Bunge LTD
Form 10-Q
November 06, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2012

OR

o 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)

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 x No o

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 x No o

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

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 o No x

As of November 2, 2012 the number of shares issued of the registrant was:

Common shares, par value $.01 per share: 146,171,736

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BUNGE LIMITED

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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, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net sales	$ 17,293	$ 15,616	$ 45,829	$ 42,298
Cost of goods sold	(16,434)	(14,910)	(43,789)	(40,306)
Gross profit	**859**	**706**	**2,040**	**1,992**
Selling, general and administrative expenses	(416)	(394)	(1,231)	(1,121)
Interest income	13	28	60	72
Interest expense	(86)	(80)	(230)	(222)
Foreign exchange gain (loss)	20	(127)	104	(8)
Other income (expense) net	(9)	(1)	(46)	(8)
Gain on sales of investments in affiliates			85	37
Gain on acquisition of controlling interest			36	
Income before income tax	**381**	**132**	**818**	**742**
Income tax (expense) benefit	(80)	1	(162)	(62)
Net income	**301**	**133**	**656**	**680**
Net loss (income) attributable to noncontrolling interest	(4)	7	7	8
Net income attributable to Bunge	**297**	**140**	**663**	**688**
Convertible preference share dividends	(8)	(8)	(25)	(25)
Net income available to Bunge common shareholders	**$ 289**	**$ 132**	**$ 638**	**$ 663**
Earnings per common share basic (Note 20)				
Earnings to Bunge common shareholders	$ 1.97	$ 0.90	$ 4.37	$ 4.51

Earnings per common share diluted (Note 20)				
Earnings to Bunge common shareholders	$ 1.92	$ 0.89	$ 4.29	$ 4.42
Dividends per common share	$ 0.27	$ 0.25	$ 0.79	$ 0.73

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

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BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited)

(U.S. dollars in millions)

	Three Months Ended September 30, 2012	Three Months Ended September 30, 2011	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
Net income	$ 301	$ 133	$ 656	$ 680
Other comprehensive income (loss):				
Foreign exchange translation adjustment	67	(1,666)	(731)	(1,008)
Unrealized gains (losses) on commodity futures and foreign exchange contracts designated as cash flow hedges, net of tax (expense) benefit of $(10) and $(2) in 2012, $8 and $1 in 2011	19	(18)	3	(5)
Unrealized gains (losses) on investments, net of tax (expense) benefit of $1 and $(5) in 2012, $3 and $0 in 2011	(2)	(3)	9	
Reclassification of realized net losses (gains) to net income, net of tax expense (benefit) of $(11) and $(11) in 2012, $0 and $7 in 2011	1	(2)	22	(15)
Pension adjustment, net of tax (expense) benefit of nil in all periods			1	(2)
Total other comprehensive income (loss)	85	(1,689)	(696)	(1,030)
Total comprehensive income (loss)	386	(1,556)	(40)	(350)
Less: comprehensive (income) loss attributable to noncontrolling interest	(32)	53	5	36
Total comprehensive income (loss) attributable to Bunge	**$ 354**	**$ (1,503)**	**$ (35)**	**$ (314)**

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

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BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

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

	September 30, 2012	December 31, 2011
ASSETS		
Current assets:		
Cash and cash equivalents	$ 690	$ 835
Trade accounts receivable (less allowances of $118 and $113) (Note 14)	3,772	2,459
Inventories (Note 4)	8,115	5,733
Deferred income taxes	275	305
Other current assets (Note 5)	5,194	3,796
Total current assets	18,046	13,128
Property, plant and equipment, net	5,841	5,517
Goodwill (Note 6)	878	893
Other intangible assets, net	303	220
Investments in affiliates (Note 8)	282	600
Deferred income taxes	1,326	1,211
Other non-current assets (Note 9)	1,959	1,706
Total assets	**$ 28,635**	**$ 23,275**
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term debt	$ 3,476	$ 719
Current portion of long-term debt (Note 13)	314	14
Trade accounts payable	3,701	3,173
Deferred income taxes	303	152
Other current liabilities (Note 11)	3,793	2,889
Total current liabilities	11,587	6,947
Long-term debt (Note 13)	4,142	3,348
Deferred income taxes	105	134
Other non-current liabilities	745	771
Commitments and contingencies (Note 17)		
Redeemable noncontrolling interest (Note 18)	47	
Equity (Note 19):		
Convertible perpetual preference shares, par value $.01; authorized, issued and outstanding: 2012 and 2011 6,900,000 shares (liquidation preference $100 per share)	690	690
Common shares, par value $.01; authorized 400,000,000 shares; issued and outstanding: 2012 146,108,602 shares, 2011 145,610,029 shares	1	1

Additional paid-in capital		4,896		4,829
Retained earnings		7,440		6,917
Accumulated other comprehensive income (loss) (Note 19)		(1,306)		(610)
Treasury shares, at cost - 1,933,286 shares		(120)		(120)
Total Bunge shareholders equity		11,601		11,707
Noncontrolling interest		408		368
Total equity		12,009		12,075
Total liabilities and equity	**$**	**28,635**	**$**	**23,275**

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

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BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(U.S. dollars in millions)

	Nine Months Ended September 30, 2012	Nine Months Ended September 30, 2011
OPERATING ACTIVITIES		
Net income	$ 656	$ 680
Adjustments to reconcile net income to cash provided by (used for) operating activities:		
Impairment charges	44	
Gain on sales of investments in affiliates	(85)	(37)
Gain on acquisition of controlling interest	(36)	
Foreign exchange loss (gain) on debt	(75)	103
Bad debt expense	40	15
Depreciation, depletion and amortization	414	398
Stock-based compensation expense	44	40
Deferred income taxes	(54)	73
Other, net	2	(20)
Changes in operating assets and liabilities, excluding the effects of acquisitions:		
Trade accounts receivable	(1,233)	287
Inventories	(2,665)	63
Prepayments and advances to suppliers	(395)	(313)
Trade accounts payable and accrued liabilities	947	(355)
Net unrealized gain/loss on derivative contracts	(79)	401
Margin deposits	(53)	560
Other, net	(344)	(532)
Cash provided by (used for) operating activities	(2,872)	1,363
INVESTING ACTIVITIES		
Payments made for capital expenditures	(667)	(705)
Acquisitions of businesses (net of cash acquired)	(287)	(104)
Proceeds from sales of investments in affiliates	483	70
Payments for investments in affiliates	(111)	(28)
Other, net	56	51
Cash provided by (used for) investing activities	(526)	(716)
FINANCING ACTIVITIES		
Net change in short-term debt with maturities of 90 days or less	1,751	207
Proceeds from short-term debt with maturities greater than 90 days	1,421	671
Repayments of short-term debt with maturities greater than 90 days	(491)	(1,195)
Proceeds from long-term debt	4,505	2,209
Repayments of long-term debt	(3,761)	(1,795)
Proceeds from sale of common shares	13	19
Repurchases of common shares		(120)
Dividends paid	(138)	(129)
Other, net	(2)	27

Cash provided by (used for) financing activities	3,298	(106)
Effect of exchange rate changes on cash and cash equivalents	(45)	(64)
Net (decrease) increase in cash and cash equivalents	(145)	477
Cash and cash equivalents, beginning of period	835	578
Cash and cash equivalents, end of period	**$ 690**	**$ 1,055**

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

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BUNGE LIMITED AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Unaudited)

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

	Redeemable Noncontrolling Interest	Convertible Preference Shares		Common Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non Controlling Interest	Total Equity
		Shares	Amount	Shares	Amount						
Balance, January 1, 2011	$	6,900,000	$ 690	146,635,083	$ 1	$ 4,793	$ 6,153	$ 583	$	$ 334	$ 12,554
Net income							688			(8)	680
Other comprehensive income (loss)								(1,002)		(28)	(1,030)
Dividends on common shares							(107)				(107)
Dividends on preference shares							(25)				(25)
Dividends to noncontrolling interest on subsidiary common stock										(16)	(16)
Return of capital to noncontrolling interest										(7)	(7)
Capital contributions from noncontrolling interest										64	64
Acquisition of noncontrolling interest						(31)				12	(19)
Stock-based compensation expense						40					40
Repurchase of common shares				(1,933,286)					(120)		(120)
Issuance of common shares				813,784		15					15
Balance, September 30, 2011	**$**	**6,900,000**	**$ 690**	**145,515,581**	**$ 1**	**$ 4,817**	**$ 6,709**	**$ (419)**	**$ (120)**	**$ 351**	**$ 12,029**

	Redeemable Noncontrolling Interest	Convertible Preference Shares		Common Shares		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Shares	Non Controlling Interest	Total Equity
		Shares	Amount	Shares	Amount						
Balance, January 1, 2012	$	6,900,000	$ 690	145,610,029	$ 1	$ 4,829	$ 6,917	$ (610)	$ (120)	$ 368	$ 12,075
Net income	(2)						663			(5)	658
Other comprehensive income (loss)								(696)			(696)
Dividends on common shares							(115)				(115)
Dividends on preference shares							(25)				(25)
Dividends to noncontrolling interest on subsidiary common stock										(6)	(6)

Capital contributions from noncontrolling interest	1									11	11
Acquisition of noncontrolling interest (Note 3)	48									40	40
Stock-based compensation expense						44					44
Issuance of common shares				498,573		23					23
Balance, September 30, 2012	**$ 47**	**6,900,000**	**$ 690**	**146,108,602**	**$ 1**	**$ 4,896**	**$ 7,440**	**$ (1,306)**	**$ (120)**	**$ 408**	**$ 12,009**

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

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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 it is considered the primary beneficiary. The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. 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) and include the assets, liabilities, revenues and expenses of all entities in which Bunge has a controlling financial interest or is otherwise deemed to be the primary beneficiary. Certain information and footnote disclosures normally included in annual financial statements prepared in accordance with U.S. 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, 2011 has been derived from Bunge s audited consolidated financial statements at that date. Operating results for the three and nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the year ending December 31, 2012. The financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2011, forming part of Bunge s 2011 Annual Report on Form 10-K filed with the SEC on February 27, 2012.

As described in Note 3, Bunge acquired an asset management business in Europe on March 19, 2012. Based on the accounting requirements of Accounting Standards Codification (ASC) Topic 810-10, *Consolidation*, Bunge concluded that restrictions on certain subsidiaries of this asset management business that serve as general partners in certain investment funds managed by that business to sell, transfer or encumber their partnership interests without advance approval of specified majorities of limited partner investors, and similar restrictions on such limited partner investors to sell, transfer or encumber their interests in the funds without prior approval of the general partner, result in a potential de facto principal/agency relationship as defined under accounting requirements and, therefore, Bunge is required to consolidate these investment funds, although it does not have significant equity at risk in these investment funds. The consolidation of these investment funds into Bunge s financial statements impacts primarily investments, long-term debt and noncontrolling interest in Bunge s condensed consolidated balance sheet as of September 30, 2012 in the amounts of $355 million, $333 million and $40 million, respectively. Bunge does not provide performance guarantees and has no financial obligation to provide funding to these investment funds.

Certain prior year amounts have been reclassified to conform to the current year presentation (see Notes 6 and 21).

2. NEW ACCOUNTING PRONOUNCEMENTS

Adoption of New Accounting Pronouncements In May 2011, the Financial Accounting Standards Board (FASB) amended the guidance in ASC Topic 820, *Fair Value Measurement*. This guidance is intended to result in convergence between U.S. GAAP and IFRS requirements for measurement of, and disclosures about, fair value. The amendment clarifies or changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. The adoption of this standard on January 1, 2012 did not have a material impact on Bunge s condensed consolidated financial statements.

3. BUSINESS ACQUISITIONS

In July 2012, Bunge acquired a 55% interest in an newly formed oilseed processing venture in Eastern Europe, which it consolidates, in its agribusiness segment for $54 million comprised of $11 million in cash, $40 million in redeemable noncontrolling interest and $3 million in contingent consideration. In conjunction with the formation of the venture, Bunge entered into an agreement to acquire the remaining 45% interest at either Bunge s or the noncontrolling interest s option in the future for which the exercise date and price are reasonably determinable. As a result, Bunge has classified the noncontrolling interest as redeemable noncontrolling interest on its condensed consolidated balance sheet as of September 30, 2012. The preliminary purchase price allocation includes $3 million of inventory, $24

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million of other current assets, $133 million of property, plant and equipment, $17 million of other current liabilities and $89 million of long-term debt. Bunge has not recognized any goodwill as a result of this transaction (see Note 18).

In June 2012, Bunge acquired sugarcane milling assets in Brazil in its sugar and bioenergy segment for $61 million in cash. The preliminary purchase price allocation includes $10 million of biological assets, $43 million of property, plant and equipment, $1 million of finite-lived intangible assets and $7 million of goodwill.

In May 2012, Bunge acquired an additional 63.5% interest in a wheat mill and bakery dry mix operation in North America in its milling products segment for $102 million in cash (net of cash acquired) and $8 million in redeemable noncontrolling interest. Prior to this transaction, Bunge had an existing 31.5% interest in the entity which was accounted for as an equity method investment. Upon completion of the transaction, Bunge has a 95% interest in the entity, which it consolidates. Upon assuming control of the entity, Bunge recorded a non-cash, non-taxable gain of $36 million to adjust its previously existing noncontrolling interest to its fair value of $52 million. The preliminary purchase price allocation includes $21 million of inventories, $35 million of other current assets, $71 million of property, plant and equipment, $32 million of finite-lived intangible assets, $18 million of other liabilities, $24 million of deferred tax liabilities and $45 million of goodwill (see Notes 8 and 18).

In March 2012, Bunge acquired an asset management business in Europe in its agribusiness segment for $9 million, net of cash acquired. Bunge has been and is continuing to review the asset valuation models and their associated impact on the transaction accounting and financial statement classification; as a result, Bunge has reclassified approximately $222 million of noncontrolling interest to long-term debt on its condensed consolidated balance sheet as of September 30, 2012. The preliminary purchase price allocation includes $27 million of other assets, $344 million of long-term investments, $21 million of other finite-lived intangible assets, $27 million of other liabilities, $316 million of long-term debt and $40 million of noncontrolling interest. Of these amounts, $14 million of other net assets, $344 million of long-term investments, $316 million of long-term debt and $40 million of noncontrolling interest are attributed to certain managed investment funds, which Bunge consolidates as it is deemed to be the primary beneficiary (see Notes 1, 9 and 13).

In February 2012, Bunge acquired an edible oils and fats business in India in its edible oil products segment for $94 million, net of cash acquired. The purchase price consisted of $77 million in cash and $17 million of acquired debt. The preliminary purchase price allocation includes $15 million of inventories, $4 million of current assets, $27 million of property, plant and equipment, $53 million of finite-lived intangible assets (primarily trademark and brands) and $5 million of other liabilities.

Also in 2012, Bunge acquired finite-lived intangible assets and property, plant and equipment in three transactions in North America and Africa in its agribusiness segment for $24 million in cash.

4. INVENTORIES

Inventories by segment are presented below. Readily marketable inventories refers to inventories that are readily convertible to cash because of their commodity characteristics, widely available markets and international pricing mechanisms.

(US$ in millions)		September 30, 2012		December 31, 2011
Agribusiness (1)	$	6,090	$	4,080
Sugar and bioenergy (2)		508		465
Edible oil products (3)		625		489
Milling products (4)		210		130
Fertilizer (4)		682		569
Total	**$**	**8,115**	**$**	**5,733**

(1) Includes readily marketable agricultural commodity inventories at fair value of $5,792 million and $3,724 million at September 30, 2012 and December 31, 2011, respectively. All other agribusiness segment inventories are carried at lower of cost or market.

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(2) Includes readily marketable sugar inventories of $164 million and $139 million at September 30, 2012 and December 31, 2011, respectively. Of these sugar inventories, $90 million and $83 million are carried at fair value at September 30, 2012 and December 31, 2011, respectively, in Bunge s trading and merchandising business. Sugar and ethanol inventories in Bunge s industrial production business are carried at lower of cost or market.

(3) Edible oil products inventories are generally carried at lower of cost or market, with the exception of readily marketable inventories of bulk soybean oil which are carried at fair value in the aggregate amount of $193 million and $212 million at September 30, 2012 and December 31, 2011, respectively.

(4) Milling products and fertilizer inventories are carried at lower of cost or market.

5. OTHER CURRENT ASSETS

Other current assets consist of the following:

(US$ in millions)	September 30, 2012	December 31, 2011
Prepaid commodity purchase contracts (1)	$ 508	$ 206
Secured advances to suppliers, net (2)	366	349
Unrealized gains on derivative contracts at fair value	2,084	1,283
Recoverable taxes, net	530	528
Margin deposits (3)	408	352
Marketable securities	98	50
Deferred purchase price receivable (4)	125	192
Prepaid expenses	443	369
Restricted cash (5)	12	43
Other	620	424
Total	**$ 5,194**	**$ 3,796**

(1) Prepaid commodity purchase contracts represent advance payments against fixed price contracts for future delivery of specified quantities of agricultural commodities. These contracts are recorded at fair value based on prices of the underlying agricultural commodities.

(2) Bunge provides cash advances to suppliers, primarily Brazilian farmers of soybeans, 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 $3 million at both September 30, 2012 and December 31, 2011.

Interest earned on secured advances to suppliers of $5 million and $5 million for the three months ended September 30, 2012 and 2011, respectively, and $18 million and $17 million for the nine months ended September 30, 2012 and 2011, 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 14) and is recognized at its estimated fair value.

(5)

Restricted cash at December 31, 2011, includes an escrowed cash deposit related to an equity investment, which was completed in the first quarter of 2012.

6. GOODWILL

The table below summarizes the carrying amount of goodwill by segment.

(US$ in millions)	Agribusiness	Sugar and Bioenergy	Edible Oil Products	Milling Products	Fertilizer	Total
Balance, December 31, 2010	$ 215	$ 631	$ 80	$ 7	$ 1	$ 934
Acquired goodwill	34		41			75
Reallocation of acquired goodwill	(5)					(5)
Tax benefit on goodwill amortization (3)	(7)					(7)
Foreign exchange translation	(21)	(71)	(11)	(1)		(104)
Balance, December 31, 2011	$ 216	$ 560	$ 110	$ 6	$ 1	$ 893
Acquired goodwill (1)		7		45		52
Reallocation of acquired goodwill (2)	(1)		(13)		1	(13)
Tax benefit on goodwill amortization (3)	(4)					(4)
Foreign exchange translation	(12)	(43)	3	2		(50)
Balance, September 30, 2012	**$ 199**	**$ 524**	**$ 100**	**$ 53**	**$ 2**	**$ 878**

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(1) See Note 3.

(2) Beginning in the first quarter of 2012, the management responsibilities for certain Brazilian port facilities were moved from the agribusiness segment to the fertilizer segment. Accordingly, $1 million of goodwill attributable to these port facilities was reclassified to conform to the 2012 segment presentation. Also in the first quarter of 2012, the purchase price allocation for the 2011 edible oil products acquisition was revised resulting in a reduction of goodwill of $13 million, a reduction of inventories of $6 million, an increase in finite-lived intangibles of $14 million and a reduction of deferred tax liabilities of $5 million.

(3) Bunge s Brazilian subsidiary s tax deductible goodwill is in excess of its book goodwill. For financial reporting purposes, for goodwill acquired prior to 2009, the tax benefits attributable to the excess tax goodwill are first used to reduce associated goodwill and then other intangible assets to zero, prior to recognizing any income tax benefit in the condensed consolidated statements of income.

7. IMPAIRMENT AND RESTRUCTURING CHARGES

Impairment In the third quarter of 2012, Bunge recorded pretax non-cash impairment charges of $29 million and $10 million in selling, general and administrative expenses and other income (expense)-net, respectively, in its condensed consolidated statements of income, which was allocated to its sugar and bioenergy segment, relating to the write down of an equity investment in and an affiliate loan to a North American corn ethanol joint venture. Declining results of operations at this joint venture s only facility led to the announced suspension of operations in the venture.

Restructuring In the three and nine months ended September 30, 2012, Bunge recorded no significant restructuring charges.

The following table summarizes assets measured at fair value on a nonrecurring basis subsequent to initial recognition. For additional information on Level 1, 2 and 3 inputs (see Note 12).

(US$ in millions)	Three Months Ended September 30, 2012	Fair Value Measurements Using Level 1	Level 2	Level 3	Impairment Losses Three Months Ended September 30, 2012
Affiliate loans	$ 9	$	$	$ 9	$ (29)
Investment in affiliates	$	$	$	$	$ (10)

(US$ in millions)	Nine Months Ended September 30, 2012	Fair Value Measurements Using Level 1	Level 2	Level 3	Impairment Losses Nine Months Ended September 30, 2012
Affiliate loans	$ 9	$	$	$ 9	$ (29)
Investment in affiliates	$	$	$	$	$ (10)

8. INVESTMENTS IN AFFILIATES

In September 2012, Bunge recorded a $10 million impairment charge related to its equity investment in a North American corn ethanol joint venture reducing the investment value to zero (see Note 7). During the nine months ended September 30, 2012 total contributions made by Bunge to this joint venture were $18 million primarily funding its share of the joint venture s operating losses.

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In April 2012, Bunge entered into a joint venture agreement for the construction and operation of a renewable oils production facility in its sugar and bioenergy segment in Brazil. Bunge has a 49.9% interest in this entity and contributed $10 million in July 2012.

In June 2012, Bunge entered into a joint venture agreement for the construction and operation of a corn wet mill in Argentina. Bunge has a 50% interest in this joint venture and has contributed $21 million during the nine months ended September 30, 2012. Bunge accounts for this equity method investment in its sugar and bioenergy segment. Also during the nine months ended September 30, 2012, Bunge made contributions totaling $19 million to its Paraguay oilseed processing facility joint venture.

In May 2012, Bunge completed the acquisition of an additional 63.5% voting interest in a North American wheat mill and bakery dry mix operation (see Note 3) in which it previously had a 31.5% interest and which it reported as an equity method investment in its milling products segment. Upon completion of the transaction, Bunge began to consolidate this entity in its condensed consolidated financial statements. Upon assuming control of this entity, Bunge recognized a non-cash, non-taxable gain of $36 million to adjust its previously existing investment to fair value.

In April 2012, Bunge sold its 28.06% interest in The Solae Company (Solae) to E.I. du Pont de Nemours and Company for $448 million in cash exclusive of a special cash dividend of $35 million. Bunge recognized a pretax gain of $85 million in its agribusiness segment related to this transaction.

In January 2012, Bunge completed the acquisition in its agribusiness segment of a 35% interest in PT Bumiraya Investindo, an Indonesian palm plantation company, for $43 million which is reported as an equity method investment.

9. OTHER NON-CURRENT ASSETS

Other non-current assets consist of the following:

(US$ in millions)		**September 30, 2012**		**December 31, 2011**
Recoverable taxes, net	$	464	$	386
Long-term receivables from farmers in Brazil, net		220		284
Judicial deposits		166		167
Income taxes receivable		439		565
Affiliate loans receivable, net		54		63
Long-term investments		432		37
Other		184		204
Total	**$**	**1,959**	**$**	**1,706**

Recoverable taxes, net Recoverable taxes are reported net of valuation allowances of $43 million and $41 million at September 30, 2012 and December 31, 2011, respectively.

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.

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(US$ in millions)	September 30, 2012	December 31, 2011
Legal collection process (1)	$ 274	$ 358
Renegotiated amounts:		
Current on repayment terms	137	125
Total	**$ 411**	**$ 483**

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

The average recorded investment in long-term receivables from farmers in Brazil for the nine months ended September 30, 2012 and the year ended December 31, 2011 was $461 million and $561 million, respectively. The table below summarizes Bunge s recorded investment in long-term receivables from farmers in Brazil and the related allowance amounts.

	September 30, 2012		December 31, 2011	
(US$ in millions)	Recorded Investment	Allowance	Recorded Investment	Allowance
For which an allowance has been provided:				
Legal collection process	$ 154	$ 140	$ 162	$ 147
Renegotiated amounts	71	51	64	52
For which no allowance has been provided:				
Legal collection process	120		196	
Renegotiated amounts	66		61	
Total	**$ 411**	**$ 191**	**$ 483**	**$ 199**

The table below summarizes the activity in the allowance for doubtful accounts related to long-term receivables from farmers in Brazil.

	Three Months Ended September 30,		Nine Months Ended September 30,
(US$ in millions)	2012	2011	2012