

Solar Senior Capital Ltd.
Form 10-Q
May 07, 2013
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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 March 31, 2013

.. **Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**
Commission File Number: 814-00849

SOLAR SENIOR CAPITAL LTD.

(Exact name of registrant as specified in its charter)

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Maryland
(State or Incorporation)

27-4288022
(I.R.S. Employer

Identification No.)

500 Park Avenue

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

10022
(Zip Code)

(212) 993-1670

(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	<input type="checkbox"/>	Accelerated filer	<input checked="" type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>

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, \$.01 par value, outstanding as of May 6, 2013 was 11,514,592.

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SOLAR SENIOR CAPITAL LTD.

FORM 10-Q FOR THE QUARTER ENDED MARCH 31, 2013

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In this Quarterly Report, Solar Senior , Company , Fund , we , us , and our refer to Solar Senior Capital Ltd. unless the context states otherwise.

Item 1. Financial Statements**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**

(in thousands, except shares)

	March 31, 2013 (unaudited)	December 31, 2012
Assets		
Investments, at fair value (cost: \$241,334 and \$214,075, respectively)	\$ 239,616	\$ 212,602
Cash	2,269	2,647
Receivable for investments sold	1,508	282
Interest receivable	1,422	1,294
Deferred offering costs	111	148
Prepaid expenses and other assets	108	56
Total Assets	\$ 245,034	\$ 217,029
Liabilities		
Credit facility payable (see note 6 and 7)	\$ 22,600	\$ 39,100
Dividends payable	1,352	1,116
Payable for investments purchased	9,552	995
Management fee payable	570	581
Performance-based incentive fees payable	80	84
Interest payable	82	121
Administrative services fee payable	194	431
Other liabilities and accrued expenses	539	498
Total Liabilities	\$ 34,969	\$ 42,926
Net Assets		
Common stock, par value \$0.01 per share, 200,000,000 and 200,000,000 common shares authorized, respectively, and 11,508,527 and 9,500,100 issued and outstanding, respectively	\$ 115	\$ 95
Paid-in capital in excess of par	214,822	177,728
Distributions in excess of net investment income	(3,176)	(2,247)
Accumulated net realized gain	22	
Net unrealized depreciation	(1,718)	(1,473)
Total Net Assets	\$ 210,065	\$ 174,103
Net Asset Value Per Share	\$ 18.25	\$ 18.33

See notes to the consolidated financial statements.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF OPERATIONS (unaudited)**

(in thousands, except per share amounts)

	Three Months Ended March 31, 2013	Three Months Ended March 31, 2012
INVESTMENT INCOME:		
Interest	\$ 4,461	\$ 3,909
EXPENSES:		
Management fees (see note 3)	\$ 570	\$ 498
Interest expense	207	221
Performance-based incentive fees (see note 3)	80	48
Administrative services expense	232	164
Insurance expense	70	99
Other general and administrative expenses	175	229
Total operating expenses	1,334	1,259
Debt issuance and related expense (see note 7)		24
Total expenses	1,334	1,283
Net investment income	\$ 3,127	\$ 2,626
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized gain	\$ 22	\$ 42
Net change in unrealized gain (loss)	(245)	3,049
Net realized and unrealized gain (loss)	(223)	3,091
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 2,904	\$ 5,717
EARNINGS PER SHARE (see note 5)	\$ 0.26	\$ 0.60

See notes to consolidated financial statements.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS**

(in thousands, except shares)

	Three months ended March 31, 2013 (unaudited)	Year ended December 31, 2012
Increase in net assets resulting from operations:		
Net investment income	\$ 3,127	\$ 12,493
Net realized gain	22	618
Net change in unrealized gain (loss)	(245)	801
Net increase in net assets resulting from operations	2,904	13,912
Dividends and distributions to stockholders:	(4,056)	(12,255)
Capital share transactions:		
Net proceeds from shares sold	37,200	
Offering costs and other	(244)	11
Reinvestment of dividends	158	
Net increase in net assets from capital share transactions	37,114	11
Total increase in net assets:	35,962	1,668
Net assets at beginning of period	174,103	172,435
Net assets at end of period	\$ 210,065	\$ 174,103
Capital share activity:		
Shares sold	2,000,000	
Shares issued from reinvestment of dividends	8,427	
Net increase from capital share activity	2,008,427	

See notes to consolidated financial statements.

Table of Contents**SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

(in thousands)

	Three months ended March 31, 2013	Three months ended March 31, 2012
Cash Flows from Operating Activities:		
Net increase in net assets resulting from operations	\$ 2,904	\$ 5,717
Adjustments to reconcile net increase in net assets resulting from operations:		
Net realized gain on investments	(22)	(42)
Net change in unrealized (gain) loss on investments	245	(3,049)
Debt issuance costs		24
(Increase) decrease in operating assets:		
Purchase of investments	(49,308)	(39,968)
Proceeds from disposition of investments	22,071	5,800
Receivable for investments sold	(1,226)	4,931
Deferred offering costs	37	(50)
Interest receivable	(128)	(16)
Prepaid expenses and other assets	(52)	(44)
Increase (decrease) in operating liabilities:		
Payable for investments purchased	8,557	18,419
Management fee payable	(11)	(446)
Performance-based incentive fees payable	(4)	48
Administrative services expense	(237)	(98)
Interest payable	(39)	68
Other liabilities and accrued expenses	41	(34)
Net Cash Used in Operating Activities	(17,172)	(8,740)
Cash Flows from Financing Activities:		
Proceeds from shares sold	37,200	
Offering costs	(244)	
Cash dividends paid	(3,662)	(1,900)
Debt issuance costs		(24)
Proceeds from borrowings	39,600	19,800
Repayments of borrowings	(56,100)	(10,250)
Net Cash Provided by Financing Activities	16,794	7,626
NET DECREASE IN CASH AND CASH EQUIVALENTS	(378)	(1,114)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,647	2,934

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