

OFS Capital Corp
Form 10-Q
August 07, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

For the quarterly period ended June 30, 2015

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934**

COMMISSION FILE NUMBER: 814-00813

OFS CAPITAL CORPORATION

(Exact name of registrant as specified in its charter)

Delaware **46-1339639**
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

10 S. Wacker Drive, Suite 2500

Chicago, Illinois 60606

(Address of principal executive office)

(847) 734-2060

(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 (or for such shorter period that the registrant was required to file such reports), 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 (§232.405 of this chapter) 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, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer (do not check if a smaller reporting company) 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 issuer's Common Stock, \$0.01 par value, outstanding as of August 4, 2015 was 9,675,774.

OFS CAPITAL CORPORATION

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PART I. FINANCIAL INFORMATION**Item 1. Unaudited Financial Statements****OFS Capital Corporation and Subsidiaries****Consolidated Balance Sheets (unaudited)****(Dollar amounts in thousands, except per share data)**

	June 30, 2015	December 31, 2014
Assets		
Investments, at fair value		
Non-control/non-affiliate investments (cost of \$188,680 and \$258,004, respectively)	\$ 187,195	\$ 254,666
Affiliate investments (cost of \$64,929 and \$55,569, respectively)	68,771	57,568
Total investments at fair value	255,966	312,234
Cash and cash equivalents	35,568	12,447
Interest receivable	845	676
Receivable from investment sold	-	7,223
Prepaid expenses and other assets	420	556
Intangible asset, net of accumulated amortization of \$307 and \$209, respectively	2,193	2,291
Goodwill	1,077	1,077
Deferred financing closing costs, net of accumulated amortization of \$219 and \$2,540, respectively	3,611	4,972
Total assets	\$ 299,680	\$ 341,476
Liabilities		
Accrued professional fees	\$ 435	\$ 462
Interest payable	1,280	1,315
Management and incentive fees payable	1,507	1,229
Administration fee payable	326	273
Payable for investment purchased	3,960	-
Other payables	240	247
Deferred loan fee revenue	212	572
SBA debentures payable	149,880	127,295
Revolving line of credit	-	72,612
Total liabilities	157,840	204,005

Commitments and Contingencies (Note 7)

Net Assets

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Preferred stock, par value of \$0.01 per share, 2,000,000 shares authorized, 0 shares issued and outstanding as of June 30, 2015 and December 31, 2014	-	-
Common stock, par value of \$0.01 per share, 100,000,000 shares authorized, 9,675,774 and 9,650,834 shares issued and outstanding as of June 30, 2015 and December 31, 2014, respectively	97	97
Paid-in capital in excess of par	143,683	143,381
Distributions in excess of net investment income	(8,859)	(7,844)
Accumulated net realized gain (loss)	3,454	(844)
Net unrealized appreciation on investments	3,465	2,681
Total net assets	141,840	137,471
Total liabilities and net assets	\$299,680	\$ 341,476
Number of shares outstanding	9,675,774	9,650,834
Net asset value per share	\$14.66	\$ 14.24

See Notes to Unaudited Consolidated Financial Statements.

OFS Capital Corporation and Subsidiaries**Consolidated Statements of Operations (unaudited)****(Dollar amounts in thousands, except per share data)**

	Three Months Ended June		Six Months Ended June	
	30,		30,	
	2015	2014	2015	2014
Investment income				
Interest income				
Non-control/non-affiliate investments	\$ 6,117	\$ 3,524	\$ 11,932	\$ 7,310
Affiliate investments	1,411	792	2,754	1,619
Control investment	-	264	-	566
Total interest income	7,528	4,580	14,686	9,495
Dividend and fee income				
Non-control/non-affiliate investments	101	-	286	8
Affiliate investments	453	53	731	117
Control investment	-	25	-	50
Total dividend and fee income	554	78	1,017	175
Total investment income	8,082	4,658	15,703	9,670
Expenses				
Interest expense	1,323	997	2,553	1,988
Amortization and write-off of deferred financing closing costs (see Note 8)	1,361	152	1,908	302
Amortization of intangible asset	49	49	98	112
Management fees	1,426	534	2,981	1,798
Incentive fee	231	-	606	-
Professional fees	280	276	595	730
Administration fee	326	285	867	760
General and administrative expenses	334	266	594	481
Total expenses	5,330	2,559	10,202	6,171
Net investment income	2,752	2,099	5,501	3,499
Net realized and unrealized gain (loss) on investments				
Net realized gain on non-control/non-affiliate investments	2,788	-	2,878	-
Net realized gain on affiliate investments	1,471	28	1,471	28

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Net change in unrealized appreciation/depreciation on non-control/non-affiliate investments	(705)	(1,247)	(1,058)	(321)
Net change in unrealized appreciation/depreciation on affiliate investments	1,096	108	1,842	627
Net change in unrealized depreciation on control investment	-	(431)	-	(1,225)
Net realized and unrealized gain (loss) on investments	4,650	(1,542)	5,133	(891)
Net increase in net assets resulting from operations	\$ 7,402	\$ 557	\$ 10,634	\$ 2,608
Net investment income per common share - basic and diluted	\$ 0.28	\$ 0.22	\$ 0.57	\$ 0.36
Net increase in net assets resulting from operations per common share - basic and diluted	\$ 0.77	\$ 0.06	\$ 1.10	\$ 0.27
Dividends and distributions declared per common share	\$ 0.34	\$ 0.34	\$ 0.68	\$ 0.68
Basic and diluted weighted average shares outstanding	9,663,081	9,632,491	9,657,058	9,631,826

See Notes to Unaudited Consolidated Financial Statements.

OFS Capital Corporation and Subsidiaries

Consolidated Statements of Changes in Net Assets (unaudited)
(Dollar amounts in thousands)

	Common Stock Shares	Par	Paid-in Capital in Excess of Par	Distributions in Excess of Net Investment Income	Accumulated Net Realized Gain (Loss)	Net Unrealized Appreciaton (Depreciation) on Investments	Total Net Assets
Balance at January 1, 2014	9,629,797	\$96	\$ 143,126	\$ (4,103)	\$ 2,742	\$ (1,483)	\$ 140,378
Net increase in net assets resulting from operations	-	-	-	3,499	28	(919)	2,608
Stock issued in connection with dividend reinvestment plan	6,123	-	79	-	-	-	79
Dividends and distributions (1)	-	-	-	(6,521)	(28)	-	(6,549)
Balance at June 30, 2014	9,635,920	\$96	\$ 143,205	\$ (7,125)	\$ 2,742	\$ (2,402)	\$ 136,516
Balance at January 1, 2015	9,650,834	\$97	\$ 143,381	\$ (7,844)	\$ (844)	\$ 2,681	\$ 137,471
Net increase in net assets resulting from operations	-	-	-	5,501	4,349	784	10,634
Stock issued in connection with dividend reinvestment plan	24,940	-	302	-	-	-	302
Dividends and distributions (1)	-	-	-	(6,516)	(51)	-	(6,567)
Balance at June 30, 2015	9,675,774	\$97	\$ 143,683	\$ (8,859)	\$ 3,454	\$ 3,465	\$ 141,840

If the tax characteristics of these distributions were determined as of June 30, 2015 and 2014, the Company estimated that approximately 78% and 22% of the distributions would have represented ordinary income and return (1) of capital, respectively, as of June 30, 2015, and approximately 55% and 45% would have represented ordinary income and return of capital, respectively, as of June 30, 2014. See Note 10 - Financial Highlights for detailed disclosure of the tax characteristics of these distributions.

See Notes to Unaudited Consolidated Financial Statements.

OFS Capital Corporation and Subsidiaries**Consolidated Statements of Cash Flows (unaudited)****(Dollar amounts in thousands)**

	Six Months Ended June	
	30,	2014
	2015	2014
Cash Flows From Operating Activities		
Net increase in net assets resulting from operations	\$ 10,634	\$ 2,608
Adjustments to reconcile net increase in net assets resulting from operations to net cash provided by operating activities:		
Amortization and write-off of deferred financing closing costs	1,908	302
Amortization of discounts and premiums	(602)	(510)
Amortization of deferred loan fee revenue	(418)	(96)
Amortization of intangible assets	98	112
Cash collection of deferred loan fee revenue	36	267
Payment-in-kind interest and dividend income	(1,229)	(238)
Reversal of payment-in-kind interest income on non-accrual loans	-	32
Net realized gain on non-control/non-affiliate investments	(2,878)	-
Net realized gain on affiliate investments	(1,471)	(28)
Net change in unrealized appreciation/depreciation on non-control/non-affiliate investments	1,058	321
Net change in unrealized appreciation/depreciation on affiliate investments	(1,842)	(627)
Net change in unrealized depreciation on control investment	-	1,225
Purchase of portfolio investments	(45,886)	(25,636)
Proceeds from principal payments on portfolio investments	31,237	29,663
Proceeds from sale of portfolio investments	89,072	7,493
Cash distribution received from equity investment	51	11
Changes in operating assets and liabilities:		
Interest receivable	(177)	3
Prepaid expenses and other assets	127	36
Accrued professional fees	(27)	(156)
Due to/from affiliated entities, net	-	218
Interest payable	(36)	19
Management and incentive fees payable	278	512
Administration fee payable	53	480
Other payables	(21)	(127)
Net cash provided by operating activities	79,965	15,884
Cash Flows From Financing Activities		
Net repayment of advances from affiliated entities	-	(6)

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Cash dividends and distributions paid	(6,265)	(6,470)
Borrowings under the revolving line of credit	1,217	8,400
Repayments under the revolving line of credit	(73,829)	(24,966)
Draw down on SBA debentures	22,585	-
Change in other liabilities	-	50
Deferred financing closing costs paid	(548)	-
Deferred common stock offering costs paid	(4)	(68)
Net cash used in financing activities	(56,844)	(23,060)
Net increase (decrease) in cash and cash equivalents	23,121	(7,176)
Cash and cash equivalents — beginning of period	12,447	28,569
Cash and cash equivalents — end of period	\$ 35,568	\$ 21,393
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the period for interest	\$ 2,588	\$ 1,969
Supplemental Disclosure of Noncash Financing and Investing Activities:		
Dividends and distributions paid by issuance of common stock	302	79
Accrued deferred common stock offering costs	-	63

See Notes to Unaudited Consolidated Financial Statements.

OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments (unaudited)

June 30, 2015

(Dollar amounts in thousands)

Industry Name of Portfolio Company	Investment Type	Interest Rate (1)	Spread Above Index (1)	Maturity	Principal Amount	Cost	Fair Value
<u>Non-control/Non-affiliate Investments</u>							
Aerospace & Defense							
Aero-Metric, Inc.	Senior Secured Term Loan	6.75% cash / 2.0% PIK	(L +7.50%)	8/27/17	\$2,620 2,620	\$2,603 2,603	\$2,565 2,565
Banking, Finance, Insurance & Real Estate							
Accurate Group Holdings, Inc.	Subordinated Loan	12.50%	N/A	8/23/18	10,000	10,061	10,100
H.D. Vest, Inc. (4)	Senior Secured Term Loan	9.25%	(L +8.25%)	3/17/21	6,000	5,943	6,033
MYI Acquiror Limited (4)	Senior Secured Term Loan A	5.75%	(L +4.50%)	5/28/19	4,850	4,832	4,789
Confie Seguros Holdings II Co.	Senior Secured Term Loan	10.25%	(L +9.00%)	5/8/19	4,000	3,960	3,960
					24,850	24,796	24,880
Capital Equipment							
Elgin Fasteners Group	Senior Secured Term Loan	6.00%	(L +4.75%)	8/26/16	4,616	4,584	4,550
Stancor, Inc.	Senior Secured Term Loan 1,250,000 Class A Units in SCT Holdings, LLC	8.75%	(L +8.00%)	8/19/19	13,500	13,402	13,340
						1,250	1,480
					13,500	14,652	14,820
					18,116	19,236	19,370
Chemicals, Plastics & Rubber							

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Actagro, LLC	Senior Secured Term Loan	5.50%	(L +4.25%)	12/30/16	3,161	3,148	3,119
Inhance Technologies Holdings LLC	Senior Secured Term Loan A	5.50%	(L +4.50%)	2/7/18	2,309	2,299	2,218
VanDeMark Chemical Inc.	Senior Secured Term Loan	6.50%	(L +5.25%)	11/30/17	2,612	2,587	2,589
					8,082	8,034	7,926
Construction & Building							
Nudo Products, Inc.	Subordinated Loan	12.00% cash / 2.5% PIK	N/A	1/29/20	11,182	11,099	11,400
					11,182	11,099	11,400
Consumer goods: Non-durable							
Phoenix Brands LLC	Senior Secured Term Loan A	9.25%	(L +7.75%)	1/31/16	1,189	1,186	1,089
					1,189	1,186	1,089
Healthcare & Pharmaceuticals							
HealthFusion, Inc.	Senior Secured Loan Common Stock Warrants (1,646,666 shares)	13.00%	N/A	10/7/18	5,750	5,694	5,865
						-	758
					5,750	5,694	6,623
Intrafusion Holding Corp. (8)	Senior Secured Term Loan B	12.94%	(L +9.00%)	6/13/18	8,500	8,513	8,500
Maverick Healthcare Equity, LLC	Preferred Equity (1,250,000 units) Class A Common Equity (1,250,000 units)					1,042	1,293
						-	-
						1,042	1,293
Physiotherapy Associates Holding, Inc.	Senior Secured Term Loan	9.50%	(L +8.50%)	6/4/22	1,000	990	990
Community Intervention Services, Inc. (f/k/a South Bay Mental Health Center, Inc.)	Subordinated Loan	12.0% cash / 2.5% PIK	N/A	10/12/17	3,069	3,069	3,062
Strata Pathology Services, Inc. (5)	Senior Secured Term Loan	11.75%	(P +8.50%)	6/30/16	4,037	3,988	468
United Biologics Holdings, LLC	Subordinated Loan Class A-1 Units (2,686 units) and Kicker Units (2,015 units) Class A-1 Warrants (2,272 units) and Kicker Warrants (1,704 units)	12.0% cash / 2.0% PIK	N/A	3/5/17	4,062	4,019	3,937
						9	20
						8	17

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	Class A Warrants (10,160 units)					67	52	
	Class B Warrants (15,238 units)					7	-	
					4,062	4,110	4,026	
					26,418	27,406	24,96	
High Tech Industries								
B+B SmartWorx Inc. (f/k/a B&B Electronics Manufacturing Company)	Senior Secured Term Loan A	6.50%	(L +5.00%)	3/31/16	2,348	2,348	2,302	
					2,348	2,348	2,302	

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OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments (unaudited) - Continued

June 30, 2015

(Dollar amounts in thousands)

Industry Name of Portfolio Company	Investment Type	Interest Rate (1)	Spread Above Index (1)	Maturity	Principal Amount	Cost	Fair Value
<u>Non-control/Non-affiliate Investments - Continued</u>							
Media: Advertising, Printing & Publishing							
Jobson Healthcare Information, LLC	Senior Secured Term Loan Warrants (1,056,428 member units)	10.13% cash / 2.795% PIK	(L +8.13%)	7/21/19	14,773	14,443	14,152
						454	422
					14,773	14,897	14,574
Media: Diversified & Production							
A.C.T. Lighting, Inc.	Subordinated Loan	12.00% cash / 2.0% PIK	N/A	7/24/19	3,538	3,520	3,602
					3,538	3,520	3,602
Metals & Mining							
All Metals Holding, LLC	Senior Secured Term Loan Common Equity (2.75% member interest)	10.50%	N/A	12/31/19	14,000	13,786	14,040
						97	219
					14,000	13,883	14,260
Services: Business							
BCC Software, LLC	Senior Secured Revolver Senior Secured Term Loan	N/A	(L +8.00%)	6/20/19	-	(13)	(12)
					6,660	6,581	6,588
					6,660	6,568	6,576

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Caddie Master Enterprises, Inc.	Senior Secured Term Loan	10.00%	(L +9.00%)	12/31/20	10,421	9,825	9,848
	Common Stock Warrants (78.97 shares)					550	551
					10,421	10,375	10,399
C7 Data Centers, Inc. (9)	Senior Secured Term Loan	13.45%	(L +8.50%)	6/22/20	11,850	11,825	11,825
Community Investors, Inc. (6)	Senior Secured Term Loan	11.77%	(L +7.25%)	9/30/19	8,500	8,428	8,580
	Subordinated Loan	10.00%	N/A	3/20/20	44	44	44
	Common Stock (560 shares)					1	1
	Preferred Stock A (59,258 shares)					63	188
	Preferred Stock A-1 (27,737 shares)					69	88
					8,544	8,605	8,901
Riveron Consulting, LLC	Subordinated Loan	13.25%	N/A	3/25/20	10,000	9,905	9,868
					47,475	47,278	47,565
Services: Consumer							
smarTours, LLC	Senior Secured Loan	9.25%	N/A	10/11/18	2,979	2,937	2,984
	Preferred Equity A (500,000 units)					439	697
					2,979	3,376	3,681
Southern Technical Institute, LLC	Subordinated Loan	10.75%	(L +9.75%)	12/2/20	5,000	4,977	4,993
					7,979	8,353	8,674
Telecommunications							
NHR Holdings, LLC	Senior Secured Term Loan A	5.50%	(L +4.25%)	11/30/18	2,024	2,007	1,987
	Senior Secured Term Loan B	5.50%	(L +4.25%)	11/30/18	2,052	2,034	2,015
					4,076	4,041	4,002
Total Non-control/Non-affiliate Investments					186,646	188,680	187,199

OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments (unaudited) - Continued

June 30, 2015

(Dollar amounts in thousands)

Industry Name of Portfolio Company	Investment Type	Interest Rate (1)	Spread Above Index (1)	Maturity	Principal Amount	Cost	Fair Value
<u>Affiliate Investments</u>							
Aerospace & Defense							
Malabar International	Subordinated Loan	12.5% cash / 2.5% PIK	N/A	5/21/17	7,356	7,406	7,503
	Preferred Stock (1,644 shares)					4,283	5,327
					7,356	11,689	12,830
Capital Equipment							
TRS Services, LLC	Senior Secured Term Loan	9.50%	(L +8.50%)	12/10/19	10,421	10,340	10,303
	Delayed Draw Senior Secured Term Loan	9.50%	(L +8.50%)	12/10/19	745	741	737
	3,000,000 Class A Units in IGT Holdings, LLC					2,617	2,542
	3,000,000 Common Units in IGT Holdings, LLC					572	521
					11,166	14,270	14,103
Consumer goods: Non-durable							
Master Cutlery, LLC	Senior Secured Term Loan	13.00%	N/A	4/17/20	4,801	4,772	4,830
	3,723 Preferred Equity A units in MC Parent, LLC.				-	3,722	3,005
	156 Common Equity units in MC Parent, LLC.				-	-	645

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					4,801	8,494	8,480
Healthcare & Pharmaceuticals							
Pfanstiehl Holdings, Inc.	Subordinated Loan	13.50%	N/A	9/29/18	3,788	3,862	3,826
	Class A Common Equity (400 shares)					217	1,715
					3,788	4,079	5,541
Services: Business							
Contract Datascan Holdings, Inc. (7)	Senior Secured Term Loan	10.50%	(L +9.50%)	12/17/18	9,265	9,201	9,280
	Preferred Equity A (2,463 shares)					2,527	2,806
	Preferred Equity B (382 shares)					506	487
	Common Equity (9,069 shares)					-	231
					9,265	12,234	12,804
NeoSystems Corp.	Subordinated Loan	10.5% cash / 2.25% PIK	N/A	8/13/19	4,591	4,554	4,630
	Convertible Preferred Stock (521,962 shares)					1,082	1,877
					4,591	5,636	6,507
Sentry Centers Holdings, LLC	Senior Secured Loan	14.00%	N/A	5/29/20	6,105	6,001	6,001
Tangible Software, Inc.	Senior Secured Loan	4%	N/A	6/17/16	2,639	2,526	2,505
	Common Equity (1,285,854 shares)					-	-
					2,639	2,526	2,505
					22,600	26,397	27,817
Total Affiliate Investments					49,711	64,929	68,771
Total Investments					236,357	253,609	255,900

OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments (unaudited) - Continued

June 30, 2015

(Dollar amounts in thousands)

Name of Portfolio Company	Investment Type	Principal Amount	Cost	Fair Value	Percent of Net Assets
Money Market					
US Bank Money Market Deposit Account	Money Market	N/A	34,838 (3)	34,838 (3)	24.6
Total Money Market			34,838	34,838	24.6
Total Investments and Money Market (United States)		\$236,357	\$288,447	\$290,804	205.2 %

The majority of the investments bear interest at a rate that may be determined by reference to LIBOR (L) or Prime (P) and which is reset daily, quarterly or semi-annually. For each investment, the Company has provided the spread over LIBOR and current interest rate in effect at June 30, 2015. Certain investments are subject to a LIBOR or Prime interest rate floor.

- (1) The negative fair value is the result of the unfunded commitment being valued below par.
- (2) Included in cash and cash equivalents on the consolidated balance sheets.
- (3) Indicates assets that the Company deems not "qualifying assets" under Section 55(a) of the Investment Company Act of 1940, as amended. Qualifying assets must represent at least 70% of the Company's total assets at the time of acquisition of any additional non-qualifying assets.
- (4) Non-accrual loan.
- (5) SBIC I LP has entered into a contractual arrangement whereby, subject to certain conditions being satisfied, it has agreed, with respect to the Senior Secured Term Loan, to receive its payment after the repayment of certain lenders pursuant to a payment waterfall. With respect to Community Investors, Inc., the all-in interest rate of 11.77% at June 30, 2015 included an interest rate of 3.52% per annum as specified under the contractual arrangement SBIC I LP entered into with the co-lenders in connection with the credit agreement.
- (6) SBIC I LP has entered into a contractual arrangement whereby, subject to certain conditions being satisfied, it has agreed, with respect to the Senior Secured Term Loan B, to receive its payment after the repayment of certain lenders pursuant to a payment waterfall.
- (7) SBIC I LP has entered into a contractual arrangement whereby, subject to certain conditions being satisfied, it has agreed, with respect to the Senior Secured Term Loan B, to receive its payment after the repayment of certain

lenders pursuant to a payment waterfall. With respect to Intrafusion Holding Corp., the all-in interest rate of 12.94% at June 30, 2015 included an interest rate of 2.44% per annum as specified under the contractual arrangement SBIC I LP entered into with the co-lenders in connection with the credit agreement.

SBIC I LP has entered into a contractual arrangement whereby, subject to certain conditions being satisfied, it has agreed, with respect to the Senior Secured Tem Loan, to receive its payment after the repayment of certain lenders (9) pursuant to a payment waterfall. With respect to C7 Data Centers, Inc., the all-in interest rate of 13.45% at June 30, 2015 included an interest rate of 3.95% per annum as specified under the contractual arrangement SBIC I LP entered into with the co-lenders in connection with the credit agreement.

See Notes to Unaudited Consolidated Financial Statements.

OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments

December 31, 2014

(Dollar amounts in thousands)

Industry			Spread Above		Principal	
Name of Portfolio Company	Investment Type	Interest Rate (1)	Index (1)	Maturity	Amount	Cost
<u>Non-control/Non-affiliate Investments</u>						
Aerospace & Defense						
Aero-Metric, Inc.	Senior Secured Term Loan	8.75%	(L +7.50%)	8/27/17	\$2,644	\$2,644
Whitcraft LLC	Senior Secured Term Loan	6.50%	(L +5.00%)	12/16/15	3,788	3,788
					6,432	6,432
Banking, Finance, Insurance & Real Estate						
Accurate Group Holdings, Inc. (4)	Subordinated Loan	12.50%	N/A	6/11/18	10,000	10,000
Captive Resources Midco LLC	Senior Secured Term Loan	6.50%	(L +5.00%)	1/2/19	4,804	4,788
CSI Financial Services, LLC (5)	Senior Secured Term Loan	7.00%	(L +5.75%)	12/12/18	3,207	3,188
MYI Acquiror Limited (5)	Senior Secured Term Loan A	5.75%	(L +4.50%)	5/28/19	4,875	4,875
Townsend Acquisition LLC	Senior Secured Term Loan	5.25%	(L +4.25%)	5/21/20	4,330	4,288
					27,216	27,216
Capital Equipment						
Dorner MFG, Corp.	Senior Secured Term Loan	5.75%	(L +4.50%)	6/15/17	3,062	3,062
Elgin Fasteners Group	Senior Secured Term Loan	6.00%	(L +4.75%)	8/26/16	4,679	4,679
Stancor, Inc. (4)	Senior Secured Term Loan	8.75%	(L +8.00%)	8/19/19	13,500	13,500
	1,250,000 Class A Units in SCT Holdings, LLC					1,250,000
					13,500	14,750
					21,241	22,500
Chemicals, Plastics & Rubber						
Actagro, LLC	Senior Secured Term Loan	5.50%	(L +4.25%)	12/30/16	3,201	3,188
	Senior Secured Term Loan	5.50%	(L +4.50%)	4/30/19	3,424	3,424

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Accella Holdings LLC (f/k/a Dash Materials LLC)						
ICM Products Inc	Senior Secured Term Loan	5.50%	(L +4.50%)	3/31/19	2,068	2,068
Inhance Technologies Holdings LLC	Senior Secured Term Loan A	5.50%	(L +4.50%)	2/7/18	2,371	2,371
KODA Distribution Group, Inc.	Senior Secured Term Loan A	6.00%	(L +5.00%)	4/9/18	3,835	3,835
VanDeMark Chemical Inc.	Senior Secured Term Loan	6.50%	(L +5.25%)	11/30/17	2,681	2,681
					17,580	17,580
Construction & Building						
Jameson LLC	Senior Secured Term Loan	7.50%	(L +5.50%)	1/31/17	1,529	1,529
Nudo Products, Inc. (4)	Subordinated Loan	12.00% cash / 1.75% PIK	N/A	1/29/20	11,045	11,045
					12,574	12,574
Consumer goods: Non-durable						
Phoenix Brands LLC	Senior Secured Term Loan A	7.25%	(L +5.75%)	1/31/16	1,319	1,319
					1,319	1,319
Containers, Packaging & Glass						
Mold-Rite Plastics, LLC	Senior Secured Term Loan	5.50%	(L +4.25%)	6/30/16	4,009	4,009
					4,009	4,009
Energy: Oil & Gas						
ANS Distributing, INC.	Senior Secured Term Loan	8.00%	(L +6.50%)	11/1/17	2,810	2,810
					2,810	2,810
Environmental Industries						
Apex Companies, LLC.	Senior Secured Term Loan	5.50%	(L +4.50%)	3/28/19	3,714	3,714
JWC Environmental, LLC.	Senior Secured Term Loan	6.00%	(L +4.50%)	8/3/16	3,863	3,863
					7,577	7,577

OFS Capital Corporation and Subsidiaries

Consolidated Schedule of Investments - Continued

December 31, 2014

(Dollar amounts in thousands)

Industry			Spread Above		Principal	
Name of Portfolio Company	Investment Type	Interest Rate (1)	Index (1)	Maturity	Amount	Cost
<u>Non-control/Non-affiliate Investments -Continued</u>						
Healthcare & Pharmaceuticals						
Behavioral Health Group	Senior Secured Term Loan A	5.75%	(L +4.50%)	8/18/16	4,552	4,552
Elements Behavioral Health, Inc.	Senior Secured Term Loan A	5.75%	(L +4.75%)	2/12/19	4,694	4,694
HealthFusion, Inc. (4)	Senior Secured Loan Common Stock Warrants (1,646,666 shares)	13.00%	N/A	10/7/18	5,750	5,680
					-	-
					5,750	5,680
Hygenic Corporation	Senior Secured Term Loan	6.00%	(L +4.75%)	10/11/18	4,684	4,684
Intrafusion Holding Corp. (4)(10)	Senior Secured Term Loan B	13.58%	(L +9.00%)	6/13/18	2,000	2,000
Maverick Healthcare Equity, LLC (4)	Preferred Equity (1,250,000 units)					900
	Class A Common Equity					
Maverick Healthcare Equity, LLC (4)	(1,250,000 units)					-
Vention Medical, Inc. (f/k/a MedTech Group, Inc.)	Senior Secured Term Loan	6.25%	(L +5.25%)	12/31/18	4,575	4,575
South Bay Mental Health Center, Inc. (4)	Subordinated Loan	12.0% cash / 2.5% PIK	N/A	10/12/17	3,030	3,030
Strata Pathology Services, Inc. (6)	Senior Secured Term Loan	11.00%	(L +9.50%)	6/30/16	4,037	3,980
Studer Group LLC	Senior Secured Term Loan	6.00%	(L +4.75%)	7/31/18	3,448	3,448
United Biologics Holdings, LLC (4)	Subordinated Loan	12.0% cash / 2.0% PIK	N/A			