

PennantPark Floating Rate Capital Ltd.

Form 10-Q

August 08, 2013

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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, 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: 814-00891

PENNANTPARK FLOATING RATE CAPITAL LTD.

(Exact name of registrant as specified in its charter)

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MARYLAND (State or other jurisdiction of incorporation or organization)	27-3794690 (I.R.S. Employer 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 (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, 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 8 was 14,709,356

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PENNANTPARK FLOATING RATE CAPITAL LTD.

FORM 10-Q

FOR THE QUARTER ENDED JUNE 30, 2013

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PART I CONSOLIDATED FINANCIAL INFORMATION

We are filing this Form 10-Q, or the Report, in compliance with Rule 13a-13 promulgated by the Securities and Exchange Commission, or the SEC. In this Report, except where the context suggests otherwise, the terms Company, we, our or us refer to PennantPark Floating Rate Capital Ltd. and its consolidated subsidiary; PennantPark Investment Advisers or Investment Adviser refers to PennantPark Investment Advisers, LLC; PennantPark Investment Administration or Administrator refers to PennantPark Investment Administration, LLC; 1940 Act refers to the Investment Company Act of 1940, as amended; Code refers to the Internal Revenue Code of 1986, as amended; RIC refers to a regulated investment company under the Code; BDC refers to a business development company under the 1940 Act. References to our portfolio, our investments, our senior secured revolving credit facility, as amended, or the Credit Facility, and our business include investments we make through our wholly owned consolidated subsidiary, PennantPark Floating Rate Funding I, LLC, or Funding I.

Table of Contents**Item 1. Consolidated Financial Statements****PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**

	June 30, 2013 (unaudited)	September 30, 2012
Assets		
Investments at fair value		
Non-controlled, non-affiliated investments, at fair value (cost \$253,491,463 and \$171,578,009, respectively)	\$ 250,514,412	\$ 171,834,400
Cash equivalents (See Note 7)	6,936,175	3,845,803
Interest receivable	1,167,081	1,388,867
Receivable for investments sold	4,234,177	986,278
Prepaid expenses and other assets	397,108	311,313
Total assets	263,248,953	178,366,661
Liabilities		
Distributions payable	901,661	548,053
Payable for investments purchased	30,515,000	3,357,500
Credit Facility payable (cost \$85,600,000 and \$75,500,000, respectively) (See Notes 5 and 9)	85,600,000	75,122,500
Interest payable on Credit Facility	150,135	161,550
Management fee payable (See Note 3)	548,779	424,747
Performance-based incentive fee payable (See Note 3)	658,545	506,314
Accrued other expenses	781,707	447,120
Accrued sales load charges (See Note 3)		2,055,000
Total liabilities	119,155,827	82,622,784
Net Assets		
Common stock, 10,304,692 and 6,850,667 shares issued and outstanding, respectively. Par value \$0.001 per share and 100,000,000 shares authorized.	10,305	6,851
Paid-in capital in excess of par value	143,146,743	95,192,222
Distributions in excess of net investment income	(517,645)	(1,313,000)
Accumulated net realized gain on investments	4,430,774	1,223,913
Net unrealized (depreciation) appreciation on investments	(2,977,051)	256,391
Net unrealized depreciation on Credit Facility		377,500
Total net assets	\$ 144,093,126	\$ 95,743,877
Total liabilities and net assets	\$ 263,248,953	\$ 178,366,661
Net asset value per share	\$ 13.98	\$ 13.98

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Table of Contents**PENNANTPARK FLOATING RATE CAPITAL LTD. AND SUBSIDIARY****CONSOLIDATED STATEMENTS OF OPERATIONS****(Unaudited)**

	Three Months Ended June 30,		Nine Months Ended June 30,	
	2013	2012	2013	2012
Investment income:				
From non-controlled, non-affiliated investments:				
Interest	\$ 4,192,816	\$ 3,120,180	\$ 11,807,059	\$ 8,387,545
Other income	477,487	80,522	965,794	223,915
Total investment income	4,670,303	3,200,702	12,772,853	8,611,460
Expenses:				
Base management fee (See Note 3)	548,779	383,673	1,464,403	1,069,870
Performance-based incentive fee (See Note 3)	37,709	(117,536)	1,017,929	58,204
Interest and expenses on the Credit Facility (See Note 9)	375,640	409,732	1,342,103	1,031,208
Administrative services expenses (See Note 3)	144,052	147,097	452,876	435,056
Other general and administrative expenses	317,192	254,743	956,400	974,330
Expenses before excise tax expense and amendment costs	1,423,372	1,077,709	5,233,711	3,568,668
Excise tax	29,355		96,768	
Credit Facility amendment costs (See Note 9)		276,500	500,000	276,500
Total expenses	1,452,727	1,354,209	5,830,479	3,845,168
Net investment income	3,217,576	1,846,493	6,942,374	4,766,292
Realized and unrealized (loss) gain on investments and Credit Facility:				
Net realized gain on non-controlled, non-affiliated investments	1,659,391	217,718	3,206,861	623,605
Net change in unrealized (depreciation) appreciation on:				
Non-controlled, non-affiliated investments	(3,309,840)	(1,709,804)	(3,233,442)	2,355,750
Credit Facility (appreciation) depreciation (See Note 5)		33,000	(377,500)	272,000
Net change in unrealized (depreciation) appreciation on investments and Credit Facility	(3,309,840)	(1,676,804)	(3,610,942)	2,627,750
Net realized and unrealized (loss) gain from investments and Credit Facility	(1,650,449)	(1,459,086)	(404,081)	3,251,355
Net increase in net assets resulting from operations	\$ 1,567,127	\$ 387,407	\$ 6,538,293	\$ 8,017,647
Net increase in net assets resulting from operations per common share	\$ 0.15	\$ 0.06	\$ 0.81	\$ 1.17
Net investment income per common share	\$ 0.31	\$ 0.27	\$ 0.86	\$ 0.70

SEE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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	Nine Months Ended June 30,	
	2013	2012
Net increase in net assets from operations:		
Net investment income	\$ 6,942,374	\$ 4,766,292
Net realized gain on investments	3,206,861	623,605
Net change in unrealized (depreciation) appreciation on investments	(3,233,442)	2,355,750
Net change in unrealized (appreciation) depreciation on Credit Facility	(377,500)	272,000
Net increase in net assets resulting from operations	6,538,293	8,017,647
Distributions to stockholders:		
Distributions	(6,147,019)	(4,589,945)
Capital transactions:		
Public offering and distributions reinvested	48,357,975	
Offering costs	(400,000)	
Net increase from capital transactions	47,957,975	
Net increase in net assets	48,349,249	3,427,702
Net assets:		
Beginning of period	95,743,877	92,072,105
End of period	\$ 144,093,126	\$ 95,499,807
Distributions in excess of net investment income, end of period	\$ (517,645)	\$ (1,216,181)
Capital share activity:		
Shares issued from public offering	3,450,000	
Shares issued from reinvestment of dividends	4,025	