

WORLD FUEL SERVICES CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In thousands)

	For the Year ended December 31,		
	2006	2005	2004
Cash flows from operating activities:			
Net income	\$ 63,948	\$ 39,609	\$ 28,559
Adjustments to reconcile net income to net cash provided by (used in) operating activities -			
Provision for bad debts	3,869	8,644	4,338
Depreciation and amortization	4,866	3,826	3,596
Deferred income tax provision	4,187	705	661
Unrealized gains from derivatives, net	(856)	(272)	(122)
Share-based payment compensation costs for employee and non-employee directors	7,035	3,976	1,708
Inventory write-down associated with the exit of the Panamanian market	—	—	2,134
Goodwill impairment	—	528	—
Software write-down	—	605	—
Other non-cash operating charges	(55)	619	362
Changes in assets and liabilities, net of acquisitions			
Accounts and notes receivable	(174,348)	(206,297)	(156,141)
Inventories	(37,871)	4,942	(18,293)
Prepaid expenses and other current assets	3,735	(22,435)	(31,291)
Other assets	(26)	(1,255)	(14)
Accounts payable	185,215	148,822	91,651
Accrued expenses and other current liabilities	8,783	28,071	10,899
Deferred compensation and other long-term liabilities	(221)	(1,414)	3,682
Customer deposits	(377)	(12,700)	29,486
Total adjustments	3,936	(43,635)	(57,344)
Net cash provided by (used in) operating activities	67,884	(4,026)	(28,785)
Cash flows from investing activities:			
Capital expenditures	(20,031)	(4,615)	(2,398)
Purchase of short-term investments	(78,100)	(20,000)	—
Proceeds from the sale of short-term investments	75,600	10,000	—
Acquisition of business, net	(2,646)	—	3,587
Net cash (used in) provided by investing activities	(25,177)	(14,615)	1,189
Cash flows from financing activities:			
Dividends paid on common stock	(4,160)	(3,440)	(3,350)
Minority interest distribution	(410)	—	—
Proceeds from exercise of stock options	6,733	3,033	6,315
Purchases of stock tendered by employees to satisfy the required withholding taxes related to share-based awards	(1,050)	(1,234)	—
Proceeds from sale of equity shares, net of estimated expenses	—	120,262	—
Borrowings under revolving credit facility	25,000	186,000	285,000
Repayments under revolving credit facility	(25,000)	(216,000)	(235,000)
Repayment of promissory notes	(500)	(1,100)	(2,100)
Repayment of debt assumed from acquired business	—	—	(35,347)
Other	(109)	226	—
Net cash provided by financing activities	504	87,747	15,518
Net increase (decrease) in cash and cash equivalents	43,211	69,106	(12,078)
Cash and cash equivalents, at beginning of period	133,284	64,178	76,256
Cash and cash equivalents, at end of period	<u>\$ 176,495</u>	<u>\$ 133,284</u>	<u>\$ 64,178</u>
Supplemental Disclosures of Cash Flow Information			
Cash paid during the period for:			
Interest	\$ 1,104	\$ 1,877	\$ 1,668
Income taxes	<u>\$ 17,503</u>	<u>\$ 11,738</u>	<u>\$ 8,786</u>

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

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

(In thousands)

We acquired Tramp Oil in 2004 and the remaining 33% of the outstanding equity interest of Tramp Oil (Brasil) Limitada (“Tramp Oil Brazil”) in 2006. There were no acquisitions in 2005. The following reconciles the estimated fair values of the assets acquired, liabilities assumed, and the equity securities issued with net cash received related to the acquisition of Tramp Oil in 2004:

	For the Year ended December 31,		
	<u>2006</u>	<u>2005</u>	<u>2004</u>
Accounts receivable	\$ —	\$—	\$(97,603)
Inventories	—	—	(9,895)
Prepaid expenses and other current assets	—	—	(554)
Property and equipment	—	—	(149)
Identifiable intangible assets	(500)	—	(7,560)
Goodwill	(2,199)	—	(5,487)
Short-term debt issued or assumed	53	—	35,347
Accounts payable	—	—	79,647
Customer deposits	—	—	670
Accrued expenses and other current liabilities	—	—	8,418
Equity securities issued	—	—	753
Cash (paid) received	<u><u>\$ (2,646)</u></u>	<u><u>\$—</u></u>	<u><u>\$ 3,587</u></u>

Supplemental Schedule of Noncash Investing and Financing Activities

Cash dividends declared, but not yet paid, of \$1.1 million and \$1.0 million are included in accrued expenses and other current liabilities as of December 31, 2006 and 2005, respectively.

In connection with our acquisition of the remaining 33% of the outstanding equity interest of Tramp Oil Brazil from the minority owners, we issued a promissory note of approximately \$0.1 million. See “Acquisitions” in Note 1 in the accompanying notes for additional information.

In 2006 and 2005, we had capital expenditures of approximately \$1.2 million and \$2.8 million, respectively, which were included in accrued expenses and other current liabilities as of December 31, 2006.

In connection with the granting of share-based awards, we recorded unearned deferred compensation, based on the awards’ fair value, of \$20.7 million, \$5.5 million and \$3.4 million for 2006, 2005 and 2004, respectively, in stockholders’ equity.

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