CORN PRODUCTS INTERNATIONAL INC
Form 10-Q/A
December 21, 2001

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

FOR THE QUARTER ENDED MARCH 31, 2001

COMMISSION FILE NUMBER 1-13397

CORN PRODUCTS INTERNATIONAL, INC.
(Exact name of Registrant as specified in its charter)

DELAWARE
(State or other jurisdiction of incorporation or organization)

22-3514823
(I.R.S. Employer Identification Number)

6500 SOUTH ARCHER AVENUE,	
BEDFORD PARK, ILLINOIS	60501-1933
(Address of principal executive offices)	(Zip Code)

(708) 563-2400
(Registrant's telephone number, including area code)

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 filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

CLASS	OUTSTANDING AT APRIL 30, 2001
Common Stock, $.01 par value, with associated rights	35,289,278 shares

PART I FINANCIAL INFORMATION

ITEM 1
FINANCIAL STATEMENTS

CORN PRODUCTS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in millions, except per share amounts)

	Three Months Ended March 31, 2001	2000
Net sales	$ 454.6	$ 444.2
Cost of sales	379.6	366.3
Gross profit	75.0	77.9
Operating expense	39.4	36.5
Special charges	--	20.0
Fees and income from non-consolidated affiliates	(4.0)	(1.4)
Operating income	39.6	22.8
Financing costs	15.5	10.4
Income before income taxes and minority interest	24.1	12.4
Provision for income taxes	8.4	4.4
	15.7	8.0
Minority interest in earnings	3.0	4.4
Net income	$ 12.7	$ 3.6
Weighted average common shares outstanding:		
Basic	35.3	35.5
Diluted	35.5	35.5
Earnings per common share:		
Basic	$ 0.36	$ 0.10
Diluted	$ 0.36	$ 0.10

See Notes To Condensed Consolidated Financial Statements

PART I FINANCIAL INFORMATION

ITEM I
FINANCIAL STATEMENTS

CORN PRODUCTS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

(in millions, except share and per share amounts)	MARCH 31, 2001
ASSETS	
Current Assets	
Cash and cash equivalents	$ 37
Accounts receivable - net	291
Inventories	212
Prepaid expenses	13
TOTAL CURRENT ASSETS	553
Property, plant and equipment - net	1,374
Goodwill and other intangible assets - net	313
Deferred tax asset	2
Investments	32
Other assets	36
TOTAL ASSETS	2,310
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities	
Short-term borrowings and current portion of long-term debt	317
Accounts payable and accrued liabilities	199
TOTAL CURRENT LIABILITIES	516
Non-current liabilities	43
Long-term debt	487
Deferred taxes on income	178
Minority interest in subsidiaries	159
STOCKHOLDERS' EQUITY	
Preferred stock - authorized 25,000,000 shares- $0.01 par value - none issued	--
Common stock - authorized 200,000,000 shares- $0.01 par value - 37,659,887 issued on March 31, 2001 and December 31, 2000	1
Additional paid in capital	1,073
Less: Treasury stock (common stock; 2,370,080 and 2,391,913 shares on March 31, 2001 and December 31, 2000, respectively) at cost	(60)
Deferred compensation - restricted stock	(3)
Accumulated comprehensive income (loss)	(225)
Retained earnings	141
TOTAL STOCKHOLDERS' EQUITY	927
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 2,310

See Notes To Condensed Consolidated Financial Statements

PART I FINANCIAL INFORMATION

ITEM 1
FINANCIAL STATEMENTS

CORN PRODUCTS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in millions)	THREE MONTHS ENDED MARCH 31, 2001	2000
Net Income	$ 13	$ 3
Comprehensive income/loss:		
Gain (loss) on cash flow hedges:		
Cumulative effect of adoption of SFAS 133, net of tax	14	--
Current period gain (loss) on cash flow hedges, net of tax	(25)	--
Currency translation adjustment	(31)	3
Comprehensive income (loss)	$(29)	$ 6

CORN PRODUCTS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

(in millions)	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	TREASURY STOCK	DEFERRED COMPENSATION	AC COM IN
Balance, December 31, 2000	$1	$1,073	$(60)	$(3)	
Net income for the period					
Dividends declared					
Cumulative effect of adoption of SFAS 133, net of tax					
Current period gain (loss) on cash flow hedges, net of tax					
Translation adjustment					
Balance, March 31, 2001	$1	$1,073	$(60)	$(3)	

See Notes To Condensed Consolidated Financial Statements

PART I FINANCIAL INFORMATION

ITEM 1
FINANCIAL STATEMENTS

CORN PRODUCTS INTERNATIONAL, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOW

(in millions)	FOR
CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Net income	
Non-cash charges (credits) to net income:	
Depreciation and amortization	
Minority interest in earnings	
Income from non-consolidated affiliates	
Loss on disposal of fixed assets	
Changes in trade working capital, net of effect of acquisitions:	
Accounts receivable, and prepaid items	
Inventories	
Accounts payable and accrued liabilities	
Other	
Net cash provided by (used for) operating activities	
CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES:	
Capital expenditures, net of proceeds on disposal	
Payments for acquisitions, net of cash acquired	
Net cash used for investing activities	
CASH PROVIDED BY (USED FOR) FINANCING ACTIVITIES:	
Proceeds from borrowings	
Payments on debt	
Dividends paid	
Common stock repurchased	
Other	
Net cash provided by financing activities	
Decrease in cash and cash equivalents	
Effect of foreign exchange rate changes on cash	
Cash and cash equivalents, beginning of period	
Cash and cash equivalents, end of period	

See Notes to Condensed Consolidated Financial Statements

CORN PRODUCTS INTERNATIONAL, INC.
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. INTERIM FINANCIAL STATEMENTS

References to the "Company" are to Corn Products International, Inc. and its consolidated subsidiaries. These statements should be read in conjunction with the consolidated financial statements and the related footnotes to those statements contained in the Company's Annual Report to Stockholders that were incorporated by reference in Form 10-K for the year ended December 31, 2000.

The unaudited condensed consolidated interim financial statements included herein were prepared by management and reflect all adjustments (consisting solely of normal recurring items) which are, in the opinion of management, necessary to present a fair statement of results of operations for the interim periods ended March 31, 2001 and 2000 and the financial position of the Company as of March 31, 2001 and December 31, 2000. The results for the three months ended March 31, 2001 are not necessarily indicative of the results expected for the year.

Certain prior year amounts have been reclassified in the Condensed Consolidated Statements of Cash Flow to conform with the current year presentation.

2. ADOPTION OF NEW ACCOUNTING STANDARDS

Effective January 1, 2001, the Company adopted Statement of Financial Accounting Standards No. 133 ("SFAS 133"), "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes standards for recognition and measurement of derivatives and hedging activities. As a result of the adoption, the Company recorded a $14 million credit (net of income taxes of $8 million) to other comprehensive income (loss) as a cumulative effect of a change in accounting for derivatives that hedge variable cash flows of certain forecasted transactions.

The Company uses derivative financial instruments to minimize the exposure of price risk related to corn and natural gas purchases used in the manufacturing process. The derivative financial instruments consist of open futures contracts and options traded through regulated commodity exchanges and are valued at fair value in the March 31, 2001 Condensed Consolidated Balance Sheet. The contracts used to mitigate the price risk related to corn and natural gas purchases are designated as effective cash flow hedges for a portion of the corn and natural gas usage over the next twelve months. Unrealized gains and losses associated with marking the contracts to market are recorded as a component of other comprehensive income (loss) and included in the stockholders' equity section of the balance sheet as part of accumulated comprehensive income (loss). These gains and losses are recognized in earnings in the month in which the related corn and natural gas is used, or in the month a hedge is determined to be ineffective. At March 31, 2001, the Company's accumulated comprehensive income (loss) account included $11 million of unrealized losses, net of a $6 million tax benefit, related to future transactions, which is expected to be recognized in earnings within the next twelve months. There were no ineffective hedges for the first quarter of 2001.

3. JOINT MARKETING COMPANY

On December 1, 2000, the Company and Minnesota Corn Processors, LLC ("MCP") consummated an operating agreement to form CornProductsMCP Sweeteners LLC ("CPMCP"), a joint marketing company that, effective January 1, 2001, began distributing throughout the United States sweeteners supplied from the Company and MCP. CPMCP is owned equally by the Company and MCP through membership interests providing each company with a 50 percent voting interest in CPMCP. Additionally, CPMCP's Board of Directors is composed of an equal number of representatives from both members. The Company accounts for its interest in CPMCP as a non-consolidated affiliate under the equity method of accounting.

Both the Company and MCP continue to own and operate their respective production facilities and sell all U.S. production of certain designated sweeteners to CPMCP for exclusive distribution in the United States. Additionally, any designated sweetener production from the Company's Canada and Mexico operations sold into the U.S. is distributed through CPMCP. Sales to CPMCP are made at pre-determined market related prices.

Sales to CPMCP are recognized at the time title to the goods and all risks of ownership transfer to CPMCP. The Company eliminates 100 percent of the profit associated with sales to CPMCP until the risk of ownership and title to the product pass from CPMCP to its customers.

The Company records its share of CPMCP's net earnings as earnings from a non-consolidated affiliate. The amount recorded represents our allocated share of the net earnings of CPMCP based upon the percentage of designated product volumes supplied to CPMCP by the Company as compared to the total designated product volumes supplied to CPMCP by the Company and our venture partner, MCP.

4. ACQUISITIONS

On January 5, 2001, the Company increased its ownership in Doosan Corn Products Korea, Inc., its consolidated Korean affiliate from 50 to 75 percent for $65 million in cash. The Company recorded $10 million of goodwill related to the purchase. On March 2, 2001, through a multi-step transaction, the Company acquired a controlling 60 percent interest in a tapioca starch and sweetener company in Thailand. Cash paid for the aforementioned acquisitions and other related obligations totaled $75 million during the quarter. Had the acquisitions occurred at the beginning of the year, the effect on the Company's financial statements would not have been significant.

5. INVENTORIES ARE SUMMARIZED AS FOLLOWS:

(in millions)	March 31, 2001	December 31, 2000
Finished and in process................	$108	$100
Raw materials..........................	64	95
Manufacturing supplies.................	40	37
Total inventories	$212	$232

6. SEGMENT INFORMATION

The Company operates in one business segment - Corn Refining - and is managed on a geographic regional basis. Its North America operations include corn-refining businesses in the United States, Canada and Mexico and its non-consolidated equity interest in CPMCP. Also included in this group is its North American enzyme business. Its Rest of World operations have been separated into South America and Asia/Africa. Previously, such operations were combined and reported as Rest of World. Prior year information is presented for comparability purposes. Its South America operations include corn-refining businesses in Brazil, Argentina, Colombia, Chile, Ecuador and Uruguay. Its Asia/Africa operations include corn-refining businesses in Korea, Pakistan, Malaysia, Thailand and Kenya.

(in millions)	THREE MONTHS ENDED MARCH 31, 2001	2000
NET SALES		
North America	$280.1	$283.2
Rest of World:		
South America	117.4	98.2
Asia/Africa	57.1	62.8
Total	$454.6	$444.2
OPERATING INCOME		
North America	14.2	20.3
Rest of World:		
South America	18.9	12.5
Asia/Africa	10.5	13.2
Corporate	(4.0)	(3.2)
Special charges	-	(20.0)
Total	$ 39.6	$ 22.8

(in millions)	AT MARCH 31, 2001	AT DECEMBER 31, 2000
TOTAL ASSETS		
North America	$ 1,397	$ 1,396
Rest of World:		
South America	611	647
Asia/Africa	302	296
Total	$ 2,310	$ 2,339

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

RESULTS OF OPERATIONS

FOR THE THREE MONTHS ENDED MARCH 31, 2001
COMPARED WITH THE THREE MONTHS ENDED MARCH 31, 2000

NET SALES. First quarter net sales totaled $454.6 million, up 2 percent over 2000 sales of $444.2 million. Improved volume resulted in 10 percent sales growth, which more than offset a 5 percent reduction pertaining to unfavorable currency translation effects resulting from the stronger U.S. dollar and a 2 percent price/mix decline. Excluding the effects of acquisitions, net sales declined approximately 2 percent reflecting unfavorable currency translation effects which more than offset 4 percent sales growth from improved volume in the base business.

North American net sales for first quarter 2001 were down 1 percent from the prior year period. Sales growth of 4 percent from improved volume was more than offset by a 3 percent price/mix decline primarily in the U.S. and a 2 percent decrease resulting from currency translation. Effective with the start-up of CPMCP (see Note 3 to the Condensed Consolidated Financial Statements), in 2001 the Company began selling certain designated sweetener production destined for sale in the U.S. to CPMCP at predetermined market related prices. CPMCP, a non-consolidated affiliate, sells such sweeteners as well as those provided by MCP, our venture partner, to third parties. Since we account for our interest in CPMCP as a non-consolidated affiliate under the equity method of accounting, our share of the net earnings from CPMCP's operations is reflected in our Condensed Consolidated Statement of Income as income from non-consolidated affiliates.

South American net sales for first quarter 2001 grew 20 percent over the prior year period. Led by the merged Argentine operations, volumes in the region improved 36 percent from last year, which more than offset slightly lower selling prices and a 13 percent reduction attributable to weaker foreign currencies, particularly in Brazil.

First quarter 2001 net sales for Asia/Africa declined 9 percent from last year principally reflecting an 11 percent reduction associated with weaker foreign currencies, particularly in Korea. Slightly lower volume due to economic softness in Korea also contributed to the sales decrease in the region.

COST OF SALES AND OPERATING EXPENSES. Cost of sales for the quarter was up 4 percent from the prior year period reflecting costs associated with higher sales volume and increased energy costs. Our gross profit margin fell to 16.5 percent of net sales from 17.5 percent a year ago, due to higher energy costs, lower by-product selling prices and the previously mentioned equity method of accounting treatment pertaining to our CPMCP venture. Operating expenses for the quarter totaled $39.4 million, an 8 percent increase over first quarter 2000. This increase primarily reflects the inclusion of operating expenses from the Argentine operations that were acquired in late March 2000 and higher general and administrative costs.

OPERATING INCOME. First quarter 2001 operating income increased 74 percent to $39.6 million from $22.8 million last year. Excluding special charges of $20 million taken in 2000 for workforce reduction, first quarter 2001 operating income decreased 7 percent. North America operating income of $14.2 million was down from $20.3 million in the first quarter of 2000, reflecting lower by-product prices and higher energy costs in the region. South America operating income increased 51 percent over 2000, driven principally by the inclusion of a full quarter of the merged Argentine businesses' results in 2001. Asia/Africa operating income declined 20 percent from the prior year, reflecting weaker currencies and lower demand in Korea.

FINANCING COSTS. Financing costs for the quarter were $15.5 million, 49 percent higher than last year. The increased financing costs reflect higher debt levels associated with acquisition related financing and reduced foreign exchange transaction gains.

PROVISION FOR INCOME TAXES. The effective tax rate was 35 percent for first quarter 2001, unchanged from the comparable prior year period. The tax rate is estimated based on the expected mix of domestic and foreign earnings for the year.

MINORITY INTEREST IN EARNINGS. The decrease in minority interest reflects the Company's increased ownership in Doosan Corn Products Korea, Inc., our Korean affiliate, from 50 percent to 75 percent effective January 2001.

NET INCOME. Net income for first quarter 2001 increased to $12.7 million, or $0.36 per diluted share, from $3.6 million, or $0.10 per share, for first quarter 2000. Excluding the effects of the special charge in the first quarter of 2000, net income for the current quarter decreased $3.9 million, or 23 percent, from the prior year period. This decrease reflects lower gross profit margins in North America and higher financing costs, which more than offset improved Rest of World margins and a decrease in minority interest in earnings of consolidated subsidiaries.

COMPREHENSIVE INCOME (LOSS). The Company recorded a comprehensive loss of $29 million for first quarter 2001 as compared with comprehensive income of $6 million in the first quarter of 2000. This decrease resulted from the translation of assets and liabilities denominated in local currencies into U.S. dollars, as well as the adoption of SFAS 133. The first quarter 2001 comprehensive loss includes net losses of $11 million, net of tax, resulting from changes in the market value of derivatives and a $31 million negative currency translation adjustment. The unfavorable $31 million currency translation adjustment was related primarily to the negative impact of weakened local currencies in Brazil and Korea versus a strengthening U.S. dollar. First quarter 2000 reflected a positive $3 million currency translation adjustment.

LIQUIDITY AND CAPITAL RESOURCES

At March 31, 2001, the Company's total assets decreased to $2,310 million from $2,339 million at December 31, 2000. The decrease in total assets principally reflects the impact of unfavorable currency translation adjustments on fixed assets in foreign markets, particularly Brazil and Korea.

Net cash used for operating activities was $4 million for first quarter 2001, compared to $16 million of net cash provided by operating activities in first quarter 2000. The net use of operating cash during the quarter reflects an increase in working capital, due in part, to margin calls on corn futures of approximately $16 million and the recording of $6 million of energy credits relating to a co-generation facility in Stockton, California for which cash payment has yet to be received. The Company will continue to hedge its corn purchases through the use of corn futures contracts, and accordingly, will be required to make or be entitled to receive cash deposits for margin calls depending on the movement in the market price for corn. Cash used for investing activities totaled $88 million in the first quarter of 2001, reflecting capital expenditures and payments for acquisitions. Capital expenditures for the quarter totaled $13 million, in line with our capital spending plans for 2001. The Company's acquisitions and capital expenditures were funded with proceeds from borrowings.

The Company has a $340 million 5-year revolving credit facility in the United States through December 2002. In addition, the Company has a number of short-term credit facilities consisting of operating lines of credit. At March 31, 2001, the Company had total debt outstanding of $804 million compared to $720 million at December 31, 2000. The increase in debt is attributable to the funding of acquisitions and capital expenditure spending. The debt outstanding includes: $245 million of borrowings outstanding under the U.S. revolving credit facility at a weighted average interest rate of 6.6 percent for the quarter; $200 million of 8.45 percent senior notes due 2009; and various affiliate indebtedness totaling $359 million which includes borrowings outstanding under local country operating credit lines. The weighted average interest rate on affiliate debt was 8.8 percent for the quarter.

The Company expects that its operating cash flows and borrowing availability under its credit facilities will be more than sufficient to fund its anticipated capital expenditures, dividends and other investing and/or financing strategies.

MINORITY INTEREST IN SUBSIDIARIES. Minority interest in subsidiaries decreased to $159 million at March 31, 2001 from $208 million at December 31, 2000. The decrease is mainly attributable to our purchase of the additional 25 percent interest in our Korean business.

FORWARD-LOOKING STATEMENTS

This Form 10-Q contains forward-looking statements concerning the Company's financial position, business and future earnings and prospects, in addition to other statements using words such as "anticipate," "believe," "plan," "estimate," "expect," "intend" and other similar expressions. These statements contain certain inherent risks and uncertainties. Although we believe our expectations reflected in these forward-looking statements are based on reasonable assumptions, stockholders are cautioned that no assurance can be given that our expectations will prove correct. Actual results and developments may differ materially from the expectations conveyed in these statements, based on factors such as the following: fluctuations in worldwide commodities markets and the associated risks of hedging against such fluctuations; fluctuations in aggregate industry supply and market demand; general economic, business, market and weather conditions in the various geographic regions and countries in which we manufacture and sell our products, including fluctuations in the value of local currencies, energy costs and availability and changes in regulatory controls regarding quotas, tariffs and biotechnology issues; and increased competitive and/or customer pressure in the corn refining industry. Our forward-looking statements speak only as of the date on which they are made and we do not undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date of the statement. If we do update or correct one or more of these statements, investors and others should not conclude that we will make additional updates or corrections. For a further description of risk factors, see the Company's most recently filed Annual Report on Form 10-K and subsequent reports on Forms 10-Q or 8-K.

ITEM 3
QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

This information is set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2000, and is incorporated herein by reference. There have been no material changes to the Company's market risk during the three months ended March 31, 2001.

PART II OTHER INFORMATION

ITEM 6
EXHIBITS AND REPORTS ON FORM 8-K

a) Exhibits

Exhibits required by Item 601 of Regulation S-K are listed in the Exhibit Index hereto.

b) Reports on Form 8-K.

No Reports on Form 8-K were filed by the Company during the quarter ended March 31, 2001.

All other items hereunder are omitted because either such item is inapplicable or the response is negative.

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.

CORN PRODUCTS INTERNATIONAL, INC.

DATE: December 21, 2001

By /s/ James Ripley
James Ripley
Vice President - Finance,
Chief Financial Officer and
Principal Accounting Officer

10Q-14

EXHIBIT INDEX

NUMBER	DESCRIPTION OF EXHIBIT
11	Statement re: computation of earnings per share