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PENNANTPARK INVESTMENT CORP Form 10-Q August 05, 2009 Table of Contents

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Ma	rk One)
X	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTER ENDED JUNE 30, 2009
	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: 814-00736

PENNANTPARK INVESTMENT CORPORATION

(Exact name of registrant as specified in its charter)

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MARYLAND (State or other jurisdiction of

20-8250744 (I.R.S. Employer

incorporation or organization)

Identification No.)

590 Madison Avenue, 15th Floor

New York, N.Y. (Address of principal executive offices)

10022 (Zip Code)

(212)-905-1000

(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 and (2) has been subject to such filing requirements for the past 90 days. Yes x 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, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer "

Accelerated filer x

Non-accelerated filer "
(Do not check if a smaller

Smaller reporting company "

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 x.

The number of shares of the issuer s common stock, \$0.001 par value, outstanding as of July 31, 2009 was 21,068,772.

Item 6. Exhibits

SIGNATURES

PENNANTPARK INVESTMENT CORPORATION

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2009

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PART I FINANCIAL INFORMATION

We are filing this Report in compliance with Rule 13a-13 promulgated by the Securities and Exchange Commission or the SEC. In this Report, PennantPark Investment, we, our and us refer to PennantPark Investment Corporation unless the context otherwise requires.

Item 1. Financial Statements

PENNANTPARK INVESTMENT CORPORATION

STATEMENTS OF ASSETS AND LIABILITIES

	June 30, 2009 (unaudited)	Sep	tember 30, 2008
Assets			
Investments at fair value			
Non-controlled, non-affiliated investments, at fair value (cost \$435,642,024 and \$427,481,745,			
respectively)	\$ 377,382,905	\$	354,261,950
Non-controlled, affiliated investments, at fair value (cost \$17,200,193 and \$16,692,261, respectively)	15,755,326		17,885,870
Total investments at fair value	393,138,231		372,147,820
Cash equivalents	541,136		40,249,201
Receivable for investments sold	1,381,011		,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Interest receivable	4,770,692		6,046,199
Prepaid expenses and other assets	1,271,943		1,367,479
Total assets	401,103,013		419,810,699
Liabilities			
Distributions payable	5,056,505		5,056,505
Payable for investments purchased	4,183,666		
Unfunded investments	6,331,385		
Credit facility payable (fair value: \$134,057,558 and \$160,204,000, respectively) (cost:			
\$187,300,000 and \$202,000,000, respectively) (see note 7)	134,057,558		202,000,000
Interest payable on credit facility	72,308		725,317
Management fee payable (see note 3)	1,928,082		85,896
Performance-based incentive fee payable (see note 3)	1,415,872		123,033
Accrued other expenses	1,080,397		1,091,688
Total liabilities	154,125,773		209,082,439
Net Assets			
Common stock, par value \$0.001 per share, 100,000,000 shares authorized and 21,068,772 shares			
issued and outstanding	21,069		21,069
Paid-in capital in excess of par	294,586,604		294,586,604
Undistributed (distributions in excess of) net investment income	928,718		(602,660)
Cumulative effect of adoption of fair value option on credit facility	41,796,000		
Accumulated net realized loss on investments and cash equivalents	(42,097,607)		(11,250,567)
Net unrealized depreciation on investments	(59,703,986)		(72,026,186)
Net unrealized depreciation on credit facility	11,446,442		
Total net assets	\$ 246,977,240	\$	210,728,260

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Total liabilities and net assets	\$ 401	,103,013	\$ 419,810,699
Net asset value per share	\$	11.72	\$ 10.00

SEE NOTES TO FINANCIAL STATEMENTS

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PENNANTPARK INVESTMENT CORPORATION

STATEMENTS OF OPERATIONS

(Unaudited)

	Three mor June 30, 2009	nths ended June 30, 2008	Nine mon June 30, 2009	ths ended June 30, 2008
Investment income:	3 ,	3 ,	3	3
From non-controlled, non-affiliated investments:				
Interest	\$ 10,347,405	\$ 9,212,625	\$ 31,930,815	\$ 27,148,848
Other	123,955	111,924	351,449	167,806
From non-controlled, affiliated investments:				
Interest	298,349	337,832	988,668	1,063,257
Total investment income	10,769,709	9,662,381	33,270,932	28,379,911
Expenses:				
Base management fee (see note 3)	1,928,082	1,829,909	5,495,505	5,195,750
Performance-based incentive fee (see note 3)	1,412,925	985,287	4,175,224	2,433,394
Interest and other credit facility expenses	791,587	1,656,140	3,817,133	4,422,543
Administrative services expenses (see note 3)	582,177	591,726	1,558,672	1,804,047
Other general and administrative expenses	388,507	658,178	1,523,505	1,823,014
	·			
Expenses before base management fee waiver	5,103,278	5,721,240	16,570,039	15,678,748
Base management fee waiver				(420,731)
Net expenses	5,103,278	5,721,240	16,570,039	15,258,017
Net investment income	5,666,431	3,941,141	16,700,893	13,121,894
Net investment income	3,000,431	3,341,141	10,700,893	13,121,094
Realized and unrealized gain (loss) on investments, cash equivalents and credit facility:				
Net realized loss on investments and cash equivalents	(24,701,776)	(401,624)	(30,847,040)	(620,998)
Net change in unrealized appreciation (depreciation) on:				
Non-controlled, non-affiliated investments and cash equivalents	27,736,328	10,700,808	14,960,676	(41,097,670)
Non-controlled, affiliated investments	(318,107)	964,139	(2,638,476)	(1,064,091)
Credit facility	(9,202,647)		11,446,442	
Net change in unrealized appreciation (depreciation)	18,215,574	11,664,947	23,768,642	(42,161,761)
Net realized and unrealized gain (loss) from investments, cash equivalents, and credit facility	(6,486,202)	11,263,323	(7,078,398)	(42,782,759)
Net (decrease) increase in net assets resulting from operations	\$ (819,771)	\$ 15,204,464	\$ 9,622,495	\$ (29,660,865)
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Net (decrease) increase in net assets resulting from operations per common share (see note 5)	\$ (0.04)	\$ 0.72	\$ 0.45	\$ (1.41)
Net investment income per common share SEE NOTES TO FINAN	\$ 0.27	\$ 0.19 NTS	\$ 0.79	\$ 0.62
SEE NOTES TO TIVAN	CIAL STATEME	1110		

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PENNANTPARK INVESTMENT CORPORATION

STATEMENTS OF CHANGES IN NET ASSETS

(Unaudited)

	Nine months ended	
	June 30, 2009	June 30, 2008
Increase (decrease) in net assets from operations:		
Net investment income	\$ 16,700,893	\$ 13,121,894
Net realized loss on investments and cash equivalents	(30,847,040)	(620,998)
Net change in unrealized appreciation (depreciation) on investments and cash equivalents	12,322,200	(42,161,761)
Net change in unrealized depreciation on credit facility	11,446,442	
Net increase (decrease) in net assets resulting from operations	9,622,495	(29,660,865)
Dividends to Stockholders:		
Dividends from net investment income	(15,169,515)	(13,905,390)
Total dividends	(15,169,515)	(13,905,390)
Total decrease in net assets	(5,547,020)	(43,566,255)
Net Assets:		
Beginning of period	210,728,260	270,393,094
Cumulative effect of adoption of fair value option on credit facility (see note 7)	41,796,000	
	, ,	
Adjusted beginning of period	252,524,260	270,393,094
End of period	\$ 246,977,240	\$ 226,826,839
Undistributed (distribution in excess of) net investment income, at period end SEE NOTES TO FINANCIAL STATEMENTS	928,718	(980,265)

PENNANTPARK INVESTMENT CORPORATION

STATEMENTS OF CASH FLOWS

(Unaudited)

	Nine months ended		
	June 30, 2009	June 30, 2008	
Cash flows from operating activities:			
Net increase (decrease) in net assets resulting from operations	\$ 9,622,495	\$ (29,660,865)	
Adjustments to reconcile net increase (decrease) in net assets resulting from operations to net cash			
used by operating activities:			
Net change in unrealized appreciation (depreciation) on investments and cash equivalents	(12,322,200)	42,161,761	
Net change in unrealized depreciation on credit facility	(11,446,442)		
Net realized loss on investments and cash equivalents	30,847,040	620,998	
Net accretion of discount and amortization of premium	(1,903,798)	(835,822)	
Purchase of investments	(47,957,218)	(149,312,146)	
Payment-in-kind interest	(2,528,233)	(1,735,282)	
Proceeds from disposition of investments	12,873,998	14,410,296	
Increase in receivable for investment sold	(1,381,011)		
Decrease in interest receivable	1,275,507	493,837	
Decrease (increase) in prepaid expenses and other assets	95,536	(11,416)	
Decrease in payables for cash equivalents purchased		(252,759,931)	
Increase (decrease) in payables for investments purchased	4,183,666		