

INTL FCSTONE INC.
Form 10-Q
May 08, 2013
Table of Contents

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

FORM 10-Q

(Mark One)

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

For the Quarterly Period Ended March 31, 2013

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 000-23554

INTL FCStone Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)
708 Third Avenue, Suite 1500
New York, NY 10017
(Address of principal executive offices) (Zip Code)
(212) 485-3500
(Registrant's telephone number, including area code)

59-2921318
(I.R.S. Employer
Identification No.)

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 305 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 smaller reporting company.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

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

As of May 6, 2013, there were 19,189,177 shares of the registrant's common stock outstanding.

Table of Contents

INTL FCStone Inc.

Quarterly Report on Form 10-Q for the Quarterly Period Ended March 31, 2013

Table Of Contents

	Page
Part I. FINANCIAL INFORMATION	
Item 1.	<u>Financial Statements (Unaudited)</u>
	<u>Condensed Consolidated Balance Sheets</u> 1
	<u>Condensed Consolidated Income Statements</u> 2
	<u>Condensed Consolidated Statements of Comprehensive Income</u> 3
	<u>Condensed Consolidated Cash Flows Statements</u> 4
	<u>Condensed Consolidated Statement of Stockholders' Equity</u> 5
	<u>Notes to Condensed Consolidated Financial Statements</u> 6
Item 2.	<u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u> 29
Item 3.	<u>Quantitative and Qualitative Disclosures about Market Risk</u> 49
Item 4.	<u>Controls and Procedures</u> 51
Part II. OTHER INFORMATION	
Item 1.	<u>Legal Proceedings</u> 52
Item 1A.	<u>Risk Factors</u> 53
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u> 53
Item 6.	<u>Exhibits</u> 53
	<u>Signatures</u> 54

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

INTL FCStone Inc.

Condensed Consolidated Balance Sheets

(in millions, except par value and share amounts)	March 31, 2013 (Unaudited)	September 30, 2012
ASSETS		
Cash and cash equivalents	\$262.0	\$ 236.3
Cash, securities and other assets segregated under federal and other regulations (including \$43.9 and \$72.8 at fair value at March 31, 2013 and September 30, 2012, respectively)	382.3	357.5
Deposits and receivables from:		
Exchange-clearing organizations (including \$1,460.4 and \$1,510.0 at fair value at March 31, 2013 and September 30, 2012, respectively)	1,672.2	1,619.8
Broker-dealers, clearing organizations and counterparties (including \$0.5 and \$(0.7) at fair value at March 31, 2013 and September 30, 2012, respectively)	170.7	127.4
Receivables from customers, net	127.0	68.9
Notes receivable, net	78.8	104.0
Income taxes receivable	13.4	11.9
Financial instruments owned, at fair value	176.0	171.7
Physical commodities inventory	152.0	131.6
Deferred income taxes, net	20.1	21.9
Property and equipment, net	18.8	18.9
Goodwill and intangible assets, net	56.8	54.7
Other assets	30.3	34.3
Total assets	\$3,160.4	\$ 2,958.9
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Accounts payable and other accrued liabilities (including \$18.4 and \$14.8 at fair value at March 31, 2013 and September 30, 2012, respectively)	\$ 126.0	\$ 127.0
Payables to:		
Customers	2,234.3	2,072.3
Broker-dealers, clearing organizations and counterparties	2.6	39.4
Lenders under loans	226.0	218.2
Income taxes payable	4.9	5.5
Financial instruments sold, not yet purchased, at fair value	237.4	175.4
Deferred income taxes	—	2.0
Total liabilities	2,831.2	2,639.8
Commitments and contingencies (Note 11)		
Stockholders' Equity:		
Preferred stock, \$0.01 par value. Authorized 1,000,000 shares; no shares issued or outstanding	—	—
Common stock, \$0.01 par value. Authorized 30,000,000 shares; 19,507,852 issued and 19,168,770 outstanding at March 31, 2013 and 19,214,219 issued and 18,984,951 outstanding at September 30, 2012	0.2	0.2
Common stock in treasury, at cost - 339,082 shares at March 31, 2013 and 229,064 shares at September 30, 2012, respectively	(6.1) (4.1
Additional paid-in capital	216.9	213.2

Edgar Filing: INTL FCSTONE INC. - Form 10-Q

Retained earnings	126.8	112.0	
Accumulated other comprehensive loss, net	(8.6) (2.2)
Total stockholders' equity	329.2	319.1	
Total liabilities and stockholders' equity	\$3,160.4	\$ 2,958.9	

See accompanying notes to condensed consolidated financial statements.

1

Table of Contents

INTL FCStone Inc.
 Condensed Consolidated Income Statements
 (Unaudited)

(in millions, except share and per share amounts)	Three Months Ended		Six Months Ended March	
	March 31, 2013	2012	31, 2013	2012
Revenues:				
Sales of physical commodities	\$12,999.7	\$16,861.6	\$25,587.6	\$34,037.5
Trading gains, net	58.9	38.0	138.8	111.4
Commission and clearing fees	43.4	41.5	83.4	73.5
Consulting and management fees	7.7	7.3	16.0	13.5
Interest income	3.1	2.3	6.4	5.0
Other income	0.3	0.3	0.4	0.5
Total revenues	13,113.1	16,951.0	25,832.6	34,241.4
Cost of sales of physical commodities	12,995.8	16,831.4	25,589.6	34,025.5