

Bunge LTD
Form 10-Q
November 07, 2014
[Table of Contents](#)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2014

OR

**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 001-16625

BUNGE LIMITED

(Exact name of registrant as specified in its charter)

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Bermuda
(State or other jurisdiction of incorporation or organization)

98-0231912
(I.R.S. Employer Identification No.)

50 Main Street, White Plains, New York
(Address of principal executive offices)

10606
(Zip Code)

(914) 684-2800
(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 such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act of 1934). Yes No

As of October 31, 2014 the number of shares issued of the registrant was:

Common shares, par value \$.01 per share: 145,195,396

Table of Contents

BUNGE LIMITED

TABLE OF CONTENTS

	Page
<u>PART I FINANCIAL INFORMATION</u>	
<u>Item 1.</u>	
	<u>Financial Statements (Unaudited)</u>
	<u>Condensed Consolidated Statements of Income for the Three and Nine Months Ended September 30, 2014 and 2013</u>
	3
	<u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the Three and Nine Months Ended September 30, 2014 and 2013</u>
	4
	<u>Condensed Consolidated Balance Sheets at September 30, 2014 and December 31, 2013</u>
	5
	<u>Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 30, 2014 and 2013</u>
	6
	<u>Condensed Consolidated Statements of Changes in Equity and Redeemable Noncontrolling Interests for the Nine Months Ended September 30, 2014 and 2013</u>
	7
	<u>Notes to the Condensed Consolidated Financial Statements</u>
	8
	<u>Cautionary Statement Regarding Forward-Looking Statements</u>
	30
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>
	30
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>
	47
<u>Item 4.</u>	<u>Controls and Procedures</u>
	49
<u>PART II INFORMATION</u>	
<u>Item 1.</u>	<u>Legal Proceedings</u>
	50
<u>Item 1A.</u>	<u>Risk Factors</u>
	50
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>
	50
<u>Item 3.</u>	<u>Defaults upon Senior Securities</u>
	50
<u>Item 4.</u>	<u>Mine Safety Disclosures</u>
	51
<u>Item 5.</u>	<u>Other Information</u>
	51
<u>Item 6.</u>	<u>Exhibits</u>
	51
<u>Signatures</u>	52

Table of Contents**PART I FINANCIAL INFORMATION****ITEM 1. FINANCIAL STATEMENTS****BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME****(Unaudited)****(U.S. dollars in millions, except per share data)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net sales	\$ 13,676	\$ 14,701	\$ 43,930	\$ 44,972
Cost of goods sold	(12,957)	(14,013)	(42,004)	(43,022)
Gross profit	719	688	1,926	1,950
Selling, general and administrative expenses	(403)	(382)	(1,161)	(1,116)
Interest income	19	27	71	47
Interest expense	(70)	(103)	(225)	(264)
Foreign exchange gains (losses)	23	49	59	7
Other income (expense) net	(2)	16	5	61
Income (loss) from continuing operations before income tax	286	295	675	685
Income tax (expense) benefit	(9)	(591)	(150)	(702)
Income (loss) from continuing operations	277	(296)	525	(17)
Income (loss) from discontinued operations, net of tax (including a net gain on disposal of \$112 million in 2013) (Note 1)	27	103	37	94
Net income (loss)	304	(193)	562	77
Net loss (income) attributable to noncontrolling interests	(10)	45	7	91
Net income (loss) attributable to Bunge	294	(148)	569	168
Convertible preference share dividends and other obligations	(10)	(17)	(40)	(53)
Net income (loss) available to Bunge common shareholders	\$ 284	\$ (165)	\$ 529	\$ 115

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Earnings per common share basic (Note 16)								
Net income (loss) from continuing operations	\$	1.77	\$	(1.82)	\$	3.36	\$	0.14
Net income (loss) from discontinued operations		0.19		0.69		0.25		0.64
Net income (loss) to Bunge common shareholders	\$	1.96	\$	(1.13)	\$	3.61	\$	0.78
Earnings per common share diluted (Note 16)								
Net income (loss) from continuing operations	\$	1.73	\$	(1.82)	\$	3.34	\$	0.14
Net income (loss) from discontinued operations		0.17		0.69		0.24		0.64
Net income (loss) to Bunge common shareholders	\$	1.90	\$	(1.13)	\$	3.58	\$	0.78
Dividends declared per common share	\$	0.34	\$	0.30	\$	0.98	\$	0.87

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

Table of Contents**BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(Unaudited)****(U.S. dollars in millions)**

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss)	\$ 304	\$ (193)	\$ 562	\$ 77
Other comprehensive income (loss):				
Foreign exchange translation adjustment	(1,025)	(77)	(667)	(835)
Unrealized gains (losses) on designated cash flow and net investment hedges, net of tax (expense) benefit of nil and nil in 2014 and nil and \$6 in 2013	29	(28)	13	(2)
Unrealized gains (losses) on investments, net of tax (expense) benefit of \$1 and \$1 in 2014, nil and \$(2) in 2013	(2)		(2)	4
Reclassification of realized net losses (gains) to net income, net of tax expense (benefit) of nil and nil in 2014, \$(6) and \$(5) in 2013	(7)	(37)	(11)	(40)
Pension adjustment, net of tax (expense) benefit of nil and nil in 2014, nil and \$(1) in 2013		(1)	(1)	1
Total other comprehensive income (loss)	(1,005)	(143)	(668)	(872)
Total comprehensive income (loss)	(701)	(336)	(106)	(795)
Less: comprehensive (income) loss attributable to noncontrolling interest	5	37	3	83
Total comprehensive income (loss) attributable to Bunge	\$ (696)	\$ (299)	\$ (103)	\$ (712)

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

Table of Contents**BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Unaudited)****(U.S. dollars in millions, except share data)**

	September 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 357	\$ 742
Time deposits under trade structured finance program (Note 4)	2,915	4,470
Trade accounts receivable (less allowances of \$137 and \$123) (Note 12)	2,442	2,144
Inventories (Note 5)	4,987	5,796
Deferred income taxes	373	183
Other current assets (Note 6)	4,543	4,437
Total current assets	15,617	17,772
Property, plant and equipment, net	5,919	6,075
Goodwill	372	392
Other intangible assets, net	284	326
Investments in affiliates	287	241
Deferred income taxes	350	564
Other non-current assets (Note 7)	1,316	1,411
Total assets	\$ 24,145	\$ 26,781
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	\$ 736	\$ 703
Current portion of long-term debt (Note 11)	514	762
Letter of credit obligations under trade structured finance program (Note 4)	2,915	4,470
Trade accounts payable	3,831	3,522
Deferred income taxes	74	60
Other current liabilities (Note 9)	2,859	3,018
Total current liabilities	10,929	12,535
Long-term debt (Note 11)	2,720	3,179
Deferred income taxes	210	185
Other non-current liabilities	686	757
Commitments and contingencies (Note 14)		
Redeemable noncontrolling interests	38	37
Equity (Note 15):		
Convertible perpetual preference shares, par value \$.01; authorized, issued and outstanding: 2014 and 2013 6,900,000 shares (liquidation preference \$100 per share)	690	690
Common shares, par value \$.01; authorized 400,000,000 shares; issued and outstanding: 2014 145,053,724 shares, 2013 147,796,784 shares	1	1
Additional paid-in capital	5,000	4,967
Retained earnings	7,292	6,891
Accumulated other comprehensive income (loss) (Note 15)	(3,244)	(2,572)
Treasury shares, at cost - 2014 - 5,714,273 and 2013 - 1,933,286 shares, respectively	(420)	(120)
Total Bunge shareholders' equity	9,319	9,857

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Noncontrolling interests		243		231
Total equity		9,562		10,088
Total liabilities and equity	\$	24,145	\$	26,781

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

Table of Contents**BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS****(Unaudited)****(U.S. dollars in millions)**

	Nine Months Ended September 30,	
	2014	2013
OPERATING ACTIVITIES		
Net income	\$ 562	\$ 77
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Gain on sale of Brazilian fertilizer distribution business		(148)
Foreign exchange loss (gain) on debt	(61)	43
Bad debt expense	22	19
Depreciation, depletion and amortization	448	423
Stock-based compensation expense	36	34
Deferred income tax expense (benefit)	(17)	533
Other, net	(82)	22
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(424)	35
Inventories	590	182
Prepayments and advances to suppliers	(4)	(442)
Trade accounts payable and accrued liabilities	439	286
Net unrealized gain/loss on derivative contracts	(296)	(119)
Margin deposits	86	(100)
Other, net	(183)	53
Cash provided by (used for) operating activities	1,116	898
INVESTING ACTIVITIES		
Payments made for capital expenditures	(515)	(720)
Acquisitions of businesses (net of cash acquired)	(14)	(11)
Proceeds from the sale of Brazilian fertilizer distribution business		750
Proceeds from investments	261	72
Payments for investments	(140)	(43)
Payments for investments in affiliates	(40)	(26)
Other, net	(5)	120
Cash provided by (used for) investing activities	(453)	142
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	(58)	106
Proceeds from short-term debt with maturities greater than 90 days	802	755
Repayments of short-term debt with maturities greater than 90 days	(630)	(630)
Proceeds from long-term debt	7,492	4,784
Repayments of long-term debt	(8,191)	(4,933)
Proceeds from sale of common shares	34	26
Repurchases of common shares	(300)	
Dividends paid	(162)	(149)
Capital contributions to noncontrolling interest		(50)

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Other, net	(18)	(4)
Cash provided by (used for) financing activities	(1,031)	(95)
Effect of exchange rate changes on cash and cash equivalents	(17)	(32)
Net increase (decrease) in cash and cash equivalents	(385)	913
Cash and cash equivalents, beginning of period	742	569
Cash and cash equivalents, end of period	\$ 357	\$ 1,482

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

Table of Contents**BUNGE LIMITED AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY AND REDEEMABLE NONCONTROLLING INTERESTS**

(Unaudited)

(U.S. dollars in millions, except share data)

	Redeemable Non- Controlling Interests	Convertible Preference Shares Shares	Amount	Common Shares Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non- Controlling Interests	Total Equity
Balance, January 1, 2013	\$ 38	6,900,000	\$ 690	146,348,499	\$ 1	\$ 4,909	\$ 6,792	\$ (1,410)	\$ (120)	\$ 393	\$ 11,255
Net income (loss)	(33)						168			(91)	77
Accretion of noncontrolling interest	28					(28)					(28)
Other comprehensive income (loss)								(880)		8	(872)
Dividends on common shares							(128)				(128)
Dividends on preference shares							(25)				(25)
Dividends to noncontrolling interests on subsidiary common stock										(3)	(3)
Return of capital to noncontrolling interest						(8)				(42)	(50)
Reversal of uncertain tax positions						12					12
Stock-based compensation expense						34					34
Issuance of common shares				1,144,515		26					26
Balance, September 30, 2013	\$ 33	6,900,000	\$ 690	147,493,014	\$ 1	\$ 4,945	\$ 6,807	\$ (2,290)	\$ (120)	\$ 265	\$ 10,298

	Redeemable Non- Controlling Interests	Convertible Preference Shares Shares	Amount	Common Shares Shares	Amount	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non- Controlling Interests	Total Equity
Balance, January 1, 2014	\$ 37	6,900,000	\$ 690	147,796,784	\$ 1	\$ 4,967	\$ 6,891	\$ (2,572)	\$ (120)	\$ 231	\$ 10,088
Net income (loss)	(11)						569			(7)	562
Accretion of noncontrolling interests	15					(15)					(15)

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Other comprehensive income (loss)	(3)		(672)	4	(668)
Dividends on common shares			(143)		(143)
Dividends on preference shares			(25)		(25)
Dividends to noncontrolling interests on subsidiary common stock				(8)	(8)
Acquisition of Noncontrolling interest		(23)		23	
Stock-based compensation expense		36			36
Repurchase of common shares		(3,780,987)		(300)	(300)
Issuance of common shares		1,037,927	35		35
Balance, September 30, 2014	\$ 38,690,000	\$ 690,145,053,724	\$ 1,500,729	\$ (3,244)	\$ (420)
				\$ 243	\$ 9,562

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

Table of Contents

BUNGE LIMITED AND SUBSIDIARIES

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. BASIS OF PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying unaudited condensed consolidated financial statements include the accounts of Bunge Limited (Bunge), its subsidiaries and variable interest entities (VIEs) in which Bunge is considered to be the primary beneficiary, and as a result, include the assets, liabilities, revenues and expenses of all entities over which Bunge exercises control. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for interim financial information and the instructions to Form 10-Q and Article 10 of Regulation S-X under the Securities Exchange Act of 1934, as amended (Exchange Act). Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to Securities and Exchange Commission (SEC) rules. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation have been included. The condensed consolidated balance sheet at December 31, 2013 has been derived from Bunge's audited consolidated financial statements at that date. Operating results for the nine months ended September 30, 2014 are not necessarily indicative of the results to be expected for the year ending December 31, 2014. The financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2013, forming part of Bunge's 2013 Annual Report on Form 10-K filed with the SEC on February 28, 2014.

Discontinued Operations On August 8, 2013, Yara International ASA (Yara) acquired Bunge's Brazilian fertilizer distribution business, including blending facilities, brands and warehouses. Bunge received cash proceeds of the Brazilian *real* equivalent of \$750 million upon closing the transaction, resulting in recognition of a gain of \$148 million (\$112 million net of tax) which is included in discontinued operations in Bunge's condensed consolidated statements of income for the three and nine months ended September 30, 2013.

2. ACCOUNTING PRONOUNCEMENTS

Adoption of Accounting Pronouncements In July 2013, the Financial Accounting Standards Board (FASB) issued guidance in ASC (Topic 740) *Income Taxes*. Topic 740 provides guidance regarding the presentation of an unrecognized tax benefit when a net operating loss carry forward, a similar tax loss, or a tax credit carry forward exists at the reporting date. The adoption of this amendment on January 1, 2014 did not have a significant impact on Bunge's condensed consolidated financial statements.

In February 2013, the FASB issued guidance in ASC (Topic 405) *Liabilities: Obligations Resulting from Joint and Several Liability Arrangements for which the Total Amount of the Obligation Is Fixed at the Reporting Date*. The amended guidance addresses the recognition, measurement, and disclosure of certain obligations resulting from joint and several arrangements including debt arrangements, other contractual obligations, and settled litigation and judicial rulings. The adoption of this amendment on January 1, 2014 did not have a significant impact on Bunge's condensed consolidated financial statements.

New Accounting Pronouncements In August 2014, the FASB amended ASC (Topic 205) *Presentation of Financial Statements-Going Concern* (Subtopic 205-40), *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern*, to provide guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. This standard is effective for the annual period ending after December 15, 2016 and for annual periods and interim periods thereafter, with early adoption permitted. The adoption of this amendment is not expected to have any impact on Bunge's condensed consolidated financial statements.

In May 2014, the FASB amended ASC (Topic 605) *Revenue Recognition* and created ASC (Topic 606) *Revenue from Contracts with Customers*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is effective for interim and annual reporting periods beginning after December 15, 2016, including interim periods within that reporting. Early application is not permitted. Bunge is evaluating the expected impact of this standard on its condensed consolidated financial statements.

Table of Contents

In April 2014, the FASB amended existing guidance in ASC (Topic 205) *Presentation of Financial Statements* and ASC (Topic 360) *Property, Plant and Equipment: Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*. The amendments in this update improve the definition of discontinued operations by limiting discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have (or will have) a major effect on an entity's operations and financial results and requires expanded disclosures for such discontinued operations. The amendments in this update include several changes to Topic 360 to improve the organization and readability of Subtopic 205-20 and Subtopic 360-10, *Property, Plant, and Equipment - Overall*. The adoption of these amendments would potentially expand Bunge's disclosures of any future discontinuance of operations.

3. BUSINESS ACQUISITIONS

In February 2014, Bunge acquired the assets of Corn Flour Producers, LLC (CFP) for \$12 million in cash. The purchase price allocation resulted in \$12 million, primarily property, plant and equipment and working capital. CFP produces corn flour products and is located in Indiana in the United States.

4. TRADE STRUCTURED FINANCE PROGRAM

Bunge engages in various trade structured finance activities to leverage the value of its trade flows across its operating regions. These activities include a Program under which a Bunge entity generally obtains U.S. dollar-denominated letters of credit (LCs) (each based on an underlying commodity trade flow) from financial institutions, as well as foreign exchange forward contracts, and time deposits denominated in the local currency of the financial institution counterparties, all of which are subject to legally enforceable set-off agreements. The LCs and foreign exchange contracts are presented within the line item letter of credit obligations under trade structured finance program on the condensed consolidated balance sheets as of September 30, 2014 and December 31, 2013. The net return from activities under this Program, including fair value changes, is included as a reduction of cost of goods sold in the accompanying condensed consolidated statements of income.

At September 30, 2014 and December 31, 2013, time deposits (with weighted-average interest rates of 8.70% and 8.36%, respectively) and LCs (including foreign exchange contracts) totaled \$2,915 million and \$4,470 million, respectively. In addition, at September 30, 2014 and December 31, 2013, the fair values of the time deposits (Level 2 measurements) totaled approximately \$2,915 million and \$4,470 million, respectively, and the fair values of the LCs (Level 2 measurements) totaled approximately \$2,935 million and \$4,360 million, respectively. The fair values approximated the carrying amount of the related financial instruments due to their short-term nature. The fair values of the foreign exchange forward contracts (Level 2 measurements) were gains of \$20 million and losses of \$110 million at September 30, 2014 and December 31, 2013, respectively.

For the nine months ended September 30, 2014 and 2013, total proceeds from issuances of LCs were \$4,240 million and \$7,702 million, respectively. These cash inflows are offset by the related cash outflows resulting from placement of the time deposits and repayment of the LCs. All cash flows related to the Program are included in operating activities in the condensed consolidated statements of cash flows.

5. INVENTORIES

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Inventories by segment are presented below. Readily marketable inventories are agricultural commodity inventories, which are non-perishable with a high shelf life and exceptionally liquid due to their homogenous nature and widely available markets with international pricing mechanisms. Readily marketable inventories are carried at fair value. All other inventories are carried at lower of cost or market.

(US\$ in millions)	2014		2013	
Agribusiness (1)	\$	3,777	\$	4,498
Edible Oil Products (2)		388		487
Milling Products		215		210
Sugar and Bioenergy (3)		507		549
Fertilizer		100		52
Total	\$	4,987	\$	5,796

Table of Contents

(1) Includes readily marketable inventories of \$3,671 million and \$4,325 million at September 30, 2014 and December 31, 2013, respectively. Of these amounts \$2,688 million and \$2,927 million can be attributable to merchandising activities at September 30, 2014 and December 31, 2013, respectively.

(2) Includes readily marketable inventories of bulk soybean and canola oil in the aggregate amount of \$103 million and \$138 million at September 30, 2014 and December 31, 2013, respectively.

(3) Includes readily marketable inventories of \$179 million and \$215 million at September 30, 2014 and December 31, 2013, respectively. Of these sugar inventories, \$105 million and \$137 million, respectively, can be attributable to trading and merchandising business. Sugar and ethanol inventories in Bunge's industrial production business are carried at lower of cost or market.

6. OTHER CURRENT ASSETS

Other current assets consist of the following:

(US\$ in millions)	September 30, 2014	December 31, 2013
Prepaid commodity purchase contracts (1)	\$ 265	\$ 220
Secured advances to suppliers, net (2)	489	555
Unrealized gains on derivative contracts, at fair value	2,033	1,561
Recoverable taxes, net	452	442
Margin deposits (3)	216	305
Marketable securities, at fair value	108	162
Deferred purchase price receivable, at fair value (4)	77	96
Prepaid expenses	230	261
Other	673	835
Total	\$ 4,543	\$ 4,437

(1) Prepaid commodity purchase contracts represent advance payments against fixed price contracts for future delivery of specified quantities of agricultural commodities.

(2) Bunge provides cash advances to suppliers, primarily Brazilian farmers of soybeans and sugarcane, to finance a portion of the suppliers' production costs. Bunge does not bear any of the costs or risks associated with the related growing crops. The advances are largely collateralized by future crops and physical assets of the suppliers, carry a local market interest rate and settle when the farmer's crop is harvested and sold. The secured advances to farmers are reported net of allowances of \$9 million and \$20 million at September 30, 2014 and December 31, 2013, respectively.

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Interest earned on secured advances to suppliers of \$8 million and \$7 million for the three months ended September 30, 2014 and 2013, respectively, and \$27 million and \$22 million for the nine months ended September 30, 2014 and 2013, respectively, is included in net sales in the condensed consolidated statements of income.

(3) Margin deposits include U.S. treasury securities at fair value and cash.

(4) Deferred purchase price receivable represents additional credit support for the investment conduits in Bunge's accounts receivables sales program (see Note 12).

7. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

(US\$ in millions)	September 30, 2014	December 31, 2013
Recoverable taxes, net (1)	\$ 268	\$ 283
Judicial deposits (1)	155	153
Other long-term receivables	36	40
Income taxes receivable (1)	254	304
Long-term investments	291	296
Affiliate loans receivable, net	54	25
Long-term receivables from farmers in Brazil, net (1)	105	134
Other	153	176
Total	\$ 1,316	\$ 1,411

(1) These non-current assets arise primarily from Bunge's Brazilian operations and their realization could take in excess of five years.

Table of Contents

Recoverable taxes, net-Recoverable taxes are reported net of valuation allowances of \$33 million and \$57 million at September 30, 2014 and December 31, 2013, respectively.

Judicial deposits-Judicial deposits are funds that Bunge has placed on deposit with the courts in Brazil. These funds are held in judicial escrow relating to certain legal proceedings pending legal resolution and bear interest at the SELIC rate (the benchmark rate of the Brazilian central bank).

Income taxes receivable-Income taxes receivable includes overpayments of current income taxes plus accrued interest. These income tax prepayments are expected to be utilized for settlement of future income tax obligations. Income taxes receivable in Brazil bear interest at the SELIC rate.

Long-term investments-Long-term investments represent primarily investments held by certain managed investment funds, which are included in Bunge's condensed consolidated financial statements. The consolidated funds are, for GAAP purposes, investment companies and therefore are not required to consolidate their majority owned and controlled investments. Bunge reflects these investments at fair value. The fair value of these investments (a Level 3 measurement) is \$230 million and \$238 million at September 30, 2014 and December 31, 2013, respectively.

Affiliate loans receivable, net-Affiliate loans receivable, net is primarily interest bearing receivables from unconsolidated affiliates with an initial maturity of greater than one year.

Long-term receivables from farmers in Brazil, net-Bunge provides financing to farmers in Brazil, primarily through secured advances against farmer commitments to deliver agricultural commodities (primarily soybeans) upon harvest of the then-current year's crop and through credit sales of fertilizer to farmers.

The table below summarizes Bunge's recorded investment in long-term receivables from farmers in Brazil for amounts in the legal collection process and renegotiated amounts.

(US\$ in millions)	September 30, 2014	December 31, 2013
Legal collection process (1)	\$ 186	\$ 213
Renegotiated amounts (2)	75	117
Total	\$ 261	\$ 330

(1) All amounts in legal process are considered past due upon initiation of legal action.

(2) All renegotiated amounts are current on repayment terms.

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The average recorded investment in long-term receivables from farmers in Brazil for the nine months ended September 30, 2014 and the year ended December 31, 2013 was \$298 million and \$363 million, respectively. The table below summarizes Bunge's recorded investment in long-term receivables from farmers in Brazil and the related allowance amounts.