibit 32.1

Statement of Chief Executive Officer, Chief Operating Officer and Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. § 1350)

We, Paul H. Stebbins, the Chairman and Chief Executive Officer of World Fuel Services Corporation (the “Company”), Michael J. Kasbar, the President and Chief Operating Officer of the Company, and Francis X. Shea, the Executive Vice-President and Chief Financial Officer of the Company, certify for the purpose of Section 1350 of Chapter 63 of Title 18 of the United States Code that, to the best of our knowledge,

(i) the Quarterly Report of the Company on Form 10-Q for the quarterly period ended March 31, 2004 (the “Report”) fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and

(ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 6, 2004

/s/ Paul H. Stebbins

Paul H. Stebbins
Chairman and Chief Executive Officer

/s/ Michael J. Kasbar

Michael J. Kasbar
President and Chief Operating Officer

/s/ Francis X. Shea

Francis X. Shea
Executive Vice President and
Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.