

PENNANTPARK INVESTMENT CORP

Form 10-Q

August 03, 2011

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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 QUARTER ENDED JUNE 30, 2011

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)

MARYLAND

(State or other jurisdiction of incorporation or organization)

20-8250744

(I.R.S. Employer Identification No.)

590 Madison Avenue, 15th Floor
New York, N.Y.

10022

(Address of principal executive offices)

(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 ☒ 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 ☒

Non-accelerated filer ☒ (Do not check if a smaller reporting company) 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 ☒.

The number of shares of the issuer's common stock, \$0.001 par value, outstanding as of August 3, 2011 was 45,689,781.

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PART I—CONSOLIDATED FINANCIAL INFORMATION

We are filing this form 10-Q (the “Report”) in compliance with Rule 13a-13 promulgated by the Securities and Exchange Commission (“SEC”). In this Report, “we,” “our” or “us” refer to PennantPark Investment Corporation and its consolidated subsidiaries unless the context suggests otherwise. References to “PennantPark Investment” refer to only PennantPark Investment Corporation. References to “subsidiaries” or “our SBIC” refer to PennantPark SBIC LP (“SBIC LP”) and its general partner PennantPark SBIC GP, LLC (“SBIC GP”), which are wholly owned and consolidated. References to our portfolio, our investments, and our business include investments and activities of our subsidiaries.

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Item 1. Consolidated Financial Statements

PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

	June 30, 2011 (unaudited)	September 30, 2010
Assets		
Investments at fair value		
Non-controlled, non-affiliated investments, at fair value (cost—\$734,760,589 and \$631,280,755, respectively)	\$753,258,773	\$641,290,626
Non-controlled, affiliated investments, at fair value (cost—\$18,116,807 and \$17,427,648, respectively)	14,685,185	15,433,680
Controlled, affiliated investments, at fair value (cost—\$11,000,100 and 8,000,100, respectively)	11,000,000	8,000,100
Total of Investments, at fair value (cost—\$763,877,496 and \$656,708,503, respectively)	778,943,958	664,724,406
Cash equivalents (See Note 8)	28,808,966	1,814,451
Interest receivable	6,258,266	12,814,096
Receivable for investments sold	—	30,254,774
Prepaid expenses and other assets	3,581,765	1,886,119
Total assets	817,592,955	711,493,846
Liabilities		
Distributions payable	12,306,893	9,401,281
Payable for investments purchased	42,680,270	52,785,000
Unfunded investments	18,633,872	22,203,434
Credit facility payable (cost: \$157,700,000 and \$233,100,000, respectively) (See Notes 5 and 10)	155,649,500	219,141,125
SBA debentures payable (See Note 10)	75,000,000	14,500,000
Interest payable on credit facility and SBA debentures	794,953	215,135
Management fee payable (See Note 3)	3,805,619	3,286,816
Performance-based incentive fee payable (See Note 3)	3,295,098	2,239,011
Accrued other expenses	487,659	1,146,821
Total liabilities	312,653,864	324,918,623
Net Assets		
Common stock, 45,581,083 and 36,158,772 shares are issued and outstanding, respectively. Par value is \$0.001 per share and 100,000,000 shares are authorized.	45,581	36,159
Paid-in capital in excess of par value	539,419,632	428,675,184
Undistributed net investment income	5,532,780	1,800,646
Accumulated net realized loss on investments	(57,175,864)	(65,911,544)
Net unrealized appreciation on investments	15,066,462	8,015,903
Net unrealized depreciation on credit facility	2,050,500	13,958,875
Total net assets	\$504,939,091	\$386,575,223
Total liabilities and net assets	\$817,592,955	\$711,493,846
Net asset value per share	\$11.08	\$10.69

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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PENNANTPARK INVESTMENT CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2011	2010	2011	2010
Investment income:				
From non-controlled, non-affiliated investments:				
Interest	\$21,046,388	\$15,404,934	\$60,441,750	\$41,140,098
Other	1,157,228	594,978	3,237,675	1,327,063
From non-controlled, affiliated investments:				
Interest	389,709	335,159	1,134,363	991,388
From controlled, affiliated investments:				
Interest	315,000	—	785,167	—
Total investment income	22,908,325	16,335,071	65,598,955	43,458,549
Expenses:				
Base management fee (See Note 3)	3,803,994	3,035,172	10,891,930	8,331,957
Performance-based incentive fee (See Note 3)	3,256,341	2,205,310	9,387,769	5,779,297
Interest and expenses on the credit facility and SBA debentures (See Note 10)	1,329,441			