

APOLLO INVESTMENT CORP
Form 10-Q
November 08, 2013
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For the Quarter Ended September 30, 2013

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)

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

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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 November 8, 2013 was 224,741,351.

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FORM 10-Q FOR THE QUARTER ENDED SEPTEMBER 30, 2013

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In this Quarterly Report, Apollo Investment, the Company, AIC, 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)

	September 30, 2013 (unaudited)	March 31, 2013
Assets		
Non-controlled/non-affiliated investments, at fair value (cost \$2,564,848 and \$2,550,091, respectively)	\$ 2,537,934	\$ 2,414,307
Non-controlled /affiliated investments, at fair value (cost \$154,323 and \$124,006, respectively)	142,024	125,674
Controlled investments, at fair value (cost \$361,731 and \$345,204, respectively)	349,748	310,418
Cash	4,510	3,902
Foreign currency (cost \$1,566 and \$2,293, respectively)	1,574	2,295
Receivable for investments sold	22,324	5,713
Interest receivable	42,598	51,990
Dividends receivable	3,943	2,703
Deferred financing costs	34,302	26,990
Prepaid expenses and other assets	859	320
Total assets	\$ 3,139,816	\$ 2,944,312
Liabilities		
Debt (see notes 8 & 11)	\$ 1,082,270	\$ 1,156,067
Payable for investments purchased	99,655	26,021
Dividends payable	44,948	40,578
Management and performance-based incentive fees payable (see note 3)	28,637	26,509
Interest payable	14,955	12,012
Accrued administrative expenses	1,104	2,219
Other liabilities and accrued expenses	3,603	3,517
Total liabilities	\$ 1,275,172	\$ 1,266,923
Net Assets		
Common stock, par value \$.001 per share, 400,000,000 and 400,000,000 common shares authorized, respectively, and 224,741,351 and 202,891,351 issued and outstanding, respectively	\$ 225	\$ 203
Paid-in capital in excess of par (see note 2f)	3,115,537	2,933,636
Over-distributed net investment income (see note 2f)	(32,127)	(44,183)
Accumulated net realized loss (see note 2f)	(1,166,288)	(1,053,080)
Net unrealized depreciation	(52,703)	(159,187)
Total net assets	\$ 1,864,644	\$ 1,677,389
Total liabilities and net assets	\$ 3,139,816	\$ 2,944,312

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Net asset value per share	\$	8.30	\$	8.27
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See notes to financial statements.

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(in thousands, except per share amounts)

	Three months ended		Six months ended	
	September 30, 2013	September 30, 2012	September 30, 2013	September 30, 2012
INVESTMENT INCOME:				
From non-controlled/non-affiliated investments:				
Interest	\$ 79,228	\$ 70,275	\$ 154,789	\$ 142,912
Dividends	430	1,012	4,694	2,018
Other income	2,217	4,455	6,693	8,498
From non-controlled/affiliated investments:				
Interest	1,025		1,728	
Dividends	4,738	750	9,564	1,500
From controlled investments:				
Interest	5,668	1,316	10,577	2,594
Dividends	364	6,024	2,260	6,642
Other income	38		75	
Total investment income	\$ 93,708	\$ 83,832	\$ 190,380	\$ 164,164
EXPENSES:				
Management fees (see note 3)	\$ 15,356	\$ 13,864	\$ 30,113	\$ 27,684
Performance-based incentive fees (see note 3)	11,545	10,942	23,994	20,458
Interest and other debt expenses	17,472	12,529	33,316	28,106
Administrative services expense	1,109	769	2,206	1,519
Other general and administrative expenses	1,974	1,961	4,105	4,564
Total expenses	47,456	40,065	93,734	82,331
Management and performance-based incentive fees waived (see note 3)	(3,326)	(715)	(5,299)	(1,380)
Expense reimbursements (see note 3)	(8)		(8)	
Net expenses	44,122	39,350	88,427	80,951
Net investment income	\$ 49,586	\$ 44,482	\$ 101,953	\$ 83,213
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS, CASH EQUIVALENTS, DERIVATIVES AND FOREIGN CURRENCIES:				
Net realized loss:				
Investments and cash equivalents	\$ (26,845)	\$ (40,773)	\$ (124,756)	\$ (59,014)
Foreign currencies	1,031	211	3,007	(392)
Derivatives	8,541		8,541	
Net realized loss	(17,273)	(40,562)	(113,208)	(59,406)
Net change in unrealized depreciation/appreciation:				
Investments and cash equivalents	60,410	76,274	117,604	36,882
Foreign currencies	(9,443)	(7,158)	(11,120)	705
Derivatives	(6,855)			

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Net change in unrealized depreciation/appreciation	44,112	69,116	106,484	37,587
Net realized and unrealized gain (loss) from investments, cash equivalents, derivatives and foreign currencies	26,839	28,554	(6,724)	(21,819)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 76,425	\$ 73,036	\$ 95,229	\$ 61,394
EARNINGS PER SHARE BASIC (see note 5)	\$ 0.34	\$ 0.36	\$ 0.43	\$ 0.30
EARNINGS PER SHARE DILUTED (see note 5)	\$ 0.33	\$ 0.35	\$ 0.43	\$ 0.30

See notes to financial statements.