

WORLD FUEL SERVICES CORP
Form 8-K/A
August 09, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K/A

AMENDMENT NO. 2

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

Date of Report (Date of earliest event reported): April 2, 2004

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)

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

Edgar Filing: WORLD FUEL SERVICES CORP - Form 8-K/A

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

This Amendment No. 2 to Registrant's Current Report on Form 8-K filed on April 16, 2004 (the "Report") amends Items 7(a) and 7(b) of the Report to provide restated financial statements of the business acquired and revised pro forma financial information. The restated historical financial statements relate to periods ended prior to the acquisition, were prepared in accordance with the UK GAAP and were audited by PricewaterhouseCoopers LLP in accordance with auditing standards of the Public Company Accounting Oversight Board (United States), with a reconciliation to US GAAP. In the restatements, several adjustments were made to the UK GAAP accounts filed with Amendment No. 1. The revised pro forma financial information also contains several adjustments, but no material difference in pro forma net income.

Item 7. Financial Statements and Exhibits

(a) Financial Statements of the Business Acquired.

Consolidated balance sheets of Tramp Holdings Limited and its subsidiaries ("THL") as of 31 January 2004 and 2003, and the related consolidated profit and loss account, cash flows and the statement of total recognized gains and losses for each of the three years in the period ended 31 January 2004. The consolidated financial statements of THL were prepared in accordance with United Kingdom Generally Accepted Accounting Principles ("UK GAAP") and audited in accordance with auditing standards of the Public Company Accounting Oversight Board (United States).

(b) Pro Forma Financial Information.

Pro forma combined condensed balance sheet as of December 31, 2003 and the combined condensed statement of income for the year ended December 31, 2003.

(c) Exhibits.

| <u>Exhibit No.</u> | <u>Description</u> |
|--------------------|---|
| 23.1 | Consent of Independent Registered Public Accounting Firm. |

FINANCIAL STATEMENTS OF THE BUSINESS ACQUIRED

TRAMP HOLDINGS LIMITED

FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM TO THE DIRECTORS OF

TRAMP HOLDINGS LIMITED

We have audited the accompanying consolidated balance sheets of Tramp Holdings Ltd and its subsidiaries as of 31 January 2004 and 2003, and the related consolidated profit and loss account, cash flows and the statement of total recognised gains and losses for each of the three years in the period ended 31 January 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Companies Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the Company as of 31 January 2004 and 2003 and the results of its operations and its cash flows for each of the three years in the period ended 31 January 2004, in conformity with accounting principles generally accepted in the United Kingdom.

As discussed in Note 2, "Restatement of Previously Issued Financial Statements", the Company has restated its financial statements for the three years ended 31 January 2004 to correct for departures from UK GAAP.

Accounting principles generally accepted in the United Kingdom vary in certain significant respects from accounting principles generally accepted in the United States of America. Information relating to the nature and effect of such differences is presented in Note 30 to the consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

London

29 July 2004

TRAMP HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT

for the year ended 31st January 2004

| | Notes | 2004 | 2003 | 2002 |
|--|-------|----------------------|---------------|---------------|
| | | £ | £ | £ |
| | | (restated) | (restated) | (restated) |
| Turnover | 3 | 628,760,965 | 538,770,837 | 497,824,139 |
| Cost of sales | | (619,700,940) | (530,458,815) | (487,238,346) |
| Gross profit | | 9,060,025 | 8,312,022 | 10,585,793 |
| Administrative expenses | | (7,324,368) | (8,001,052) | (6,775,119) |
| Other operating income | 4 | 2,228,226 | 1,816,690 | 2,351,184 |
| Operating profit | 5 | 3,963,883 | 2,127,660 | 6,161,858 |
| Interest receivable and similar income | 8 | 571,380 | 437,672 | 476,342 |
| Interest payable | 9 | (73,614) | (102,584) | (226,554) |
| Profit on ordinary activities before taxation | | 4,461,649 | 2,462,748 | 6,411,646 |
| Taxation | 10 | (1,388,096) | (892,978) | (1,594,879) |
| Profit on ordinary activities after taxation | | 3,073,553 | 1,569,770 | 4,816,767 |
| Minority interests | | (503,839) | (250,212) | (693,444) |
| Profit for the financial year | | 2,569,714 | 1,319,558 | 4,123,323 |
| Appropriation for dividend on non-equity shares | 23 | (2,294,026) | (2,085,478) | (1,895,889) |
| Profit/(loss) for the financial year | 22 | 275,688 | (765,920) | 2,227,434 |
| STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES | | | | |
| Profit for the financial year | | 2,569,714 | 1,319,558 | 4,123,323 |
| Currency translation differences on foreign currency investments | | (277,315) | (475,711) | 53,857 |
| Total recognised gains and losses | | 2,292,399 | 843,847 | 4,177,180 |

All the above results were derived from continuing activities and there were no acquisitions in the year.

TRAMP HOLDINGS LIMITED

GROUP BALANCE SHEET

as at 31st January 2004

| | Notes | 2004 | | 2003 | |
|--|-------|---------------------|-------------------|--------------|------------|
| | | £ | £ | £ | £ |
| | | (restated) | (restated) | (restated) | (restated) |
| FIXED ASSETS | | | | | |
| Tangible assets | 12 | | 188,823 | | 174,009 |
| Investments | 14 | | 30,413 | | 42,022 |
| | | | 219,236 | | 216,031 |
| CURRENT ASSETS | | | | | |
| Stocks | 15 | 6,067,862 | | 6,339,945 | |
| Debtors | 16 | 57,959,031 | | 74,456,261 | |
| Investments | 17 | 938,581 | | 784,644 | |
| Cash at bank and in hand | | 32,173,145 | | 18,309,107 | |
| | | 97,138,619 | | 99,889,957 | |
| CREDITORS: amounts falling due within one year | 18 | (56,641,650) | | (62,257,698) | |
| Net current assets | | | 40,496,969 | | 37,632,259 |
| Total assets less current liabilities | | | 40,716,205 | | 37,848,290 |
| CREDITORS: amounts falling due after more than one year | 19 | (76,140) | | (52,319) | |
| PROVISIONS FOR LIABILITIES AND CHARGES | 20 | (232,765) | | (138,079) | |
| | | | (308,905) | | (190,398) |
| Net assets | | | 40,407,300 | | 37,657,892 |
| CAPITAL AND RESERVES | | | | | |
| Called up share capital | 21 | | 5,680,000 | | 5,680,000 |
| Profit and loss account | 22 | | 8,113,139 | | 8,122,424 |
| Other reserves | 23 | | 21,322,306 | | 19,020,622 |
| Shareholders funds | 24 | | 35,115,445 | | 32,823,046 |
| Minority interests - equity | | | 5,291,855 | | 4,834,846 |
| | | | 40,407,300 | | 37,657,892 |

The amount of shareholders funds attributable to equity interests was £9,881,161 (2003: £9,882,788) and to non equity interests was £25,234,284 (2003: £22,940,258).

TRAMP HOLDINGS LIMITED

GROUP CASH FLOW STATEMENT

for the year ended 31st January 2004

| | Notes | 2004 | 2003 | 2002 |
|---|-------|--------------------|-------------|-------------|
| | | £ | £ | £ |
| | | (restated) | (restated) | (restated) |
| Cash flow from operating activities | 25 | 6,949,107 | 7,089,518 | 5,635,691 |
| Returns on investments and servicing of finance | 26 | 485,402 | 289,478 | 202,140 |
| Taxation | 26 | (1,624,515) | (1,675,334) | (1,854,431) |
| Capital expenditure and financial investment | 26 | (70,540) | (128,216) | (188,183) |
| Acquisitions and disposals | 26 | 23,534 | 85,823 | 5,527 |
| Cash inflow before financing | | 5,762,988 | 5,661,269 | 3,800,744 |
| Financing | 26 | (16,240) | (21,582) | 14,146 |
| Increase in cash in the period | | 5,746,748 | 5,639,687 | 3,814,890 |
| Reconciliation of net cash flow to movement in net funds | 27 | | | |
| Increase in cash in the period | | 5,746,748 | 5,639,687 | 3,814,890 |
| Cash outflow from decrease in debt and hire purchase financing | | 16,240 | 21,582 | (14,146) |
| Change in funds resulting from cash flows | | 5,762,988 | 5,661,269 | 3,800,744 |
| New hire purchase agreements | | (53,003) | | |
| Movement in net debt in the period | | 5,709,985 | 5,661,269 | 3,800,744 |
| Net funds at 1st February 2003 | | 17,532,892 | 11,871,623 | 8,070,879 |
| Net funds at 31st January 2004 | | 23,242,877 | 17,532,892 | 11,871,623 |

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and are in accordance with applicable accounting standards.

Basis of consolidation

All group companies are consolidated. Tramp Oil Schiffahrts und Handels GmbH, Tramp Oil Germany GmbH & Co KG, Tramp Oil (Brasil) Ltda and Tramp Oil & Marine (South Cone) S.A. have been consolidated based on the accounts for the year ended 31st December 2003.

Basis of translation of foreign currencies

At the year end all foreign currency assets and liabilities of the group and company are translated at the applicable rates of exchange ruling on that date. The results of overseas subsidiary undertakings are translated into sterling at the average rates. Exchange differences which arise from the translation at rates different from those used in the previous year's financial statements of the share capital and reserves of overseas subsidiary undertakings are dealt with through reserves. Exchange profits and losses on trading transactions are included in the group's trading profits.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the group's ordinary activities after deduction of trade discounts and value added tax.

Deferred taxation

Deferred tax liabilities are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date. Deferred tax assets are recognised to the extent they are considered recoverable. Deferred tax balances are not discounted.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation and any provision for impairment. All repairs are written off as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives are:

| | |
|----------------------------------|-------------|
| Fixtures, fittings and equipment | - 3-5 years |
| Plant and machinery | - 4-5 years |
| Short leasehold | - 10 years |
| Freehold property | - 10 years |

NOTES TO THE FINANCIAL STATEMENTS

1 ACCOUNTING POLICIES *continued*

Investments

(i) Fixed assets

Fixed asset investments are stated at cost less provision for impairment.

(ii) Current assets

Current asset investments are stated at the lower of cost and net realisable value.

(iii) Leased assets

Rental payments under operating leases are charged to the profit and loss account as incurred

Stock

Stock, is valued at the lower of cost, on a first in first out basis, and net realisable value.

Pension costs

The group continues to operate a group personal pension plan and a death benefit scheme for which contributions are charged to the profit and loss account in the period for which they are paid. The liability of the group is limited to the contributions paid in the year.

2 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS

Edgar Filing: WORLD FUEL SERVICES CORP - Form 8-K/A

In April 2004, World Fuel Services Corporation (World Fuel), a publicly traded company incorporated in the United States, through its wholly-owned subsidiary of World Fuel Services European Holding Company I, Limited, a company incorporated in the United Kingdom, acquired all the outstanding ordinary and preference shares of Tramp Holdings Limited. Due to the relative size of the acquisition to World Fuel, three years of income statements and two years balance sheets audited in accordance with US generally accepted auditing standards with a reconciliation to US GAAP were required to be included in World Fuel 's Form 8-K filing with the US Securities and Exchange Commission.

During the re-audit of the UK balances several adjustments were noted. Below is a description of those adjustments made to the UK GAAP accounts:

Accruals for indirect taxes

The audit of the indirect taxes revealed that there were under accruals in certain social security and excise taxes in the operations of one of the Company 's foreign subsidiaries. In addition to this under accrual, the Company incorrectly invoiced some aviation sales as zero rated value-added tax (VAT) when in fact VAT should have been charged. It is unlikely that this VAT liability will be recovered from customers and accordingly has been expensed.

NOTES TO THE FINANCIAL STATEMENTS

2 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS *continued*Changes in Provisioning

Tramp had previously recorded provisions which were deemed, either to be unnecessary or did not meet the definition of a liability under UK accounting standards. Previously, Tramp would de-recognise these provisions in the following year, taking the amount to income. These financial statements have been restated to remove the unnecessary provision in the year booked and remove the credit to income when the provision was released.

Accrual for contingencies and claims

Tramp did not accrue for certain claims and contingencies which were in existence at the balance sheet date. As part of the re-audit, an accrual was established for the expected settlement of these claims.

Translation of income statement at average rates

Previously, Tramp had translated the income statement items using the end rate under UK GAAP. While this treatment is acceptable under SSAP 20, it is not the preferred method of accounting. With the implementation of FRS 18, it was determined that the income statement should be translated at average rates. This revised treatment is also in line with the requirements under US GAAP.

Profit and Loss (restated)

| | 2004 | 2003 | 2002 |
|--|------------------|------------------|------------------|
| | £ | £ | £ |
| Net income (before preferred dividend) previously reported | 3,332,563 | 1,788,623 | 4,762,691 |
| Additional liabilities for indirect taxes | (485,035) | (481,613) | (460,714) |
| Changes in provisioning for debtors and other assets | (233,016) | 3,056 | (163,586) |
| Increase provisioning for claims and contingencies | (67,300) | 0 | 0 |
| Translation of income statement at average rates | 22,502 | 9,492 | (15,068) |
| Net income (before preferred dividend) as restated | 2,569,714 | 1,319,558 | 4,123,323 |

TRAMP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2 RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS *continued*

Balance Sheet (restated)

| | 2004 | 2003 | 2002 |
|---|-------------------|-------------------|-------------------|
| | £ | £ | £ |
| Net assets previously reported | 42,122,074 | 38,527,617 | 37,032,585 |
| Additional liabilities for indirect taxes | (1,492,612) | (987,430) | (483,899) |
| Changes in provisioning for debtors and other assets | (355,768) | 119,247 | 33,354 |
| Changes in the tax liability as a result of the above adjustments | 133,606 | (1,542) | 78,341 |
| Net assets as restated | 40,407,300 | 37,657,892 | 36,660,381 |

3 TURNOVER AND OPERATING PROFIT

Turnover and operating profit information has not been disclosed as in the opinion of the directors the disclosure of turnover and operating profit by class of business and geographical area would be prejudicial to the interests of the group.

4 OTHER OPERATING INCOME

| | 2004 | 2003 | 2002 |
|---|------------------|------------------|------------------|
| | £ | £ | £ |
| | (restated) | (restated) | (restated) |
| Interest receivable from clients | 1,790,104 | 1,663,504 | 1,996,591 |
| Profit on disposal of tangible fixed assets | 35,249 | 13,478 | 3,610 |
| Profit on disposal of fixed asset investments | | 74,640 | 54,287 |
| Net profit on trading ships shares | 51,238 | 46,324 | 44,392 |
| Decrease in provision against current asset investments | 167,547 | | |
| Decrease in bad debt provisions | | | 120,279 |
| Decrease in provision against claims | 52,835 | | |
| Other income | 131,253 | 18,744 | 22,596 |
| Fee income | | | 109,429 |
| | 2,228,226 | 1,816,690 | 2,351,184 |

Interest receivable from clients arises as an integral element of trading activities and is therefore treated as an operating item.

TRAMP HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****5 OPERATING PROFIT** is stated after charging:

| | 2004 | 2003 | 2002 |
|---|----------------|------------|------------|
| | £ | £ | £ |
| | (restated) | (restated) | (restated) |
| Depreciation of tangible fixed assets - owned assets | 96,587 | 98,155 | 131,985 |
| Directors remuneration (including pension contributions) as executives (note 5) | 534,071 | 455,918 | 890,967 |
| Auditors remuneration for audit services | 45,644 | 65,700 | 63,319 |
| Non-audit fees paid to auditors | 33,200 | 42,338 | 31,850 |
| Amounts written off investments in ships | 13,427 | 12,869 | 12,019 |
| Operating lease rentals payable for land and buildings | 125,175 | 267,527 | 217,530 |
| Other operating lease rentals payable | 2,367 | 1,374 | |
| Increase in provision against current asset investments | 32,453 | 429,787 | 143,307 |
| Increase in bad debt provision | | 356,751 | |
| Increase in provision against claims | | 50,838 | |

6 DIRECTORS EMOLUMENTS

The directors set out below served throughout the year. C.C Carlsen has retired after the year end.

The interests of the directors, who both served throughout the year, in the share capital of the company were as follows:

| | 31st January 2003 and 2004 |
|--|----------------------------------|
| 10% cumulative preference shares of 1 each | |
| C C Carlsen | 4,980,000 |
| J R Cole | |
| Ordinary shares of 1 each | |
| C C Carlsen | 620,000 |
| J R Cole | 80,000 |

Remuneration

The remuneration of the directors was as follows:

Edgar Filing: WORLD FUEL SERVICES CORP - Form 8-K/A

| | 2004 | 2003 | 2002 |
|---|----------------|---------|---------|
| | £ | £ | £ |
| Emoluments | 465,102 | 386,949 | 719,620 |
| Company contributions to money purchase pension schemes | 68,969 | 68,969 | 171,347 |
| | 534,071 | 455,918 | 890,967 |

NOTES TO THE FINANCIAL STATEMENTS

6 DIRECTORS EMOLUMENTS *continued***Pensions**

The number of directors who accrued benefits under pension schemes was as follows:

| | <u>Number</u> | <u>Number</u> | <u>Number</u> |
|---------------------------------|---------------|---------------|---------------|
| Money purchase schemes (Number) | 1 | 1 | 1 |

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

| | <u>£</u> | <u>£</u> | <u>£</u> |
|---|----------------|----------|----------|
| Emoluments | 234,750 | 193,622 | 394,404 |
| Company contributions to money purchase schemes | 68,969 | 68,969 | 102,378 |
| | 303,719 | 262,591 | 496,782 |

7 EMPLOYEES

The average monthly number of employees of the group, excluding directors, during the year was 80 made up as follows:

| | <u>2004</u> <u>Number</u> | <u>2003</u> <u>Number</u> | <u>2002</u> <u>Number</u> |
|----------------|------------------------------|------------------------------|------------------------------|
| Sales | 36 | 36 | 34 |
| Administration | 44 | 42 | 35 |

| | | | |
|--|--------------|--------------|--------------|
| | 80 | 78 | 69 |
| | _____ | _____ | _____ |

Staff costs during the year amounted to:

| | £ | £ | |
|-----------------------|------------------|--------------|--------------|
| | _____ | _____ | |
| Wages and salaries | 3,519,346 | 2,814,865 | 3,452,954 |
| Social security costs | 305,817 | 243,913 | 320,479 |
| Other pension costs | 144,077 | 132,442 | 113,658 |
| | _____ | _____ | _____ |
| | 3,969,240 | 3,191,221 | 3,887,091 |
| | _____ | _____ | _____ |

TRAMP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8 INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2004 | 2003 | 2002 |
|----------------------------------|----------------|----------------|----------------|
| | £ | £ | £ |
| | (restated) | (restated) | (restated) |
| Interest receivable | 537,313 | 408,057 | 444,371 |
| Income from listed investments | 21,510 | 21,702 | 20,898 |
| Income from overseas investments | 12,557 | 7,913 | 11,073 |
| | 571,380 | 437,672 | 476,342 |

Interest receivable from clients is detailed in note 3 above.

9 INTEREST PAYABLE

| | 2004 | 2003 | 2002 |
|---|---------------|----------------|----------------|
| | £ | £ | £ |
| | (restated) | (restated) | (restated) |
| On loans wholly repayable within five years | 73,614 | 100,897 | 217,288 |
| On overdue tax | | 1,687 | 9,266 |
| | 73,614 | 102,584 | 226,554 |

NOTES TO THE FINANCIAL STATEMENTS

10 TAXATION

| | 2004 | 2003 | 2002 |
|---|------------------|------------|------------|
| | £ | £ | £ |
| | (restated) | (restated) | (restated) |
| Current tax | | | |
| Corporation tax based on the adjusted profit for the year | 1,116,272 | 649,394 | 1,591,541 |
| Less: Double taxation relief | (268,236) | (219,076) | (432,490) |
| | 848,036 | 430,318 | 1,159,051 |
| Over provision in previous years | (28,191) | (25,111) | (4,799) |
| Overseas taxation | 566,100 | 485,589 | 438,550 |
| Tax credit on franked investment income written off | 2,151 | 2,182 | 2,077 |
| | 1,388,096 | 892,978 | 1,594,879 |
| Tax on profit on ordinary activities | 1,388,096 | 892,978 | 1,594,879 |

Factors affecting tax charge for the period

The tax assessed for the period is greater than the standard rate of corporation tax in the UK (30%). The differences are explained below:

| | | | |
|---|------------------|-----------|-----------|
| Profit on ordinary activities before taxation | 4,461,649 | 2,462,748 | 6,411,646 |
| Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003: 30%) | 1,338,495 | 738,824 | 1,923,494 |
| Effects of: | | | |
| Expenses not deductible for tax purposes | (23,090) | 85,837 | (44,317) |
| Capital allowances for period in excess of depreciation | (13,313) | (10,153) | (1,730) |
| Utilisation of tax losses | 19,776 | 12,116 | (13,863) |
| Starting rate, small companies rate and marginal relief | (2,663) | (6,680) | (4,365) |
| Higher rate taxes on overseas earnings | 29,674 | 47,405 | 1,491 |
| Adjustments to tax charge in respect of previous periods | 39,217 | 25,629 | (265,831) |
| Current tax on charge for the period | 1,388,096 | 892,978 | 1,594,879 |

11 DEFERRED TAXATION

There is no provision for deferred taxation in the accounts of the group at 31st January 2004 (2003: £nil).

There are capital losses carried forward of £912,346 (2003: £846,246).

NOTES TO THE FINANCIAL STATEMENTS

12 TANGIBLE FIXED ASSETS

| Group | Freehold Property | Short leasehold | Fixtures, fittings and equipment | Plant and machinery | Total |
|--------------------------|----------------------|--------------------|---|------------------------|------------------|
| | £ | £ | £ | £ | £ |
| Cost | | | | | |
| 1st February 2003 | 22,532 | 48,963 | 1,039,353 | 308,633 | 1,419,481 |
| Exchange difference | | 523 | (2,562) | (2,508) | (4,547) |
| Additions | | 169 | 38,538 | 88,540 | 127,247 |
| Disposals | | | (2,918) | (161,655) | (164,573) |
| 31st January 2004 | 22,532 | 49,655 | 1,072,411 | 233,010 | 1,377,608 |
| Depreciation | | | | | |
| 1st February 2003 | 11,265 | 37,907 | 948,645 | 247,655 | 1,245,472 |
| Exchange difference | | 39 | (1,788) | (2,777) | (4,526) |
| Charge for the year | 2,253 | 2,600 | 49,281 | 42,453 | 96,587 |
| Disposals | | | (2,918) | (145,830) | (148,748) |
| 31st January 2004 | 13,518 | 40,546 | 993,220 | 141,501 | 1,188,785 |
| Net book value | | | | | |
| 31st January 2004 | 9,014 | 9,109 | 79,191 | 91,509 | 188,823 |
| 31st January 2003 | 11,267 | 11,056 | 90,708 | 60,978 | 174,009 |

NOTES TO THE FINANCIAL STATEMENTS

13 SUBSIDIARY UNDERTAKINGS

The company owns 100% of the share capital of Tramp Oil Financial Products Limited, a company incorporated and operating in the UK, marketing and providing financial products to the bunker industry.

Tramp Holdings Limited owns 87.5% of Tramp Group Limited, a company operating in the UK. The company and its subsidiaries are primarily engaged in the business of oil trading.

The following are wholly owned subsidiary undertakings of Tramp Group Limited:

| | |
|--|------------------------------|
| Tramp Shipping & Chartering Aps | - Ship chartering |
| Tramp Oil & Marine Limited | - Oil trading |
| Tramp Oil Schiffahrts und Handels GmbH | - Oil trading |
| Tramp Chartering Limited | - Ship chartering and agency |
| TOM Oil Limited | - Oil trading |
| Tramp Oil & Marine (Far East) Pte Ltd | - Oil trading |
| Tramp Oil & Marine (Med) Limited | - Oil trading |
| Tramp Oil Aviation Limited | - Oil trading |
| TOM Oil (Broking) Limited | - Oil broking |
| Tramp Oil Products Limited | - Oil trading |
| Tramp Oil Fuel Supplies Limited | - Oil trading |
| Tramp Oil & Marine (Romania) SRL | - Dormant |

Tramp Shipping and Chartering Aps is incorporated and operating in Denmark.

Tramp Oil Schiffahrts und Handels GmbH is incorporated and operates in Germany.

Tramp Oil & Marine (Far East) Pte Limited is incorporated and operates in Singapore.

Tramp Oil & Marine (Med) Limited is incorporated in the UK and operates in Cyprus.

Tramp Oil & Marine (Romania) SRL is incorporated in Romania.

Tramp Group Limited owns the entire allotted equity share capital, consisting of £1 ordinary shares, of the eight UK companies.

Tramp Group Limited owns 100% of a German partnership, Tramp Oil Germany GmbH & Co KG, whose business is oil trading and who changed its name from Tramp Oil Schiffahrts und Handels GmbH & Co KG during the year.

Tramp Group Limited owns 67% of the share capital of Tramp Oil (Brasil) Limitada, a company incorporated and operating in Brazil as oil traders.

During the year Tramp Oil (Brasil) Limitada subscribed for 100% of the share capital of Tobras Distribuidora de Combustiveis Limitada, a company incorporated in Brazil. This company had not commenced trading at 31st January 2004.

Tramp Group Limited owns 65% of the share capital of Tramp Oil & Marine (South Cone) S.A., a company incorporated and operating in Chile as oil traders.

NOTES TO THE FINANCIAL STATEMENTS

14 FIXED ASSET INVESTMENTS

| | Interest in associated undertakings | Investment in ships | Total |
|---------------------------------|---|------------------------|----------------|
| | £ | £ | £ |
| Cost | | | |
| 1st February 2003 | 35 | 213,301 | 213,336 |
| Exchange difference | | 9,235 | 9,235 |
| 31st January 2004 | 35 | 222,536 | 222,571 |
| Provisions | | | |
| 1st February 2003 | | 171,314 | 171,314 |
| Exchange difference | | 7,417 | 7,417 |
| Amounts written off in the year | | 13,427 | 13,427 |
| 31st January 2004 | | 192,158 | 192,158 |
| Net book value | | | |
| 31st January 2004 | 35 | 30,378 | 30,413 |
| 31st January 2003 | 35 | 41,987 | 42,022 |

15 STOCKS

| | 2004 | 2003 |
|------------------------|------------------|-----------|
| | £ | £ |
| Stocks of oil products | 6,067,862 | 6,339,945 |

The replacement value of stock approximates the balance sheet value.

TRAMP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

16 DEBTORS

| | 2004 | 2003 |
|--------------------------------|-------------------|-------------------|
| | £ | £ |
| | (restated) | (restated) |
| Trade debtors | 56,700,585 | 73,048,469 |
| Other debtors | 778,363 | 915,714 |
| Prepayments and accrued income | 480,083 | 492,078 |
| | <u>57,959,031</u> | <u>74,456,261</u> |

Other debtors includes £5,905 (2003: £29,524) in respect of hire purchase contracts of which £nil (2003: £5,905) is due after more than one year.

Prepayments and accrued income includes £nil (2003: £41,807) in respect of pension premiums prepaid.

17 CURRENT ASSET INVESTMENTS

| | 2004 | 2003 |
|--|------------------|------------------|
| | £ | £ |
| | (restated) | (restated) |
| Cost | | |
| Listed shares held in United Kingdom | 845,707 | 863,133 |
| Unlisted shares held in United Kingdom | 300,000 | 300,000 |
| Bonds in Germany | 14,372 | 6,395 |
| Bonds and stocks in Denmark | 46,678 | 71,671 |
| Other overseas equities | 344,799 | 323,967 |
| | <u>1,551,556</u> | <u>1,565,166</u> |
| Less: Provision for impairment | (612,975) | (780,522) |
| | <u>938,581</u> | <u>784,644</u> |
| Market value | <u>1,212,085</u> | <u>1,015,660</u> |

TRAMP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18 CREDITORS: amounts falling due within one year

| | 2004 | 2003 |
|---------------------------------------|-------------------|-------------------|
| | £ | £ |
| | (restated) | (restated) |
| Hire purchase obligations | 12,942 | |
| Bank loans and overdrafts | 8,841,186 | 723,896 |
| Trade creditors | 43,348,735 | 58,546,832 |
| Corporation tax | 1,309 | 194,582 |
| Other taxes and social security costs | 2,618,308 | 1,903,064 |
| Other creditors | 1,073,971 | 276,317 |
| Accruals and deferred income | 745,199 | 613,007 |
| | 56,641,650 | 62,257,698 |

Accruals and deferred income includes £18,412 (2003: £nil) in respect of pension premiums accrued.

19 CREDITORS: amounts falling due after more than one year

| | 2004 | 2003 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Hire purchase obligations | 17,958 | |
| Secured loans | 58,182 | 52,319 |
| | 76,140 | 52,319 |

The secured loans are repayable by equal half-yearly instalments of capital plus interest. The period outstanding on the loans vary between 1 and 10 years and interest rates range from 8% to variable market rates. The mortgages are secured by charges over the investment in ships. The hire purchase obligations are payable in more than one year but less than five years.

NOTES TO THE FINANCIAL STATEMENTS

20 PROVISIONS FOR LIABILITIES AND CHARGES

| | 2004 | 2003 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| | (restated) | (restated) |
| Provision against exchange losses | 43 | 23,338 |
| Other | 232,722 | 114,741 |
| | 232,765 | 138,079 |

Movements on provisions during the year were as follows:

| | £ |
|---------------------------------------|----------------|
| Balance at 1st February 2003 | 138,079 |
| Transfer from profit and loss account | 94,686 |
| Balance at 31st January 2004 | 232,765 |

21 SHARE CAPITAL

| | Authorised | | Allotted, issued and fully paid | |
|--|------------------|------------------|------------------------------------|------------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| 10% Cumulative preference shares of £1 each | 5,000,000 | 5,000,000 | 4,980,000 | 4,980,000 |
| Ordinary shares of £1 each | 1,000,000 | 1,000,000 | 700,000 | 700,000 |
| | 6,000,000 | 6,000,000 | 5,680,000 | 5,680,000 |

The 10% cumulative preference shares were issued on the terms that the preference dividend entitlement shall be calculated from 28 December 1986. The resultant cumulative entitlement from that date, net of dividends already paid, £80,000 (2003: £80,000) amounts to £20,254,284 (2003: £17,960,258). The company's articles of association do not require that this entitlement be settled at any time, other than in a winding up or reduction of capital, and if no preference dividend is determined by the directors, the company remains able to declare dividends on its ordinary shares of £1 each.

On a winding up assets available to members will be applied first in repaying the nominal amount paid up on the preference shares along with the arrears of preference dividends.

NOTES TO THE FINANCIAL STATEMENTS

22 PROFIT AND LOSS ACCOUNT

| | Total |
|-------------------------------------|------------------|
| | £ |
| | (restated) |
| Balance at 1st February 2002 | 9,368,421 |
| Exchange differences | (480,077) |
| Profit/(loss) for the year | (765,920) |
| Balance at 31st January 2003 | 8,122,424 |
| Balance at 1st February 2003 | 8,122,424 |
| Exchange differences | (284,973) |
| Profit/(loss) for the year | 275,688 |
| Balance at 31st January 2004 | 8,113,139 |

23 OTHER RESERVES

| | Redemption reserve | Other reserves | Total |
|-------------------------------------|-----------------------|-------------------|-------------------|
| | £ | £ | £ |
| Balance at 1st February 2002 | 15,874,780 | 1,055,998 | 16,930,778 |
| Exchange differences | | 4,366 | 4,366 |
| Transfer | 2,085,478 | | 2,085,478 |
| Balance at 31st January 2003 | 17,960,258 | 1,060,364 | 19,020,622 |
| Balance at 1st February 2003 | 17,960,258 | 1,060,364 | 19,020,622 |
| Exchange differences | | 7,658 | 7,658 |
| Transfer | 2,294,026 | | 2,294,026 |
| Balance at 31st January 2004 | 20,254,284 | 1,068,022 | 21,322,306 |

The redemption reserve represents dividends on the 10% cumulative preference shares which although not declared have been appropriated from the profit and loss account in accordance with Financial Reporting Standard 4, Capital Instruments.

TRAMP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

24 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

| | 2004 | 2003 |
|-----------------------------------|-------------------|-------------------|
| | £ | £ |
| | (restated) | (restated) |
| Profit for the financial year | 2,569,714 | 1,319,558 |
| Appropriation for dividend | (2,294,026) | (2,085,478) |
| Transfer to redemption reserve | 2,294,026 | 2,085,478 |
| | <u>2,569,714</u> | <u>1,319,558</u> |
| Other recognised gains and losses | (277,315) | (475,711) |
| | <u>2,292,399</u> | 843,847 |
| Opening shareholders funds | 32,823,046 | 31,979,199 |
| | <u>35,115,445</u> | <u>32,823,046</u> |

25 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

| | 2004 | 2003 | 2002 |
|---|------------------|------------------|------------------|
| | £ | £ | £ |
| | (restated) | (restated) | (restated) |
| Operating profit | 3,963,883 | 2,127,660 | 6,161,858 |
| Depreciation of tangible fixed assets | 96,587 | 98,155 | 131,985 |
| Profit on disposal of tangible fixed assets | (35,249) | (13,478) | (3,610) |
| Amounts written off fixed asset investments | 13,427 | 12,869 | 12,019 |
| Profit on disposal of fixed asset investments | | (74,640) | (54,287) |
| Loss on disposal of current asset investments | 60,980 | 33,717 | |
| Provision for impairment of current asset investments | (167,547) | 429,787 | 143,307 |
| Provision against claims | 117,981 | (28,725) | 143,466 |
| Provision against exchange losses | (23,295) | (83,840) | 12,936 |
| Exchange differences | (135,373) | (388,005) | 532,266 |
| Change in stocks | 272,083 | (2,787,426) | 3,077,144 |
| Change in debtors | 16,621,678 | (15,683,636) | 1,709,512 |
| Change in creditors | (13,836,048) | 23,447,080 | (6,230,905) |
| | <u>6,949,107</u> | <u>7,089,518</u> | <u>5,635,691</u> |

NOTES TO THE FINANCIAL STATEMENTS

26 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

| | 2004 | 2003 | 2002 |
|--|--------------------|--------------------|--------------------|
| | £ | £ | £ |
| | (restated) | (restated) | (restated) |
| Returns on investment and servicing of finance | | | |
| Interest received | 526,027 | 403,826 | 445,224 |
| Dividends received | 31,772 | 27,841 | 28,918 |
| Interest paid | (72,397) | (107,720) | (236,539) |
| Dividends paid to minority interest | | (34,469) | (35,463) |
| Net cash inflow for returns on investments and servicing of finance | 485,402 | 289,478 | 202,140 |
| Taxation | | | |
| UK Corporation tax paid | (1,047,216) | (780,286) | (1,561,477) |
| Foreign tax paid | (577,299) | (895,048) | (292,954) |
| Taxation paid | (1,624,515) | (1,675,334) | (1,854,431) |
| Capital expenditure and financial investment | | | |
| Purchase of tangible fixed assets | (74,244) | (93,178) | (80,186) |
| Sale of tangible fixed assets | 51,074 | 14,571 | 4,411 |
| Purchase of fixed asset investments | | (35) | |
| Sale of fixed asset investments | | 31,810 | |
| Purchase of current asset investments | (251,177) | (477,260) | (830,708) |
| Sale of current asset investments | 203,807 | 395,876 | 718,300 |
| Net cash outflow for capital expenditure and financial investment | (70,540) | (128,216) | (188,183) |
| Financing | | | |
| Secured loan drawn/(repaid) | 5,863 | (21,582) | 14,146 |
| Capital element of hire purchase payments | (22,103) | | |
| Net cash outflow from financing | (16,240) | (21,582) | 14,146 |
| Acquisition and disposals | | | |
| Disposal of shares in subsidiary company | | 73,658 | |
| Investment by minority interest in subsidiary | 23,534 | 14,945 | 5,527 |
| Net cash outflow of purchase of shares in subsidiary | | (2,780) | |
| Net cash inflow for acquisitions and disposals | 23,534 | 85,823 | 5,527 |

TRAMP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

27 ANALYSIS OF NET FUNDS

| | At | | At |
|--|----------------------|------------------------------|--------------------|
| | 1st February 2002 | Movements during the year | 31 January 2003 |
| | £ | £ | £ |
| Cash at bank and in hand | 16,767,185 | 1,541,922 | 18,309,107 |
| Bank overdrafts | (4,821,661) | 4,097,765 | (723,896) |
| Secured loans due after more than one year | (73,901) | 21,582 | (52,319) |
| TOTAL | 11,871,623 | 5,661,269 | 17,532,892 |

| | At | | At |
|--|----------------------|------------------------------|------------------------------|
| | 1st February 2003 | Movements during the year | Other non-cash changes |
| | £ | £ | £ |
| Cash at bank and in hand | 18,309,107 | 13,864,038 | 32,173,145 |
| Bank overdrafts | (723,896) | (8,117,290) | (8,841,186) |
| Hire purchase obligations | | 22,103 | (53,003) |
| Secured loans due after more than one year | (52,319) | (5,863) | (58,182) |
| TOTAL | 17,532,892 | 5,762,988 | (53,003) |

28 CONTINGENT LIABILITIES

At the year end, the group's principal bankers held cross guarantees from Tramp Group Limited and three of its subsidiary undertakings in respect of certain group borrowings and guarantees issued on the group's behalf up to a maximum of £12,593,000 (2003: £10,301,000).

At 31st January 2004 the net borrowings and guarantees of the group covered by these facilities amounted to £3,212,000 (2003: £755,000) and there were credit balances under two of the facilities of £14,168,000 (2003: £3,987,000).

NOTES TO THE FINANCIAL STATEMENTS

29 FINANCIAL COMMITMENTS

The group is committed to make the following payments during the year following the period under review under operating lease contracts.

| | Land and Buildings | | Other | |
|--------------------------------|--------------------|----------------|--------------|--------------|
| | 2004 | 2003 | 2004 | 2003 |
| | £ | £ | £ | £ |
| Operating leases which expire: | | | | |
| Within 1 year | 28,360 | 19,389 | | |
| Within 2-5 years | 27,272 | | 2,203 | 2,386 |
| After 5 years | 157,240 | 224,361 | | |
| | 212,872 | 243,750 | 2,203 | 2,386 |

30 ULTIMATE CONTROLLING PARTY

C C Carlsen has a controlling interest in the ordinary share capital of the company.

31 SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN UK AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)

These financial statements have been prepared in accordance with UK GAAP, which differs in certain significant respects from US GAAP. The tables below summarize the significant adjustments to the loss for the year and shareholders' funds which would be required if US GAAP had been applied instead of UK GAAP.

Reconciliation of net profit for the year ended 31 January

| | Note | 2004 | 2003 |
|---|------|---------|-----------|
| | | £ | £ |
| Net profit/(loss) under UK GAAP attributable to Group shareholder | | 275,688 | (765,920) |

Edgar Filing: WORLD FUEL SERVICES CORP - Form 8-K/A

US GAAP adjustments

| | | | |
|---|-----|-------------------|-------------------|
| - Derivative financial instruments | (a) | 1,256,325 | 27,396 |
| - Current investments | (b) | (167,546) | 129,788 |
| - Deferred tax | (c) | (242,082) | 111,460 |
| Net profit under US GAAP attributable to Group shareholders | | 1,122,385 | (497,276) |
| - Preference shares | (d) | 2,294,026 | 2,085,478 |
| | | <u> </u> | <u> </u> |
| Net profit under US GAAP attributable to ordinary shareholders | | 3,416,411 | 1,588,202 |
| | | <u> </u> | <u> </u> |

NOTES TO THE FINANCIAL STATEMENTS

31 SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN UK AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) *continued***Reconciliation of shareholders' fund as at 31 January**

| | Note | 2004 | 2003 |
|--|------|-------------------|-------------------|
| | | £ | £ |
| Equity shareholders' funds under UK GAAP | | 40,407,300 | 37,657,892 |
| US GAAP adjustments | | | |
| - Derivative financial instruments | (a) | 1,251,366 | (4,959) |
| - Current investments | (b) | 66,337 | 22,151 |
| - Deferred tax | (c) | 282,599 | 524,681 |
| - Preference shares | (d) | (5,000,000) | (5,000,000) |
| Shareholders' funds under US GAAP | | 37,007,602 | 33,199,765 |

a) Derivative financial instruments

Under UK GAAP, the Company does not recognize any unrealized gains on financial instruments but does recognize any unrealised loss positions at the year-end. Under US GAAP, the Group applies SFAS 133, *Accounting for derivative instrument and hedging activities*. The statement requires that every derivative instrument including certain derivative instruments embedded in other contracts are to be recorded in the balance sheet as either an asset or liability measured at its fair value. It also requires that changes in the derivative's fair value should be recognised in earnings unless specific hedge criteria are met. Under US GAAP the Group has not designated any of its derivative instruments as qualifying hedge instruments under SFAS 133 and accordingly all derivative financial instruments are valued at fair value, and changes in their fair value are reflected in earnings.

b) Current investments

Under UK GAAP, the Group records its investment at the lower of cost or market value. Under US GAAP the Group's listed investments were classified as available-for-sale securities in accordance with SFAS 115 *Accounting for Certain investments in Debt and Equity Securities*, accordingly such investments are marked-to-market and the aggregate fair value of the unrealised holding gains and losses are reported as a separate component in shareholder's funds.

c) Deferred tax

Edgar Filing: WORLD FUEL SERVICES CORP - Form 8-K/A

Under UK GAAP, the group accounts for deferred tax in accordance with FRS 19, deferred tax as described in the notes on the accounting policy in the financial statements. Under US GAAP, deferred taxes are accounted for on all temporary differences and a valuation allowance is established in respect of those deferred tax assets where it is more likely than not that some portion will remain unrealised.

NOTES TO THE FINANCIAL STATEMENTS

31 SUMMARY OF SIGNIFICANT DIFFERENCES BETWEEN UK AND US GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP) *continued*

d) Preference share

Under UK GAAP cumulative preferred dividends, although not yet declared, have been appropriated from the profit and loss account. Under US GAAP, the preferred dividends are not accounted for until declared.

Under US GAAP, the preference shares are considered mandatory redeemable since the conditions for redemption are not solely within the control of the Company. In accordance with US GAAP, these preference shares are classified between long-term debt and shareholders' funds, but are not aggregated under either caption. The preferred shares are measured at their historical cost value, because the redemption depends on uncertain events that are not considered probable as at 31 January 2004.

PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma combined condensed financial statements (Financial Statements) give effect to the April 2, 2004 purchase of all the outstanding shares of THL and shares of TGL, a subsidiary of THL, which was not otherwise held by THL prior to the purchase of THL by World Fuel Services Corporation (the Company.)

The unaudited pro forma combined condensed balance sheet (Balance Sheet) was prepared as if the acquisition had occurred as of December 31, 2003. The Balance Sheet was based upon the historical consolidated balance sheet of the Company as of December 31, 2003 and the historical consolidated balance sheet of THL as of January 31, 2004, as adjusted for U.K. GAAP to U.S. GAAP differences and translated to U.S. Dollars using a year-end exchange rate of 1.8162.

The unaudited pro forma combined condensed statement of income (Statement of Income) was prepared as if the acquisition had occurred as of the beginning of the period presented (i.e. January 1, 2003, the first day of the Company s 2003 fiscal year). The Statement of Income was based upon the historical consolidated statement of income of the Company for the year ended December 31, 2003 and the historical consolidated statement of income of THL for the year ended January 31, 2004, as adjusted for U.K. GAAP to U.S. GAAP differences and translated to U.S. Dollars using an average exchange rate of 1.6528.

These pro forma statements do not purport to represent what the Company s financial position or results of operations would actually have been if the sale had occurred on the dates referred to above or to be indicative of the Company s future results of operations or financial position. The Financial Statements should be read together with the audited financial statements and notes thereto as included in the Company s 2003 Annual Report on Form 10-K, and THL included elsewhere in this report.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES

PRO FORMA COMBINED CONDENSED BALANCE SHEETS

DECEMBER 31, 2003

(Unaudited - In thousands)

| | Historical | | | Combined |
|---|---------------------------------|------------------------|---|-------------------|
| | World Fuel Services Corporation | Tramp Holdings Limited | Acquisition Adjustments | |
| ASSETS: | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 76,256 | \$ 58,432 | \$ 30,207 ^(a) (75,504) ^(b) (34,860) ^(c) (758) ^(d) 20,000 ^(e) | \$ 73,773 |
| Investments | | 1,760 | (1,654) ^(a) | 106 |
| Accounts and notes receivable, net | 192,119 | 102,980 | (22,696) ^(a) | 272,403 |
| Inventories | 22,940 | 11,021 | (448) ^(a) (400) ^(f) | 33,113 |
| Prepaid expenses and other current assets | 19,706 | 2,285 | (1,658) ^(a) | 20,333 |
| Total current assets | 311,021 | 176,478 | (87,771) | 399,728 |
| Property and equipment, net | 6,963 | 343 | (198) ^(a) | 7,108 |
| Other: | | | | |
| Goodwill, net | 36,860 | | 7,070 ^(g) | 43,930 |
| Identifiable intangible assets, net | 1,104 | | 7,560 ^(g) | 8,664 |
| Other assets | 1,730 | | | 1,730 |
| | \$ 357,678 | \$ 176,821 | \$ (73,339) | \$ 461,160 |
| LIABILITIES: | | | | |
| Current liabilities: | | | | |
| Short-term debt and bank overdrafts | \$ 1,600 | \$ 16,057 | \$ 18,803 ^(a) (34,860) ^(c) | \$ 1,600 |
| Due to seller | | | 8,314 ^(h) | 8,314 |
| Accounts payable | 172,885 | 78,730 | (15,257) ^(a) | 236,358 |
| Accrued expenses | 9,987 | 6,135 | 1,138 ^(a) 425 ^(f) 300 ^(d) | 17,985 |
| Other current liabilities | 20,290 | 2,374 | 559 ^(a) | 23,223 |
| Total current liabilities | 204,762 | 103,296 | (20,578) | 287,480 |
| Long-term liabilities: | | | | |
| Long-term debt | 1,936 | | 20,000 ^(e) | 21,936 |
| Minority interest payable | | 9,611 | 493 ^(a) (10,104) ⁽ⁱ⁾ | |
| Other long-term liabilities | 2,601 | 138 | (129) ^(a) | 2,610 |

Edgar Filing: WORLD FUEL SERVICES CORP - Form 8-K/A

| | | | | |
|-------------------------------|------------|------------|-------------------------|------------|
| Total long-term liabilities | 4,537 | 9,749 | 10,260 | 24,546 |
| Commitments and contingencies | | | | |
| STOCKHOLDERS EQUITY | 148,379 | 63,776 | (2,054) ^(a) | 149,134 |
| | | | (61,722) ⁽ⁱ⁾ | |
| | | | 755 ⁽ⁱ⁾ | |
| | \$ 357,678 | \$ 176,821 | \$ (73,339) | \$ 461,160 |

^(a) To reflect the estimated fair value acquired assets and assumed liabilities of THL at their estimated fair value at the acquisition date.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
NOTES TO PRO FORMA COMBINED CONDENSED BALANCE SHEETS**DECEMBER 31, 2003****(Unaudited)**

- (b) To reflect total cash paid at closing to purchase of all the outstanding shares of THL and shares of TGL, a subsidiary of THL, which were not otherwise held by THL prior to the Company's purchase of THL.
- (c) To reflect the repayment of short-term debt and bank overdrafts of THL.
- (d) To reflect the estimated external acquisition costs related to professional fees which have been paid or accrued.
- (e) To reflect the Company's borrowing on its credit facility to partially finance the purchase of all the outstanding shares of THL and shares of TGL, a subsidiary of THL, which were not otherwise held by THL prior to the Company's purchase of THL.
- (f) To write-off inventories and to record an accrual associated with the exiting of a non-core business, which was acquired as part of the acquisition of THL.
- (g) The acquisition of all the outstanding shares of THL and shares of TGL, a subsidiary of THL, which were not otherwise held by THL prior to the Company's purchase of THL, will be accounted for using the purchase method of accounting. The following preliminary pro forma allocation of the purchase price is based on the estimated purchase price at closing. The final purchase price may be higher or lower due to certain post-closing adjustments:

| | |
|---|-----------|
| Cash and cash equivalents | \$ 88,639 |
| Investments | 106 |
| Accounts receivable | 80,284 |
| Inventories | 10,173 |
| Prepaid expenses and other current assets | 627 |
| Property and equipment | 145 |
| Short-term debt and bank overdrafts | (34,860) |
| Accounts payable | (63,473) |
| Accrued expenses | (7,698) |
| Other current liabilities | (2,933) |
| Other long-term liabilities | (9) |
| | <hr/> |
| Net assets acquired | \$ 71,001 |
| | <hr/> |
| Purchase price and acquisition costs ^{(b)+(d)-(h)-(j)} | \$ 85,631 |
| Less net assets acquired, indicated above | (71,001) |
| | <hr/> |
| Excess to be allocated | \$ 14,630 |
| | <hr/> |
| Identifiable intangible asset | \$ 7,560 |
| Goodwill | 7,070 |
| | <hr/> |
| | \$ 14,630 |

- ^(h) To reflect the remaining amount payable to the sellers within 10 days after the Adjusted Net Asset Value of THL as of the closing date, as defined in the THL Acquisition Agreement, is agreed upon between the Company and the sellers.

- (i) To eliminate both the capital structure of THL and the minority interest related to shares of TGL not otherwise held by THL prior to the Company's purchase of all outstanding shares of THL.

- (ii) To reflect the issuance of approximately 19 thousand shares of the Company's stock to one of the sellers of THL as restricted stock, which vest after 5 years. The fair value of these restricted shares was based on the market value of the Company's stock at acquisition date and represented additional purchase price.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
PRO FORMA COMBINED CONDENSED STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2003
(Unaudited - In thousands, except per share data)

| | Historical | | | Combined |
|---------------------------------|---------------------------------------|------------------------------|----------------------------|--------------|
| | World Fuel Services Corporation | Tramp Holdings Limited | Acquisition Adjustments | |
| Revenue | \$ 2,661,790 | \$ 1,041,188 | \$ | \$ 3,702,978 |
| Cost of revenue | (2,561,082) | (1,023,230) | | (3,584,312) |
| Gross profit | 100,708 | 17,958 | | 118,666 |
| Operating expenses: | | | | |
| Salaries and wages | (38,757) | (5,816) | | (44,573) |
| Provision for bad debts | (6,281) | | | (6,281) |
| Other | (28,680) | (6,231) | (1,080) ^(aa) | (35,991) |
| | (73,718) | (12,047) | (1,080) | (86,845) |
| Income from operations | 26,990 | 5,911 | (1,080) | 31,821 |
| Other (expense) income, net: | | | | |
| Interest income, net | 513 | 823 | (950) ^(bb) | (263) |
| | | | (649) ^(cc) | |
| Other, net | 115 | 1,977 | | 2,092 |
| | 628 | 2,800 | (1,599) | 1,829 |
| Income before income taxes | 27,618 | 8,711 | (2,679) | 33,650 |
| Provision for income taxes | (5,744) | (2,694) | 516 ^(dd) | (7,922) |
| | 21,874 | 6,017 | (2,163) | 25,728 |
| Minority interest | | (1,043) | 903 ^(ee) | (140) |
| Net income | \$ 21,874 | \$ 4,974 | \$ (1,260) | \$ 25,588 |
| Basic earnings per share | \$ 2.06 | | | \$ 2.41 |
| Basic weighted average shares | 10,617 | | 19 ^(ff) | 10,636 |
| Diluted earnings per share | \$ 1.96 | | | \$ 2.29 |
| Diluted weighted average shares | 11,169 | | 19 ^(ff) | 11,188 |

^(aa) To reflect the amortization of the preliminary identifiable intangible asset over an estimated useful life.

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES

NOTES TO PRO FORMA COMBINED CONDENSED STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2003

(Unaudited)

- (bb) To reflect the estimated interest expense on the Company's borrowing on its credit facility to partially finance the purchase of all the outstanding shares of THL and shares of TGL, a subsidiary of THL, which were not otherwise held by THL prior to the Company's purchase of THL.
- (cc) To reflect the estimated reduction in interest income from the Company's operating cash used in the acquisition.
- (dd) To reflect the estimated income tax benefit on the pro forma adjustments.
- (ee) To eliminate the minority interest associated with the minority owner of TGL related to shares of TGL not otherwise held by THL prior to the Company's purchase of THL.
- (ff) To reflect the issuance of approximately 19 thousand shares of the Company's stock as restricted stock, vesting after 5 years, to one of the sellers of THL.

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 9, 2004

World Fuel Services Corporation

/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
(Principal Financial and Accounting Officer)