

Solar Senior Capital Ltd.
Form 10-Q
July 31, 2012
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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, 2012

.. **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 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, \$.01 par value, outstanding as of July 30, 2012 was 9,500,100.

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****SOLAR SENIOR CAPITAL LTD.****CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES**

(in thousands, except shares)

	June 30, 2012 (unaudited)	December 31, 2011
Assets		
Non-controlled, non-affiliated investments, at fair value (cost: \$221,511 and \$180,023, respectively)	\$ 222,119	\$ 177,749
Cash and cash equivalents	4,033	2,934
Receivable for investments sold	83	4,931
Interest receivable	1,322	1,687
Deferred offering costs	66	
Prepaid expenses and other receivables	25	94
Total Assets	227,648	187,395
Liabilities		
Credit facility payable, at fair value	44,900	8,600
Payable for investments purchased	3,918	4,912
Dividends payable	950	
Investment advisory and management fee payable	540	944
Accrued performance-based incentive fees	499	
Administrative service fees payable	308	141
Other accrued expenses and payables	436	363
Total Liabilities	51,551	14,960
Net Assets		
Common stock, par value \$0.01 per share 9,500,100 shares issued and outstanding, 200,000,000 authorized	95	95
Paid-in capital in excess of par	177,827	177,815
Distributions in excess of net investment income	(2,258)	(2,625)
Accumulated net realized loss on investments	(175)	(576)
Net unrealized appreciation (depreciation) on investments	608	(2,274)
Total Net Assets	\$ 176,097	\$ 172,435
Number of shares outstanding	9,500,100	9,500,100
Net Asset Value Per Share	\$ 18.54	\$ 18.15

See notes to the consolidated financial statements.

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

(in thousands, except shares)

	For the three months ended June 30, 2012	For the three months ended June 30, 2011	For the six months ended June 30, 2012	For the period January 28, 2011 ⁽¹⁾ to June 30, 2011
INVESTMENT INCOME:				
Interest income from non-controlled, non-affiliated investments	\$ 5,599	\$ 1,405	\$ 9,508	\$ 1,462
EXPENSES:				
Investment advisory and management fees	543	156	1,041	156
Interest and other credit facility expenses	447		692	
Performance-based incentive fees	451	36	499	64
Administrative service fee	326	92	490	119
Insurance expense	100	99	199	141
Other general and administrative expenses	291	228	520	308
Total expenses	2,158	611	3,441	788
Net investment income	3,441	794	6,067	674
REALIZED AND UNREALIZED GAIN ON INVESTMENTS:				
Net realized gain on non-controlled, non-affiliated investments	359		401	
Net change in unrealized gain (loss) on non-controlled, non-affiliated investments	(167)	180	2,882	318
Net realized and unrealized gain on investments	192	180	3,283	318
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,633	\$ 974	\$ 9,350	\$ 992
Earnings per share	\$ 0.38	\$ 0.10	\$ 0.98	\$ 0.13

(1) Commencement of operations

See notes to the consolidated financial statements.

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

(in thousands, except shares)

	For the six months ended June 30, 2012 (unaudited)	For the period January 28, 2011 (1) to December 31, 2011
Increase (decrease) in net assets resulting from operations:		
Net investment income	\$ 6,067	\$ 2,600
Net realized gain (loss) on investments	401	(576)
Net change in unrealized gain (loss) on investments	2,882	(2,274)
Net increase (decrease) in net assets resulting from operations	9,350	(250)
Dividends to shareholders	(5,700)	(5,225)
Capital share transactions:		
Proceeds from shares sold		190,002
Common stock offering costs and other	12	(12,092)
Net increase in net assets resulting from capital share transactions	12	177,910
Net increase in net assets	3,662	172,435
Net assets at beginning of period	172,435	
Net assets at end of period	\$ 176,097	\$ 172,435

(1) Commencement of operations

See notes to the consolidated financial statements.

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

(in thousands except shares)

	For the six months ended June 30, 2012	For the period January 28, 2011 ⁽¹⁾ to June 30, 2011
Cash Flows from Operating Activities:		
Net increase in net assets from operations	\$ 9,350	\$ 992
Adjustments to reconcile net increase in net assets from operations to net cash used in operating activities:		
Net realized gain on investments	(401)	
Net change in unrealized gain on investments	(2,882)	(318)
Debt issuance costs	53	
(Increase) decrease in operating assets:		
Purchase of investment securities	(107,613)	(131,906)
Proceeds from disposition of investment securities	66,526	416
Receivable for investments sold	4,848	
Deferred offering costs	(66)	
Interest receivable	365	(1,082)
Prepaid expenses and other receivables	69	(256)
Increase (decrease) in operating liabilities:		
Payable for investments purchased	(994)	14,925
Investment advisory and management fee payable	(404)	156
Accrued performance-based incentive fees	499	64
Administrative service fees payable	167	75
Offering costs payable		215
Other accrued expenses and payables	73	213
Net Cash Used in Operating Activities	(30,410)	(116,506)
Cash Flows from Financing Activities:		