

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934**

Date of Report: February 04, 2009
(Date of earliest event reported)

PennantPark Investment Corporation
(Exact name of registrant as specified in its charter)

Maryland
(State or other jurisdiction
of incorporation)

814-00736
(Commission File
Number)

20-8250744
(IRS Employer
Identification Number)

590 Madison Avenue, 15th Floor, New York, NY
(Address of principal executive offices)

10022
(Zip Code)

212-905-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition

On February 4, 2009, PennantPark Investment Corporation issued a press release announcing its financial results for quarter ended December 31, 2008. A copy of the press release is furnished as exhibit 99.1 to this report pursuant to Item 2.02 and Regulation FD.

Item 9.01. Financial Statements and Exhibits

(a) Financial statements:

None

(b) Pro forma financial information:

None

(c) Shell company transactions:

None

(d) Exhibits

99.1 [Press Release of PennantPark Investment Corporation dated February 04, 2009](#)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 04, 2009

PENNANTPARK INVESTMENT CORPORATION

By: /s/ Aviv Efrat
Aviv Efrat
Chief Financial Officer & Treasurer

<u>Exhibit No.</u>	Exhibit Index	<u>Description</u>
99.1		Press Release of PennantPark Investment Corporation dated February 04, 2009

PennantPark Investment Corporation Announces Financial Results for the Quarter Ended December 31, 2008

NEW YORK, NY -- (Marketwire - February 04, 2009) - PennantPark Investment Corporation (the "Company") (NASDAQ: PNNT) today announces financial results for its first fiscal quarter ended December 31, 2008.

HIGHLIGHTS

Quarter Ended December 31, 2008

(\$ in millions, except per share amounts)

Investment portfolio	\$ 328.8
Net assets	\$ 215.7
Net asset value per share	\$ 10.24

Credit Facility (cost \$157.4)	\$ 109.9
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Investment portfolio composition and yield:

Subordinated debt, second lien secured debt, senior secured debt and equity (core)	\$ 282.0
Senior secured debt (non-core)	\$ 46.8
Weighted average yield on debt	10.4%
Weighted average yield on core investments	11.9%
Weighted average yield on non-core investments	4.3%

Operating Results:

Net investment income	\$ 5.8
Net investment income per share	\$ 0.27
Distributions declared per share	\$ 0.24

Portfolio Activity:

Purchase of long term investments	\$ 0.8
Sales and repayments of long term investments	\$ 2.3
Number of new portfolio companies invested	-
Number of existing portfolio companies invested	2
Number of portfolio companies at end of period	36

CONFERENCE CALL AT 10:00 A.M. ET ON FEBRUARY 5, 2009

The Company will host a conference call at 10:00 a.m. (Eastern Time) on Thursday, February 5, 2009 to discuss the quarterly results. All interested parties are welcome to participate. You can access the conference call by dialing (877) 723-9509 approximately 5-10 minutes prior to the call. International callers should dial (719) 325-4769. All callers should reference PennantPark Investment Corporation. An archived replay of the call will be available through February 19, 2009 by calling (888) 203-1112. International callers please dial (719) 457-0820. For all replays, please reference conference ID #6451210.

PORTFOLIO AND INVESTMENT ACTIVITY

As of December 31, 2008, our portfolio totaled \$328.8 million and consisted of \$151.3 million of subordinated debt, \$96.6 million of second lien secured debt, \$9.3 million of preferred equity, \$11.4 million of common equity and \$60.2 million of senior secured loans. This compares to our portfolio as of September 30, 2008, which totaled \$372.1 million and consisted of \$166.2 million of subordinated debt, \$104.2 million of second lien secured debt, \$9.3 million of preferred equity, \$13.6 million of common equity and \$78.8 million of senior secured loans.

Our core assets totaled \$282.0 million and consisted of investments in nineteen different companies with an average investment size of \$14.8 million per company and a weighted average yield of 11.9% on debt investments as of December 31, 2008. This compares to our core assets as of September 30, 2008, which totaled \$305.5 million and consisted of investments in nineteen different companies with an average investment size of \$16.1 million per company and a weighted average yield of 12.5% on debt investments.

As of December 31, 2008, our non-core senior secured loan portfolio totaled \$46.8 million and consisted of eighteen different companies (including one company also in our core portfolio) with an average investment size of \$2.6 million, and a weighted average yield of 4.3% on debt investments. This compares to our non-core assets as of September 30, 2008, which totaled \$66.6 million and consisted of nineteen different companies (including one company also in our core portfolio) with an average investment size of \$3.5 million, and a weighted average yield of 5.2% on debt investments.

Our overall portfolio consisted of thirty-six companies with an average investment size of \$9.1 million and a weighted average yield on debt investments of 10.4%, and was invested 46% in subordinated debt, 30% in second lien secured debt, 3% in preferred equity, 3% in common equity and 18% in senior secured loans as of December 31, 2008. This compares to our overall portfolio as of September 30, 2008, which consisted of thirty-seven companies with an average investment size of \$10.1 million and a weighted average yield on debt investments of 11.1%, and was invested 45% in subordinated debt, 28% in second lien secured debt, 2% in preferred equity, 4% in common equity and 21% in senior secured loans.

Due to the continued downturn in the leveraged finance credit markets, our portfolio had unrealized depreciation of \$42.4 million and \$16.1 million for the three months ended December 31, 2008 and December 31, 2007, respectively.

For the three months ended December 31, 2008, we invested approximately \$804,000 in two existing portfolio companies. Sales and repayments of long term investments totaled \$2.3 million for the same period. This compares to the three months ended December 31, 2007, when we invested \$71.0 million across three new and two existing portfolio companies. Sales and repayments of long term investments totaled \$4.3 million for the same period.

"We believe that we are well positioned to deal with the challenging market and economic environment," said Arthur Penn, Chairman and Chief Executive Officer. "Our underlying portfolio companies generally have strong interest coverage that is paid to us as interest income and covers our dividend. We have substantial liquidity to make new investments in this opportunistic environment to generate more cash flow, to grow income, and cushion for potential defaults. All of this should translate into a stable dividend stream and over time, growth in Net Asset Value."

RESULTS OF OPERATIONS

Set forth below are the results of operations for the three month periods ended December 31, 2008 and December 31, 2007.

Investment Income

Investment income for the three months ended December 31, 2008 and December 31, 2007, was \$12.1 million and \$9.0 million, respectively. Investment income for the three months ended December 31, 2008 was primarily attributed to \$5.0 million from senior secured loan investments; \$3.9 million from second lien secured debt investments; and \$2.5 million from subordinated debt investments. This compares to investment income for the three months ended December 31, 2007 which was primarily attributed to \$4.2 million from senior secured loan investments; \$2.8 million from second lien secured debt investments; and \$1.7 million from subordinated debt investments. The remaining investment income for the same periods was primarily attributed to interest income from short-term investments and to net accretion of discount and amortization of premium.

Net Expenses

Net expenses for the three months ended December 31, 2008 and December 31, 2007, totaled \$6.3 million and \$4.3 million, respectively. Of these totals, \$1.8 million and \$1.1 million were attributable to credit facility related expenses, and \$1.2 million and \$1.3 million to general and administrative expenses, respectively, for the same periods. Net base management fee totaled \$1.8 million and \$1.4 million, and performance-based incentive fee totaled \$1.5 million and approximately \$447,000, respectively, for the same periods.

Net Investment Income

Net investment income totaled \$5.8 million or \$0.27 per share, for the three month period ended December 31, 2008, and \$4.7 million or \$0.23 per share for the three month period ended December 31, 2007.

Net Realized Loss

Sales and repayments of long-term investments for the three month period ended December 31, 2008 totaled \$2.3 million and realized losses totaled approximately \$887,000 due to sale of a senior secured loan. Sales and repayments of long-term investments totaled \$4.3 million, and net realized losses totaled approximately \$211,000 for the three month period ended December 31, 2007.

Net Unrealized Depreciation on Investments, cash equivalents and credit facility

On December 31, 2008 and September 30, 2008, net unrealized depreciation on investments and cash equivalents totaled \$114.4 million and \$72.0 million, respectively, primarily due to the continued downturn in the leveraged finance credit markets. For the period ending December 31, 2008, unrealized appreciation on credit facility was \$5.7 million.

Net Decrease in Net Assets from Operations

Net decrease in net assets resulting from operations totaled \$31.8 million, or \$1.51 per share, for the three month period ended December 31, 2008, primarily due to the overall decline in market values for investments in our portfolio offset to some extent by the decline in market value of our credit facility. Net decrease in net assets resulting from operations totaled \$11.5 million or \$0.54 per share for the three month period ended December 31, 2007.

LIQUIDITY AND CAPITAL RESOURCES

The Company's liquidity and capital resources are generated primarily through its senior secured, multi-currency, \$300 million, five-year revolving credit facility maturing in June 2012 as well as from cash flows from operations, investment sales and prepayments, and income earned from investments and cash equivalents. On December 31, 2008, the Company had \$157.4 million in borrowings outstanding with a fair market value under GAAP of \$109.9 million. Our operating activities resulted in a net cash inflow of \$10.0 million and a net cash outflow \$253.0 million, respectively, for the three month periods ended December 31, 2008 and December 31, 2007. Our financing activities resulted in a net outflow of cash of \$49.7 million and a net cash inflow \$76.9 million, respectively, for the same periods, primarily from net repayments and borrowings under our credit facilities.

RETAINED EARNINGS

We adopted SFAS 159 on October 1, 2008 and have made an irrevocable election to apply the fair value option to our credit facility. The fair value option was elected to align the measurement attributes of both assets and liabilities while mitigating volatility in earnings from using different measurement attributes. Upon our adoption, our Net Asset Value increased \$41.8 million, or \$1.99 per share, due to the fair market value adjustment related to our credit facility.

DISTRIBUTIONS

Distributions declared to stockholders for the three month periods ended December 31, 2008 and December 31, 2007 totaled \$5.1 million or \$0.24 per share, and \$4.6 million or \$0.22 per share, respectively. Tax characteristics of all dividends will be reported to stockholders on form 1099-DIV after the end of the calendar year.

PENNANTPARK INVESTMENT CORPORATION STATEMENTS OF ASSETS AND LIABILITIES

	December 31, 2008 (unaudited)	September 30, 2008
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Assets		
Investments at fair value		
Non-controlled, non-affiliated investments, at fair value (cost--\$426,340,080 and \$427,481,745, respectively)	\$ 312,457,194	\$ 354,261,950
Non-controlled, affiliated investments, at fair value (cost--\$16,855,758 and \$16,692,261, respectively)	16,356,181	17,885,870
	-----	-----
Investments at fair value	328,813,375	372,147,820
Cash equivalents (cost--\$601,540 and \$40,249,201, respectively)	601,540	40,249,201
Interest receivable	5,830,272	6,046,199
Prepaid expenses and other assets	1,237,105	1,367,479
	-----	-----
Total assets	336,482,292	419,810,699
	=====	=====
Liabilities		
Distributions payable	5,056,505	5,056,505
Unfunded investments	278,533	-
Credit facility payable (fair value - \$109,885,306 and \$160,204,000, respectively), (cost--\$157,400,000 and \$202,000,000, respectively)	109,885,306	202,000,000
Interest payable	805,359	725,317
Management fees payable	1,820,188	85,896
Performance-based incentive fee payable	1,441,982	123,033
Accrued other expenses	1,483,388	1,091,688
	-----	-----
Total liabilities	120,771,261	209,082,439
	=====	=====
Net Assets		
Common stock, par value \$0.001 per share, 100,000,000 shares authorized and 21,068,772 shares issued and outstanding	21,069	21,069
Paid-in capital in excess of par	294,586,604	294,586,604
Undistributed (distributions in excess of) net investment income	108,764	(602,660)
Retained Earnings - Cumulative effect of adoption of fair value option (credit facility)	41,796,000	-
Accumulated net realized loss	(12,137,637)	(11,250,567)
Net unrealized depreciation on investments	(114,382,463)	(72,026,186)
Net unrealized appreciation on credit facility	5,718,694	-
	-----	-----
Total net assets	\$ 215,711,031	\$ 210,728,260
	-----	-----
Total liabilities and net assets	\$ 336,482,292	\$ 419,810,699
	-----	-----
Net asset value per share	\$ 10.24	\$ 10.00
	=====	=====

PENNANTPARK INVESTMENT CORPORATION
STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended	
	December 31, 2008	December 31, 2007
Investment income:		
From non-controlled, non-affiliated investments:		
Interest	\$ 11,359,547	\$ 8,599,915
Dividends	236,706	-
Other	115,757	19,972
From non-controlled, affiliated investments:		
Interest	364,499	383,721
Total investment income	12,076,509	9,003,608
Expenses:		
Base management fee	1,820,188	1,640,365
Performance-based incentive fee	1,441,982	447,382
Interest and other credit facility expenses	1,837,220	1,097,107
Administrative services expenses	620,402	663,690
Other general and administrative expenses	588,788	628,232
Expenses before base management fee waiver	6,308,580	4,476,776
Base management fee waiver	-	(205,047)
Net expenses	6,308,580	4,271,729
Net investment income	5,767,929	4,731,879
Realized and unrealized gain (loss) on investments, cash equivalents and credit facility:		
Net realized loss on investments and cash equivalents	(887,070)	(210,891)
Net change in unrealized appreciation (depreciation) on:		
Non-controlled, non-affiliated investments and cash equivalents	(40,663,091)	(15,801,986)
Non-controlled, affiliated investments	(1,693,186)	(255,658)
Credit facility	5,718,694	-
Net change in unrealized appreciation (depreciation)	(36,637,583)	(16,057,644)
Net realized and unrealized loss from investments, cash equivalents, and credit facility	(37,524,653)	(16,268,535)
Net decrease in net assets resulting from operations	\$ (31,756,724)	\$ (11,536,656)
Loss per common share	\$ (1.51)	\$ (0.54)

ABOUT PENNANTPARK INVESTMENT CORPORATION

PennantPark Investment Corporation is a business development company which principally invests in U.S. middle-market private companies in the form of mezzanine debt, senior secured loans and equity investments. From time to time, we may also invest in public companies whose securities are thinly traded. PennantPark Investment Corporation is managed by PennantPark Investment Advisers, LLC.

FORWARD-LOOKING STATEMENTS

This press release may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts included in this press release are forward-looking statements and are not guarantees of future performance or results and involve a number of risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of a number of factors, including those described from time to time in filings with the Securities and Exchange Commission. The Company undertakes no duty to update any forward-looking statement made herein. All forward-looking statements speak only as of the date of this press release.

We may use words such as "anticipates," "believes," "expects," "intends," "will," "should," "may" and similar expressions to identify forward-looking statements. Such statements are based on currently available operating, financial and competitive information and are subject to various risks and uncertainties that could cause actual results to differ materially from our historical experience and our present expectations. Undue reliance should not be placed on such forward-looking statements as such statements speak only as of the date on which they are made. We do not undertake to update our forward-looking statements unless required by law.

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