

APOLLO 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

- x **Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
For the Quarter Ended June 30, 2011
- .. **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission File Number: 814-00646

APOLLO INVESTMENT CORPORATION

(Exact name of registrant as specified in its charter)

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Maryland
(State or other jurisdiction of incorporation or organization)

52-2439556
(I.R.S. Employer Identification No.)

9 West 57th Street

37th Floor

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

10019
(Zip Code)

(212) 515-3450

(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 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. (Check one):

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

The number of shares of the registrant's Common Stock, \$.001 par value, outstanding as of August 3, 2011 was 196,392,758.

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In this Quarterly Report, Apollo Investment, Company, AIC, Fund, we, us and our refer to Apollo Investment Corporation unless the context otherwise states.

Item 1. Financial Statements**APOLLO INVESTMENT CORPORATION****STATEMENTS OF ASSETS AND LIABILITIES**

(in thousands, except per share amounts)

	June 30, 2011 (unaudited)	March 31, 2011
Assets		
Non-controlled/non-affiliated investments, at value (cost \$2,863,683 and \$2,900,378, respectively)	\$ 2,868,973	\$ 2,901,295
Non-controlled/affiliated investments, at value (cost \$22,406 and \$22,407, respectively)	37,909	37,295
Controlled investments, at value (cost \$488,472 and \$376,051, respectively)	216,378	111,568
Cash	8,024	5,471
Foreign currency (cost \$1,170 and \$881, respectively)	1,181	883
Receivable for investments sold	55,505	13,461
Interest receivable	46,482	45,686
Dividends receivable	12	5,131
Miscellaneous income receivable	40	
Receivable from investment adviser		576
Prepaid expenses and other assets	24,798	27,447
Total assets	\$ 3,259,302	\$ 3,148,813
Liabilities		
Debt (see note 7 & 12)	\$ 1,249,203	\$ 1,053,443
Payable for investments and cash equivalents purchased	3,835	37,382
Dividends payable	54,856	54,740
Management and performance-based incentive fees payable (see note 3)	27,094	27,553
Interest payable	9,860	9,703
Accrued administrative expenses	890	1,738
Other liabilities and accrued expenses	2,332	3,223
Total liabilities	\$ 1,348,070	\$ 1,187,782
Net Assets		
Common stock, par value \$.001 per share, 400,000 and 400,000 common shares authorized, respectively, and 195,914 and 195,502 issued and outstanding, respectively	\$ 196	\$ 196
Paid-in capital in excess of par (see note 2f)	2,876,560	2,871,559
Undistributed net investment income (see note 2f)	49,363	56,557
Accumulated net realized loss (see note 2f)	(759,821)	(713,873)
Net unrealized depreciation	(255,066)	(253,408)
Total net assets	\$ 1,911,232	\$ 1,961,031
Total liabilities and net assets	\$ 3,259,302	\$ 3,148,813

Net Asset Value Per Share	\$	9.76	\$	10.03
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See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
STATEMENTS OF OPERATIONS (unaudited)
(in thousands, except per share amounts)

	Three months ended	
	June 30, 2011	June 30, 2010
INVESTMENT INCOME:		
From non-controlled/non-affiliated investments:		
Interest	\$ 81,619	\$ 72,505
Dividends	3,195	920
Other income	7,275	1,669
From non-controlled/affiliated investments:		
Interest	405	3,154
From controlled investments:		
Interest	14	
Dividends	2,084	
Total Investment Income	94,592	78,248
EXPENSES:		
Management fees (see note 3)	\$ 15,929	\$ 14,554
Performance-based incentive fees (see note 3)	8,381	10,207
Interest and other debt expenses	15,951	9,894
Administrative services expense	887	1,396
Other general and administrative expenses	5,782	1,370
Total expenses	46,930	37,421
Net investment income	\$ 47,662	\$ 40,827
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, CASH EQUIVALENTS AND FOREIGN CURRENCIES:		
Net realized gain (loss):		
Investments and cash equivalents	\$ (44,197)	\$ 780
Foreign currencies	(1,751)	3,087
Net realized gain (loss)	(45,948)	3,867
Net change in unrealized gain (loss):		
Investments and cash equivalents	(2,544)	(137,959)
Foreign currencies	886	8,955
Net change in unrealized loss	(1,658)	(129,004)
Net realized and unrealized loss from investments, cash equivalents and foreign currencies	(47,606)	(125,137)
NET INCREASE (DECREASE) IN NET ASSETS RESULTING FROM OPERATIONS	\$ 56	\$ (84,310)
EARNINGS (LOSS) PER SHARE BASIC AND DILUTED (see note 5)	\$ 0.00	\$ (0.45)

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
STATEMENTS OF CHANGES IN NET ASSETS

(in thousands, except shares)

	Three months ended June 30, 2011 (unaudited)	Year ended March 31, 2011
Increase in net assets from operations:		
Net investment income	\$ 47,662	\$ 191,172
Net realized loss	(45,948)	(152,017)
Net change in unrealized gain (loss)	(1,658)	141,257
Net increase in net assets resulting from operations	56	180,412
Dividends and distributions to stockholders:	(54,856)	(218,079)
Capital share transactions:		
Net proceeds from shares sold		204,275
Less offering costs	(7)	(233)
Reinvestment of dividends	5,008	21,850
Net increase in net assets from capital share transactions	5,001	225,892
Total increase (decrease) in net assets:	(49,799)	188,225
Net assets at beginning of period	1,961,031	1,772,806
Net assets at end of period	\$ 1,911,232	\$ 1,961,031
Capital share activity:		
Shares sold		17,250,000
Shares issued from reinvestment of dividends	412,511	2,037,631
Net increase in capital share activity	412,511	19,287,631

See notes to financial statements.

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APOLLO INVESTMENT CORPORATION
STATEMENTS OF CASH FLOWS (unaudited)
(in thousands)

	Three months ended June 30,	
	2011	2010
Cash Flows from Operating Activities:		
Net Increase (Decrease) in Net Assets Resulting from Operations	\$ 56	\$ (84,310)
Adjustments to reconcile net increase:		
PIK interest and dividends	(5,117)	(16,133)
Net amortization on investments	(4,205)	(7,366)
Increase (decrease) from foreign currency transactions	(1,861)	3,040
Net change in unrealized loss on investments, cash equivalents and foreign currencies	1,658	129,004
Net realized (gain) loss on investments, cash equivalents and foreign currencies	45,948	(3,867)
Changes in operating assets and liabilities:		
Purchase of investments	(835,810)	(221,032)
Proceeds from disposition of investments and cash equivalents	725,376	112,637
Decrease in interest and dividends receivable	4,323	4,787
Decrease in prepaid expenses and other assets	3,213	3,677
Decrease in management and performance-based incentive fees payable	(459)	(1,602)
Increase in interest payable	157	304
Decrease in accrued expenses and other liabilities	(1,739)	(787)
Decrease in payable for investments and cash equivalents purchased	(33,547)	