Firsthand Technology Value Fund, Inc.
Form 10-Q
August 09, 2013

U.S. 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 quarterly period of June 30, 2013 or

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

Commission File Number 333-168195

FIRSTHAND TECHNOLOGY VALUE FUND, INC.
(Exact Name of Registrant as Specified in Charter)

MARYLAND (State or Other Jurisdiction of Incorporation or Organization)	77-6100553 (I.R.S. Employer Identification No)
150 Almaden Boulevard, Suite 1250 San Jose, California (Address of Principal Executive Offices)	95113 (Zip Code)

Registrant’s Telephone Number, Including Area Code: (408) 886-7096

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. [X] 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 the definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

[ ]	Large Accelerated Filer	[X]	Accelerated Filer
[ ]	Non-accelerated Filer	[ ]	Smaller Reporting Company

(Do not check if 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 [X] No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	Outstanding at June 30, 2013
Common Stock, $0.001 par value per share	8,556,480

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PART I. FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

Firsthand Technology Value Fund, Inc.
Statements of Assets and Liabilities

	AS OF JUNE 30, 2013 (UNAUDITED)	AS OF DECEMBER 31, 2012
ASSETS		
Investment securities:		
Unaffiliated investments at acquisition cost	$ 67,585,707	$59,673,215
Affiliated investments at acquisition cost	16,530,990	14,544,002
Controlled investments at acquisition cost	6,000,000	6,000,000
Total acquisition cost	$ 90,116,697	$80,217,217
Unaffiliated investments at market value	$ 67,297,465	$42,858,398
Affiliated investments at market value	12,347,100	10,330,275
Controlled investments at market value	6,000,000	6,000,000
Total market value * (Note 6)	85,644,565	59,188,673
Cash**	126,769,478	136,827,597
Receivable for securities sold	—	1
Receivable from interest	1,404,300	1,017,214
Other assets	12,245	26,677
Total Assets	213,830,588	197,060,162
LIABILITIES		
Written options, at value (proceeds $549,891, $0, respectively)***	573,720	—
Payable to affiliates (Note 4)	1,031,777	990,968
Consulting fee payable	14,000	14,000
Offering cost payable	—	5,090
Accrued expenses and other payables	41,052	129,075
Total Liabilities	1,660,549	1,139,133
NET ASSETS	$ 212,170,039	$195,921,029
Net Assets consist of:		
Common Stock, par value $0.001 per share 100,000,000 shares authorized	$ 8,556	$8,556
Paid-in-capital	217,152,025	217,152,025
Accumulated net investment loss	(1,876,033)	—
Accumulated net realized gains/(losses) from security transactions	1,381,452	(183,638)
Net unrealized depreciation on investments, other assets, warrants transactions, and written options	(4,495,961)	(21,055,914)
NET ASSETS	$ 212,170,039	$195,921,029
Shares of Common Stock outstanding	8,556,480	8,556,480
Net asset value per share (Note 2)	$ 24.80	$22.90

* Includes warrants and purchased options whose primary risk exposure is equity contracts.

** Cash composed primarily of the Fidelity Institutional Money Market Treasury Portfolio which invests primarily in U.S. Treasury securities. The yield as of 6/30/13 was 0.01%. Please see https://fundresearch.fidelity.com/mutual-funds/summary/316175504 for additional information.

*** Primary risk exposure is equity contracts.

See accompanying notes to financial statements

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Firsthand Technology Value Fund, Inc.
Statements of Operations (Unaudited)

	FOR THE THREE MONTHS ENDED		FOR THE SIX MONTHS ENDED	
	JUNE 30, 2013	JUNE 30, 2012	JUNE 30, 2013	JUNE 30, 2012
INVESTMENT INCOME				
Unaffiliated interest	$22,170	$2,376	$25,566	$5,342
Affiliated interest	274,382	163,899	537,086	300,505
TOTAL INVESTMENT INCOME	296,552	166,275	562,652	305,847
EXPENSES				
Investment advisory fees (Note 4)	1,031,777	855,190	2,010,923	1,280,184
Administration and accounting fees	30,986	23,760	61,192	45,540
Custody fees	4,382	1,448	8,070	3,130
Transfer agent fees	7,178	11,903	13,842	19,060
Registration and filing fees	4,488	4,517	8,926	8,365
Professional fees	119,175	68,902	190,339	151,500
Printing fees	35,426	5,796	54,536	25,065
Director fees	30,000	14,083	45,000	22,139
Other fees	22,653	42,123	45,857	49,567
TOTAL EXPENSES	1,286,065	1,027,722	2,438,685	1,604,550
NET INVESTMENT LOSS	(989,513)	(861,447)	(1,876,033)	(1,298,703)
Net Realized and Unrealized Gain/(Loss) on Investments:				
Net realized gains (losses) from security transactions				
Non-affiliated and other assets	692	6,482	(39,503)	6,482
Net realized losses on foreign currency	–	(2)	–	(2)
Net realized gains from written option transactions (1)	386,962	–	1,604,593	–
Net change in unrealized appreciation (depreciation) on other assets	–	–	27,370	(12,493)
Net change in unrealized appreciation (depreciation) on investments and foreign currency	13,744,886	(10,008,493)	16,519,914	(7,064,032)
Net change in unrealized appreciation (depreciation) on warrants transactions (1)	51,613	(55,484)	36,498	(313,924)
Net change in unrealized appreciation on purchased options (1)	–	14,105	–	14,105
Net change in unrealized depreciation on written options (1)	(23,829)	–	(23,829)	–
Net Realized and Unrealized Gain (Loss) on Investments	14,160,324	(10,043,392)	18,125,043	(7,369,864)
Net Increase (Decrease) In Net Assets Resulting From Operations	$13,170,811	$(10,904,839)	$16,249,010	$(8,668,567)
	$1.54	$(1.54)	$1.90	$(1.65)

Net Increase (Decrease) In Net Assets Per
Share Resulting From Operations (2)

(1) Primary risk exposure is equity contracts.
(2) Per share results are calculated based on weighted average shares outstanding for each period.

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.
Statements of Cash Flows

	FOR THE SIX MONTHS ENDED JUNE 30, 2013 (UNAUDITED)	FOR THE SIX MONTHS ENDED JUNE 30, 2012 (UNAUDITED)
CASH FLOWS FROM OPERATING ACTIVITIES		
Net increase/(decrease) in Net Assets resulting from operations	$ 16,249,010	$ (8,668,567)
Adjustments to reconcile net decrease in Net Assets derived from operations to net cash used in operating activities:		
Purchases of investments	(9,912,491)	(29,261,037)
Investment in purchased options	—	(136,895)
Investment in written options	2,154,484	—
Proceeds from litigation claim	878	6,480
Decrease in receivable for investments sold	1	—
Increase in dividends, interest, and reclaims receivable	(387,086)	(300,504)
Decrease in segregated cash	—	4,640,000
Increase in payable to affiliates	40,809	422,316
Increase in payable for securities purchased	—	18,791
Net realized (gain)/loss from investments	39,503	(6,480)
Net realized gain from written options	(1,604,593)	—
(Increase)/decrease in other assets	14,432	(16,243)
Increase/(decrease) in offering costs payable	(5,090)	13,547
Decrease in accrued expenses and other payables	(88,023)	(147,950)
Net unrealized appreciation/(depreciation) from investments, other assets, warrants transactions, and written options	(16,559,953)	7,376,344
Net cash used in operating activities	(10,058,119)	(26,060,198)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares sold	—	127,482,805
Net cash provided by financing activities	—	127,482,805
Net change in cash	(10,058,119)	101,422,607
Cash - beginning of period	136,827,597	63,792,414
Cash - end of period	$ 126,769,478	$ 165,215,021

See accompanying notes to financial statements

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Firsthand Technology Value Fund, Inc.
Statements of Changes in Net Assets

	FOR THE SIX MONTHS ENDED JUNE 30, 2013 (UNAUDITED)	FOR THE YEAR ENDED DECEMBER 31, 2012
FROM OPERATIONS:		
Net investment loss	$ (1,876,033)	$ (3,309,139)
Net realized gains from security transactions, written and purchased options and foreign currency	1,565,090	1,072,729
Net change in unrealized appreciation (depreciation) on investments, other assets, warrants transactions, and written options	16,559,953	(12,952,841)
Net increase (decrease) in net assets from operations	16,249,010	(15,189,251)
FROM CAPITAL SHARE TRANSACTIONS:		
Issuance of common stock	—	127,482,805
Net increase in net assets from capital share transactions	—	127,482,805
TOTAL INCREASE IN NET ASSETS	16,249,010	112,293,554
NET ASSETS:		
Beginning of period	195,921,029	83,627,475
End of period	$ 212,170,039	$ 195,921,029
Accumulated Net Investment Loss	$ (1,876,033)	$ —
COMMON STOCK ACTIVITY:		
Shares issued	—	5,060,000
Net increase in shares outstanding	—	5,060,000
Shares outstanding, beginning of period	8,556,480	3,496,480
Shares outstanding, end of period	8,556,480	8,556,480

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.
Financial Highlights
Selected per share data and ratios for a share outstanding throughout each period

	FOR THE SIX MONTHS ENDED JUNE 30, 2013 (UNAUDITED)			FOR THE YEAR ENDED DECEMBER 31, 2012		FOR THE PERIOD ENDED DECEMBER 31, 2011 (1)		
Net asset value at beginning of period	$ 22.90			$ 23.92		$ 27.01		
Income from investment operations:								
Net investment loss	(0.22	)		(0.39	)	(0.41	)	
Net realized and unrealized gains (losses) on investments	2.12			(1.01	)	(2.68	)	
Total from investment operations	1.90			(1.40	)	(3.09	)	
Premiums from shares sold in offerings	-			0.38		-		
Net asset value at end of period	$ 24.80			$ 22.90		$ 23.92		
Market value at end of period	$ 19.86			$ 17.44		$ 14.33		
Total return								
Based on Net Asset Value	8.30	%	(A)	(4.26	)%	(11.44	)%	(A)
Based on Stock Price	13.88	%	(A)	21.70	%	(46.95	)%	(A)
Net assets at end of period (millions)	$ 212.2			$ 195.9		$ 83.63		
Ratio of total expenses to average net assets	2.44	%	(B)	2.56	%	2.76	%	(B)
Ratio of net investment loss to average net assets	(1.88	)%	(B)	(2.12	)%	(2.28	)%	(B)
Portfolio turnover rate	0	%	(A)	10	%	18	%	(A)

(1)For the period April 18, 2011 (inception) through December 31, 2011.
(A)Not Annualized.
(B)Annualized.

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.
Schedule of Investments
JUNE 30, 2013 (UNAUDITED)

PORTFOLIO COMPANY (% OF NET ASSETS)	INDUSTRY	TYPE OF INVESTMENT	SHARES/ PAR VALUE ($)	VALUE
FACEBOOK (7.0%)	Social Networking	Common Stock, Class A *	600,000	$14,916,000
GILT GROUPE (1.0%)	Internet	Common Stock* (1)	198,841	1,988,410
INNOVION CORP. (0.1%)	Services	Preferred Stock - Series A-1 *(1)	324,948	228,601
		Preferred Stock - Series A-2 *(1)	168,804	40,884
		Common Stock *(1)	1	0
				269,485
INTEVAC, INC. (1.5%)	Other Electronics	Common Stock *	545,156	3,085,583
PIVOTAL SYSTEMS (2.8%)	Semiconductor Equipment	Preferred Stock Warrants - Series A *(1)(2)	1,588,468	32,055
		Preferred Stock Warrants - Series A *(1)(2)	3,176,935	64,109
		Preferred Stock - Series A *(1)(2)	7,148,814	5,903,837
				6,000,001
QMAT, INC. (2.8%)	Advanced Materials	Preferred Stock Warrants - Series A *(1)(3)	2,000,000	437,181
		Preferred Stock - Series A *(1)(3)	6,000,000	5,562,819
				6,000,000
SILICON GENESIS CORPORATION (3.0%)	Intellectual Property	Preferred Stock -Series 1-C *(1)(2)	82,914	8
		Preferred Stock -Series 1-D *(1)(2)	850,830	0
		Preferred Stock -Series 1-E *(1)(2)	5,704,480	488,874
		Preferred Stock -Series 1-F *(1)(2)	912,453	108,217
		Common Stock *(1)(2)	921,892	0
		Preferred Stock Warrants - Series 1-E *(1)(2)	1,257,859	0
		Common Stock Warrants *(1)(2)	37,982	0
		Common Stock Warrants *(1)(2)	3,000,000	0
		Common Stock Warrants *(1)(2)	5,000,000	0
		Convertible Note (1)(2) Matures December 2014 Interest Rate 20%	500,000	500,000
		Convertible Note (1)(2) Matures December 2014 Interest Rate 20%	1,000,000	1,000,000
		Convertible Note (1)(2) Matures December 2014 Interest Rate 20%	1,250,000	1,250,000

	Term Note (1)(2) Matures December 2016 Interest Rate 10%	3,000,000	3,000,000
			6,347,099

See accompanying notes to financial statements

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Firsthand Technology Value Fund, Inc.
Schedule of Investments - continued
JUNE 30, 2013 (UNAUDITED)

PORTFOLIO COMPANY (% OF NET ASSETS)	INDUSTRY	TYPE OF INVESTMENT	SHARES		VALUE
SKYLINE SOLAR (0.0%)	Renewable Energy	Preferred Stock - Series C *(1)	793,651	$	0
SOLARCITY CORP. (7.6%)	Renewable Energy	Common Stock *(4)	426,300		16,101,351
SOLOPOWER, INC. (0.0%)	Renewable Energy	Preferred Stock - Series A *(1)	400,000		0
		Preferred Stock - Series B *(1)	100,205		0
		Preferred Stock - Series D *(1)	100,000		0
		Preferred Stock - Series E-1 *(1)	190,476		0
		Common Stock Warrants *(1)	400,000		0
					0
TAPAD, INC. (0.7%)	Advertising Technology	Preferred Stock - Series B-1 *(1)	140,024		1,499,993
TWITTER, INC. (10.9%)	Social Networking	Preferred Stock - Series B *(1)	194,000		4,435,558
		Common Stock *(1)	812,200		18,569,897
					23,005,455
UCT COATINGS (0.2%)	Advanced Materials	Common Stock *(1)	1,500,000		430,950
		Common Stock Warrants *(1)	136,986		192
		Common Stock Warrants *(1)	2,283		1
		Common Stock Warrants *(1)	33,001		46
					431,189
WRIGHTSPEED, INC. (2.8%)	Automotive	Preferred Stock - Series C *(1)	2,267,659		5,999,999
TOTAL INVESTMENTS (Cost $90,116,697) —40.4%					85,644,565
					126,525,474
NET ASSETS — 100.0%				$	212,170,039

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc.
Schedule of Investments - continued
JUNE 30, 2013 (UNAUDITED)

PORTFOLIO COMPANY (% OF NET ASSETS)	INDUSTRY	TYPE OF INVESTMENT	CONTRACTS	VALUE
WRITTEN OPTIONS (proceeds ($549,891))				
SOLARCITY CORP. (0.3)%	Renewable Energy	Written Call Options, Expiring July 20, 2013, Strike Price $39.00	(2,628)	$(394,200)
		Written Call Options, Expiring July 20, 2013, Strike Price $40.00	(1,632)	(179,520)
				$(573,720)

* Non-income producing security.
(1) Restricted security. Fair Value is determined by or under the direction of the Company’s Board of Directors (See note 3).
(2) Affiliated issuer.
(3) Controlled Investments
(4) Security held in connection with open written call options.

See accompanying notes to financial statements

Firsthand Technology Value Fund, Inc. (the “Company”)
Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED)

NOTE 1. THE COMPANY

Firsthand Technology Value Fund, Inc. (the “Company,” “us,” “our,” and “we”) is a Maryland corporation and an externally managed, non-diversified, closed-end management investment company that has elected to be treated as a business development company (“BDC”) under the Investment Company Act of 1940, as amended (the “1940 Act”). The Company acquired its initial portfolio of securities through the reorganization of Firsthand Technology Value Fund, a series of Firsthand Funds, into the Company. The reorganization was completed on April 15, 2011. The Company commenced operations on April 18th, 2011. Under normal circumstances, the Company will invest at least 80% of its net assets for investment purposes in technology companies, which are considered to be those companies that derive at least 50% of their revenues from products and/or services within the information technology sector or the “cleantech” sector. Information technology companies include, but are not limited to, those focused on computer hardware, software, telecommunications, networking, Internet, and consumer electronics. While there is no standard definition of cleantech, it is generally regarded as including goods and services designed to harness renewable energy and materials, eliminate emissions and waste, and reduce the use of natural resources. In addition, under normal circumstances we will invest at least 70% of our total assets in privately held companies and in public companies with market capitalizations of less than $250 million. Our portfolio is primarily composed of equity and equity derivative securities of technology and cleantech companies (as defined above). These investments generally range between $1 million and $10 million each, although the investment size will vary proportionately with the size of the Company’s capital base. The Company’s shares are listed on the NASDAQ Global Market under the symbol “SVVC.”

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of significant accounting policies followed in the preparation of the Company’s financial statements included in this report:

USE OF ESTIMATES. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (“GAAP”) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results could differ from those estimates.

PORTFOLIO INVESTMENT VALUATIONS. Investments are stated at “value” as defined in the 1940 Act and in the applicable regulations of the Securities and Exchange Commission and in accordance with GAAP. Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market value of those securities for which a market quotation is readily available and (ii) the fair value as determined in good faith by, or under the direction of, the board of directors for all other securities and assets. On June 30, 2013, our financial statements include venture capital investments valued at $51,541,631 The fair values of our venture capital investments were determined in good faith by, or under the direction of, the Board of Directors of the Company (the “Board” or the “Board of Directors”). Upon sale of these investments, the values that are ultimately realized may be different from what is presently estimated. The difference could be material. Also see Note 6 regarding the fair value of the Company’s investments.

CASH AND CASH EQUIVALENTS. The Company considers liquid assets deposited with a bank, investments in money market funds, and certain short-term debt instruments with maturities of three months or less to be cash equivalents. These investments represent amounts held with financial institutions that are readily accessible to pay our expenses or purchase investments. Cash and cash equivalents are valued at cost plus accrued interest, which approximates market value.

RESTRICTED SECURITIES. At June 30, 2013, we held $51,541,631 in restricted securities.

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

MILESTONE AND CONTINGENT PAYMENTS FROM SALE OF INVESTMENT. As indicated in Note 1, the Company acquired its initial portfolio through the reorganization of Firsthand Technology Value Fund, a series of Firsthand Funds, into the Company, which occurred on April 15, 2011. The assets transferred in the reorganization include a $40,231 contingent receivable originating from the sale of Solaicx, Inc. to MEMC Electronic Materials, Inc. for an initial cash payment plus possible future cash payments if certain milestone and contingent criteria are met. This milestone payment is valued based on an estimate. There can be no assurances as to how much of this amount we will ultimately realize or when it will be realized, if at all.

INCOME RECOGNITION. Dividend income is recorded on the ex-dividend date. Interest income is accrued as earned. Discounts and premiums on securities purchased are amortized over the lives of the respective securities. Other non-cash dividends are recognized as investment income at the fair value of the property received. When debt securities are determined to be non-income producing, the Company ceases accruing interest and writes off any previously accrued interest. These write-offs are recorded as a debit to interest income. During the quarter ended June 30, 2013, the Company earned $22,170 in interest on interest-bearing accounts. During the quarter ended June 30, 2013, the Company recorded $274,382 of bridge/term note interest.

SHARE VALUATION. The net asset value (“NAV”) per share of the Company is calculated by dividing the sum of the value of the securities held by the Company, plus cash or other assets, minus all liabilities (including estimated accrued expenses), by the total number of shares outstanding of the Company, rounded to the nearest cent.

REALIZED GAIN OR LOSS AND UNREALIZED APPRECIATION OR DEPRECIATION OF PORTFOLIO INVESTMENTS. A realized gain or loss is recognized when an investment is disposed of and is computed as the difference between the Company’s cost basis in the investment at the disposition date and the net proceeds received from such disposition. Unrealized appreciation or depreciation is computed as the difference between the fair value of the investment and the cost basis of such investment.

INCOME TAXES. As we intend to continue to qualify as a regulated investment company (“RIC”) under Subchapter M of the Internal Revenue Code of 1986, as amended (the “Code”), the Company does not provide for income taxes. The Company recognizes interest and penalties in income tax expense.

FOREIGN CURRENCY TRANSLATION. The accounting records of the Company are maintained in U.S. dollars. All assets and liabilities denominated in foreign currencies are translated into U.S. dollars based on the rate of exchange of such currencies against U.S. dollars on the date of valuation.

SECURITIES TRANSACTIONS. Securities transactions are accounted for on the date the transaction for the purchase or sale of the securities is entered into by the Company (i.e., trade date).

CONCENTRATION OF CREDIT RISK. The Company places its cash and cash equivalents with financial institutions, and, at times, cash held in checking accounts may exceed the Federal Deposit Insurance Corporation insured limit.

OPTIONS. The Company is subject to equity price risk in the normal course of pursuing its investment objectives and may enter into options written to hedge against changes in the value of equities. The Company may purchase put and call options to attempt to provide protection against adverse price effects from anticipated changes in prevailing prices of securities or stock indices. The Company may also write put and call options. When the Company writes an option, an amount equal to the premium received by the Company is recorded as a liability and is subsequently adjusted to the current fair value of the option written.

Premiums received from writing options that expire unexercised are treated by the Company on the expiration date as realized gains from investments. The difference between the premium and the amount paid on effecting a closing purchase transaction, including brokerage commissions, is also treated as a realized gain, or, if the premium is less than the amount paid for the closing purchase transaction, as a realized loss. If a call option is exercised, the premium is added to the proceeds from the sale of the underlying security or currency in determining whether the Company has realized a gain or loss. The Company as writer of an option bears the market risk of an unfavorable change in the price of the security underlying the written option.

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

The market value of the Company's purchased and written options as of June 30, 2013 can be found on the Schedule of Investments. The net realized gains/(loss) from purchased and written options and the net change in unrealized appreciation (depreciation) on purchased and written options for the quarter ended June 30, 2013 can be found on the Statement of Operations.

The number of option contracts written and the premiums received during the six months ended June 30, 2013 were as follows:

	CONTRACTS	PREMIUMS RECEIVED
Options outstanding, beginning of year	—	$—
Options written during period	56,520	$3,535,154
Options closed during period	(48,000)	$(2,760,641)
Options expired during period	(4,260)	$(224,621)
Options outstanding, end of period	4,260	$549,891

The average volume of the Company's derivatives during the six months ended June 30, 2013 is as follows:

	Warrants (Shares)	Written Options (Contracts)
Firsthand Technology Value Fund, Inc.	15,605,982	1,420

NOTE 3. BUSINESS RISKS AND UNCERTAINTIES

We plan to invest a substantial portion of our assets in privately-held companies, the securities of which are inherently illiquid. We also seek to invest in small publicly-traded companies that we believe have exceptional growth potential and to make opportunistic investments in publicly-traded companies, both large and small. In the case of investments in small publicly-traded companies, although these companies are publicly traded, their stock may not trade at high volumes, and prices can be volatile, which may restrict our ability to sell our positions. These privately held and publicly traded businesses tend to lack management depth, have limited or no history of operations and typically have not attained profitability. Because of the speculative nature of our investments and the lack of public markets for privately held investments, there is greater risk of loss than is the case with traditional investment securities.

We do not choose investments based on a strategy of diversification. We also do not rebalance the portfolio should one of our portfolio companies increase in value substantially relative to the rest of the portfolio. Therefore, the value of our portfolio may be more vulnerable to events affecting a single sector, industry or portfolio company and, therefore, may be subject to greater volatility than a company that follows a diversification strategy.

Because there is typically no public or readily-ascertainable market for our interests in the small privately-held companies in which we invest, the valuation of those securities is determined in good faith by the Valuation Committee, comprised of all members of the Board who are not "interested persons" of the Company, as such term is defined in Section 2(a)(19) of the 1940 Act, in accordance with our Valuation Procedures and is subject to significant estimates and judgments. The determined value of the securities in our portfolio may differ significantly from the values that would be placed on these securities if a ready market for the securities existed. Any changes in valuation are recorded in our Statement of Operations as "Net increase (decrease) in unrealized appreciation on investments." Changes in valuation of any of our investments in privately-held companies from one period to another may be volatile.

The Board may, from time to time, engage an independent valuation firm to provide it with valuation assistance with respect to certain of our portfolio investments. The Company intends to continue to engage an independent valuation firm to provide us with assistance regarding our determination of the fair value of select portfolio investments each quarter unless directed

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

by the Board to cancel such valuation services. The scope of the services rendered by an independent valuation firm is at the discretion of the Board. The Board is ultimately and solely responsible for determining the fair value of the Company's investments in good faith.

With respect to investments for which market quotations are not readily available or when such market quotations are deemed not to represent fair value, the Board has approved a multi-step valuation process to be followed each quarter, as described below:

(1) each quarter the valuation process begins with each portfolio company or investment being initially valued by the Valuation Committee of the Advisor (as defined below) (the "Adviser Valuation Committee") or the independent valuation firm;

(2) the Valuation Committee of the Board on a quarterly basis reviews the preliminary valuation of the Adviser Valuation Committee and that of the independent valuation firms and makes the fair value determination, in good faith, based on the valuation recommendations of the Adviser Valuation Committee and the independent valuation firms; and

(3) at each quarterly Board meeting, the Board considers the valuations recommended by the Adviser Valuation Committee and the independent valuation firms that were previously submitted to the Valuation Committee of the Board and ratifies the fair value determinations made by the Valuation Committee of the Board.

NOTE 4. INVESTMENT MANAGEMENT FEE

The Company has entered into an investment management agreement (the "Investment Management Agreement") with Firsthand Capital Management, Inc., which was previously known as SiVest Group, Inc. ("FCM" or the "Adviser"), pursuant to which the Company will pay FCM a fee for providing investment management services consisting of two components—a base management fee and an incentive fee.

The base management fee will be calculated at an annual rate of 2.00% of our gross assets. For services rendered under the Investment Management Agreement, the base management fee will be payable quarterly in arrears. The base management fee will be calculated based on the average of (1) the value of our gross assets at the end of the current calendar quarter and (2) the value of our gross assets at the end of the preceding calendar quarter; and will be appropriately adjusted for any share issuances or repurchases during the current calendar quarter. Base management fees for any partial quarter will be pro-rated.

The incentive fee is determined and payable in arrears as of the end of each calendar year (or upon termination of the Investment Management Agreement, as of the termination date), commencing on April 15, 2011, and equals 20% of the Company's realized capital gains, if any, on a cumulative basis from inception through the end of each calendar year, computed net of all realized capital losses and unrealized capital depreciation on a cumulative basis, less the aggregate amount of any previously paid incentive fees, provided that the incentive fee determined as of December 31, 2013, will be calculated for a period of shorter than twelve calendar months to take into account any realized gains computed net of all realized capital losses and unrealized capital depreciation from inception. As of June 30, 2013, there were no incentive fees paid or accrued for.

NOTE 5. DEBT

The Company currently has no plan to use leverage and does not have any significant outstanding debt obligations (other than normal operating expense accruals).

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

NOTE 6. FAIR VALUE

Securities traded on, or quoted by, the NASDAQ Stock Market, Inc. (“NASDAQ”) are valued according to the NASDAQ official closing price. Securities traded on other stock exchanges, including the New York Stock Exchange (“NYSE”), are valued at their last reported sale price as of the close of trading of that exchange (normally 4:00 P.M. Eastern Time for the NYSE). If a security is not traded that day, the security will be valued at its most recent bid price.

Securities traded in the over-the-counter market, but not quoted by NASDAQ, are valued at the last sale price (or, if the last sale price is not readily available, at the most recent closing bid price as quoted by brokers that make markets in the securities) at the close of trading on the NYSE.

Securities traded both in the over-the-counter market and on a stock exchange are valued according to the broadest and most representative market.

Securities and other assets that do not have market quotations readily available are valued at their fair value as determined in good faith by the Board in accordance with the Valuation Procedures adopted by the Valuation Committee of the Board.

In pricing illiquid, privately placed securities, the Board of Directors is responsible for (1) determining overall valuation guidelines and (2) ensuring that the investments of the Company are valued within the prescribed guidelines.

The Valuation Committee of the Board is responsible for determining the valuation of the Company’s assets within the guidelines established by the Board of Directors. The Valuation Committee of the Board receives information and recommendations from the Adviser and an independent valuation firm.

The values assigned to these investments are based on available information and do not necessarily represent amounts that might ultimately be realized when that investment is sold, as such amounts depend on future circumstances and cannot reasonably be determined until the individual investments are actually liquidated or become readily marketable.

APPROACHES TO DETERMINING FAIR VALUE. GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). In effect, GAAP applies fair value terminology to all valuations whereas the 1940 Act applies market value terminology to readily marketable assets and fair value terminology to other assets.

The main approaches to measuring fair value utilized are the market approach, the income approach, and the asset-based approach. The choice of which approach to use in a particular situation depends on the specific facts and circumstances associated with the Company, as well as the purpose for which the valuation analysis is being conducted. FCM and the independent valuation firm rely primarily on the market and income approaches. We also considered the asset-based approach in our analysis because certain of the portfolio companies do not have substantial operating earnings relative to the value of their underlying assets.

- Market Approach (M): The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. For example, the market approach often uses market multiples derived from a set of comparables. Multiples might lie in ranges with a different multiple for each comparable. The selection of where within the range each appropriate multiple falls requires the use of judgment in considering factors specific to the measurement (qualitative and quantitative).

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

- Income Approach (I): The income approach uses valuation techniques to convert future amounts (for example, cash flows or earnings) to a single present value amount (discounted). The measurement is based on the value indicated by current market expectations about those future amounts. Those valuation techniques include present value techniques and the multi-period excess earnings method, which is used to measure the fair value of certain assets.

- Asset-Based Approach (A): The asset-based approach examines the value of a company's assets net of its liabilities to derive a value for the equity holders.

FAIR VALUE MEASUREMENT. In accordance with the guidance from the Financial Accounting Standards Board on fair value measurements and disclosures under GAAP, the Company discloses the fair value of its investments in a hierarchy that prioritizes the inputs to valuation techniques used to measure the fair value. The hierarchy gives the highest priority to valuations based upon unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to valuations based upon unobservable inputs that are significant to the valuation (Level 3 measurements).

The guidance establishes three levels of the fair value hierarchy as follows:

Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access at the date of measurement.

Level 2 - Observable inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs may include quoted prices for the identical instrument in an inactive market, prices for similar instruments in an active or inactive market, interest rates, prepayment speeds, credit risks, yield curves, default rates, and similar data.

Level 3 - Unobservable inputs for the asset or liability, to the extent relevant observable inputs are not available, representing the Company's own assumptions about the assumptions a market participant would use in valuing the asset or liability based on the best information available.

The availability of observable inputs can vary from security to security and is affected by a wide variety of factors, including, for example, the type of security, whether the security is new and not yet established in the marketplace, the liquidity of markets, and other characteristics particular to the security. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3.

The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls in its entirety is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The following is a summary of the inputs used to value the Company's net assets as of June 30, 2013:

	LEVEL 1 QUOTED PRICES	LEVEL 2 OTHER SIGNIFICANT OBSERVABLE INPUTS	LEVEL 3 SIGNIFICANT UNOBSERVABLE INPUTS
Common Stocks			
Advanced Materials	$—	$ —	$ 430,950
Internet	—	—	1,988,410
Other Electronics	3,085,583	—	—
Renewable Energy	16,101,351	—	—
Social Networking	14,916,000	—	18,569,897
Total Common Stocks	34,102,934	—	20,989,257
Preferred Stocks			
Advanced Materials	—	—	5,562,819
Advertising Technology	—	—	1,499,993
Automotive	—	—	5,999,999
Intellectual Property	—	—	597,099
Semiconductor Equipment	—	—	5,903,837
Services	—	—	269,485
Social Networking	—	—	4,435,558
Total Preferred Stocks	—	—	24,268,790
Asset Derivatives *			
Equity Contracts	—	—	533,584
Total Asset Derivatives	—	—	533,584
Convertible Notes			
Intellectual Property	—	—	5,750,000
Total Convertible Notes	—	—	5,750,000
Liability Derivatives*			
Equity Contracts	—	(573,720)	—
Total Liability Derivatives	—	(573,720)	—
Total	$34,102,934	$ (573,720)	$ 51,541,631

* Asset derivatives include warrants and liability derivatives include written options.

At the end of each calendar quarter, management evaluates the Level 2 and Level 3 assets and liabilities for changes in liquidity, including, but not limited to: whether a broker is willing to execute at the quoted price, the depth and consistency of prices from third-party services, and the existence of contemporaneous, observable trades in the market. Additionally, management evaluates the Level 1 and Level 2 assets and liabilities on a quarterly basis for changes in listings or delistings on national exchanges. Transfers in and out of the levels are recognized at the value at the end of the quarter. There were no transfers between Levels 1 and 2 during the six months ended June 30, 2013.

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

Following is a reconciliation of Level 3 assets (at either the beginning or the ending of the quarter) for which significant unobservable inputs were used to determine fair value.

INVESTMENTS AT FAIR VALUE USING SIGNIFICANT UNOBSERVABLE INPUTS (LEVEL 3)	BALANCE AS OF 12/31/12	NET PURCHASES	NET SALES	NET REALIZED GAINS	NET UNREALIZED APPRECIATION (DEPRECIATION)(1)	TRANSFERS IN (OUT) OF LEVEL 3(2)	BALANCE AS OF 6/30/13
Common Stocks							
Advanced Materials	$ —	$ —	$ —	$ —	$ 430,950	$ —	$ 430,950
Intellectual Property	456	—	—	—	(456)	—	—
Internet	2,803,658	—	—	—	(815,248)	—	1,988,410
Renewable Energy	4,322,895	—	—	—	11,778,456	(16,101,351)	—
Services	1	—	—	—	(1)	—	—
Social Networking	13,369,647	412,500	—	—	4,787,750	—	18,569,897
Preferred Stocks							
Advanced Materials	5,581,279	—	—	—	(18,460)	—	5,562,819
Advertising Technology	—	—	—	—	1,499,993	—	1,499,993
Automotive	—	5,999,999	—	—	—	—	5,999,999
Intellectual Property	575,261	—	—	—	21,838	—	597,099
Renewable Energy	208,185	—	—	—	(208,185)	—	—
Semiconductor Equipment	3,933,780	2,000,000	—	—	(29,943)	—	5,903,837
Services	369,192	—	—	—	(99,707)	—	269,485
Social Networking	3,294,857	—	—	—	1,140,701	—	4,435,558
Asset Derivatives							
Equity Contracts	510,099	—	—	—	23,485	—	533,584
Convertible Bonds							
Intellectual Property	5,750,000	—	—	—	—	—	5,750,000
Total	$ 40,719,310	$ 8,412,499	$ —	$ —	$ 18,511,173	$ (16,101,351)	$ 51,541,631

(1) The net change in unrealized appreciation from Level 3 instruments held as of June 30, 2013 was $18,511,173.
(2) The 180-day lock-up period on our investment in SolarCity common stock ended in Q2 ‘13.

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

The below chart represents quantitative disclosure about significant unobservable inputs for Level 3 fair value measurements at June 30, 2013:

	FAIR VALUE AT 6/30/13	VALUATION TECHNIQUES	UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVG.)
Direct venture capital investments: Services	$0.3M	Market Comparable Companies	EBITDA Multiple	6.1x
			Volatility	75.30%
			Risk-Free Rate	0.66%
			Discount for Lack of Marketability	0.0% - 39.1%
Direct venture capital investments: Social Networking	$23.0M	Prior Transaction Analysis	Volatility	43.95%
			Risk-Free Rate	0.15%
			Discount for Lack of Marketability	13.7%
Direct venture capital investments: Intellectual Property	$6.3M	Market Comparable Companies	Revenue Multiple	1.3x - 1.5x
			EBITDA Multiple	10.5x - 12.4x
			Volatility	53.37%
			Risk-Free Rate	0.36%
			Discount for Lack of Marketability	0.0% - 28.9%
Direct venture capital investments: Automotive	$6.0M	Prior Transaction Analysis	Volatility	63.58%
			Risk-Free Rate	0.66%
			Discount for Lack of Marketability	0.0%
Direct venture capital investments: Internet	$2.0M	Prior Transaction Analysis	Volatility	42.27%
			Risk-Free Rate	0.34%
			Discount for Lack of Marketability	22.1%
Direct venture capital investments: Advanced Materials	$6.4M	Prior Transaction Analysis	Volatility	54.31% - 55.33%
			Risk-Free Rate	1.38%
			Discount for Lack of Marketability	0.0% - 41.6%
		Market Comparable Companies	EBITDA Multiple	6.2x - 6.3x
Direct venture capital investments: Semiconductor Equipment	$6.0M	Prior Transaction Analysis	Volatility	54.17%
			Risk-Free Rate	0.66%
			Discount for Lack of Marketability	0.0% - 34.8%
	$1.5M		Volatility	51.54%

Direct venture capital investments: Advertising Technology	Prior Transaction Analysis	Risk-Free Rate Discount for Lack of Marketability	0.36% 0.0%

NOTE 7. FEDERAL INCOME TAXES

The Company has elected, and intends to qualify annually, for the special tax treatment afforded RICs under the Code. As provided in the Code, in any fiscal year in which a BDC so qualifies and distributes at least 90% of its taxable net income, the BDC (but not the shareholders) will be relieved of federal income tax on the income distributed. Accordingly, no provision for income taxes has been made. To avoid imposition of the excise tax applicable to regulated investment companies, the Company intends to declare as dividends in each calendar year at least 98% of its net investment income (earned during the calendar

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

year) and 98% of its net realized capital gains (earned during the 12 months ended October 31) plus undistributed amounts, if any, from prior years.

NOTE 8. INVESTMENT TRANSACTIONS

Investment transactions (excluding short-term investments) were as follows for the six months ended June 30, 2013.

PURCHASES AND SALES	
Purchases of investment securities	$9,912,491
Proceeds from sales and maturities of investment securities	$—

NOTE 9. INVESTMENTS IN AFFILIATES AND CONTROLLED INVESTMENTS

Under the 1940 Act, the Company is required to identify investments where it owns greater than 5% (but less than 25%) of the portfolio company's oustanding voting shares as an affiliate of the Company. Also, under the 1940 Act, the Company is required to identify investments where it owns greater than 25% of the portfolio company's outstanding voting shares as a controlled investment of the Company. A summary of the Company's investments in affiliates and controlled investments for the period from December 31, 2012 through June 30, 2013, is noted below:

	SHARES/PAR ACTIVITY							
AFFILIATE/ CONTROLLED INVESTMENT*	BALANCE AT 12/31/12	PURCHASES/ GRANTS	SALES/ MATURITY/ EXPIRATION	BALANCE AT 6/30/13	REALIZED GAIN (LOSS)	INTEREST	VALUE 6/30/13	ACQUISITION COST
Pivotal Systems, Series A Warrants	—	1,588,468	—	1,588,468	$ —	$ —	$32,055	$ —
Pivotal Systems, Series A	4,765,876	2,382,938	—	7,148,814	—	—	5,903,837	6,000,000
Pivotal Systems, Series A Warrants	3,176,935	—	—	3,176,935	—	—	64,109	—
QMAT, Series A*	6,000,000	—	—	6,000,000	—	—	5,562,819	6,000,000
QMAT, Series A Warrant*	2,000,000	—	—	2,000,000	—	—	437,181	—
Silicon Genesis Corp., Common	911,892	10,000	—	921,892	—	—	—	169,045
Silicon Genesis Corp., Convertible Note	1,250,000	—	—	1,250,000	—	198,490	1,250,000	1,610,753
Silicon Genesis Corp., Convertible Note	500,000	—	—	500,000	—	66,408	500,000	500,000
Silicon Genesis Corp., Convertible Note	1,000,000	—	—	1,000,000	—	121,671	1,000,000	1,000,000

Silicon Genesis Corp., Term Note	3,000,000	—	—	3,000,000	—	150,517	3,000,000	3,000,000
Silicon Genesis Corp., Common Warrant	37,982	—	—	37,982	—	—	—	6,678
Silicon Genesis Corp., Common Warrant	5,000,000	—	—	5,000,000	—	—	—	—
Silicon Genesis Corp., Common Warrant	3,000,000	—	—	3,000,000	—	—	—	—

Notes to Financial Statements
JUNE 30, 2013 (UNAUDITED) - continued

	SHARES/PAR ACTIVITY						
AFFILIATE/ CONTROLLED INVESTMENT*	BALANCE AT 12/31/12	PURCHASES/ GRANTS	SALES/ MATURITY/ EXPIRATION	BALANCE AT 6/30/13	REALIZED GAIN (LOSS)	INTEREST	VALUE 6/30/13
Silicon Genesis Corp., Series 1-C	82,914	—	—	82,914	$—	$—	$8
Silicon Genesis Corp., Series 1-D	850,830	—	—	850,830	—	—	—
Silicon Genesis Corp., Series 1-E	5,704,480	—	—	5,704,480	—	—	488,874
Silicon Genesis Corp., Series 1-E Warrant	94,339	—	94,339	—	(13,012)	—	—
Silicon Genesis Corp., Series 1-E Warrant	1,257,859	—	—	1,257,859	—	—	—
Silicon Genesis Corp., Series 1-F	912,453	—	—	912,453	—	—	108,217
Total Affiliates and Controlled Investments							$18,347,100
Total Affiliates							$12,347,100
Total Controlled Investments							$6,000,000

* Controlled investment.

As of June 30, 2013, Kevin Landis represents the Company and sits on the board of directors of Pivotal Systems, Inc.; Silicon Genesis Corporation; QMAT, Inc., and Wrightspeed, Inc. Serving on boards of directors of portfolio companies may cause conflicts of interest. The Adviser has adopted various procedures to ensure that the Company will not be unfavorably affected by these potential conflicts.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FORWARD-LOOKING STATEMENTS

The matters discussed in this report, as well as in future oral and written statements by management of the Company, include forward-looking statements based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements. Forward-looking statements related to future events or our future financial performance. We generally identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "contemplates," "believes," "estimates," "predicts," "potential," or "cont negative of these terms or other similar words. Important assumptions include our ability to originate new investments and to achieve certain margins and levels of profitability and the availability of additional capital. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this report should not be regarded as a representation by us that our plans or objectives will be achieved. The forward-looking statements contained in this report include, without limitations, statements as to:

- our future operating results;
- our business prospects and the prospects of our prospective portfolio companies;
- the impact of investments that we expect to make;
- the impact of a protracted decline in the liquidity of the credit markets on our business;
- our informal relationships with third parties;
- the expected market for venture capital investments and our addressable market;
- the dependence of our future success on the general economy and its impact on the industries in which we invest;
- our ability to access the equity market;
- the ability of our portfolio companies to achieve their objectives;
- our expected financings and investments;
- our regulatory structure and tax status;
- our ability to operate as a business development company and a regulated investment company;
- the adequacy of our cash resources and working capital;
- the timing of cash flows, if any, from the operation of our portfolio companies;
- the timing, form, and amount of any dividend distributions;
- impact of fluctuation of interest rates on our business;
- valuation of any investments in portfolio companies particularly those having no liquid trading market; and
- our ability to recover unrealized losses.

You should not place undue reliance on these forward-looking statements. The forward-looking statements made in this report relate only to events as of the date on which the statements are made. We undertake no obligation to update any forward-looking statement to reflect events or circumstances occurring after the date of this report.

The following discussion should be read in conjunction with our consolidated financial statements and related notes and other financial information appearing elsewhere in this report.

OVERVIEW

We are an externally managed, closed-end, non-diversified management investment company organized as a Maryland corporation that has elected to be treated as a BDC under the 1940 Act. As such, we are required to comply with certain regulatory requirements. For instance, we generally have to invest at least 70 percent of our total assets in "qualifying assets," including securities of private or micro-cap public U.S. companies, cash, cash equivalents, U.S.

government securities and high-quality debt investments that mature in one year or less. In addition, for tax purposes we have elected to be treated as a RIC under Subchapter M of the Code. FCM serves as our investment adviser and manages the investment process on a daily basis.

Our investment objective is to seek long-term growth of capital, principally by seeking capital gains on our equity and equity-related investments. There can be no assurance that we will achieve our investment objective. Under normal circumstances, we invest at least 80 percent of our net assets for investment purposes in technology companies. We consider technology companies to be those companies that derive at least 50 percent of their revenues from products and/or services within the information technology sector or in the “cleantech” sector. Information technology companies include, but are not limited to, those focused on computer hardware, software, telecommunications, networking, Internet, and consumer electronics. While there is no standard definition of cleantech, it is generally regarded as including goods and services designed to harness renewable energy and materials, eliminate emissions and waste, and reduce the use of natural resources. In addition, under normal circumstances we invest at least 70 percent of our total assets in privately held companies and public companies with market capitalizations of less than $250 million. Our portfolio is primarily composed of equity and equity derivative securities of technology and cleantech companies (as defined above). These investments generally range between $1 million and $10 million each, although the investment size will vary proportionately with the size of our capital base. We acquire our investments through direct investments in private companies, negotiations with selling shareholders, and in organized secondary marketplaces for private securities.

While our primary focus is to invest in illiquid private technology and cleantech companies, we may also invest in micro-cap publicly traded companies. In addition, we may invest up to 30 percent of the portfolio in opportunistic investments that do not constitute the private companies and micro-cap public companies described above. These other investments may include investments in securities of public companies that are actively traded or in actively traded derivative securities such as options on securities or security indices. These other investments may also include investments in high-yield bonds, distressed debt, or securities of public companies that are actively traded and securities of companies located outside of the United States. Our investment activities are managed by FCM.

RESULTS OF OPERATIONS

The following information is a comparison for the three months ended June 30, 2013, and the three months ended June 30, 2012.

INVESTMENT INCOME

For the three months ended June 30, 2013, we had interest income of $296,552 primarily attributable to interest accrued on convertible/term note investments with Silicon Genesis Corporation.

For the three months ended June 30, 2012, we had interest income of $166,275 primarily attributable to interest accrued on convertible note investments with Silicon Genesis Corporation.

The higher level of interest income in the three months ended June 30, 2013 was due to a significant increase in the principal amount of the outstanding notes with Silicon Genesis Corporation.

OPERATING EXPENSES

Operating expenses totaled approximately $1,286,065 during the three months ended June 30, 2013.

Significant components of operating expenses for the three months ended June 30, 2013, were management fee expense of $1,031,777 and professional fees (audit, legal, accounting, and consulting) of $150,161.

Operating expenses totaled approximately $1,027,722 during the three months ended June 30, 2012.

Significant components of operating expenses for the three months ended June 30, 2012, were management fee expense of $855,190 and professional fees (audit, legal, accounting, and consulting) of $92,662.

The higher level of operating expenses for the three months ended June 30, 2013 is primarily attributable to an increase in our total assets, on which the investment advisory fees are based.

NET INVESTMENT LOSS
The net investment loss was $989,513 for the three months ended June 30, 2013.

The net investment loss was $861,447 for the three months ended June 30, 2012.

The greater net investment loss in the three months ended June 30, 2013 is primarily due to the increase in management fees. As noted above, the increase in investment advisory fees is due to the expansion of our total assets, on which the investment advisory fees are based.

NET INVESTMENT REALIZED GAINS AND LOSSES AND UNREALIZED APPRECIATION AND DEPRECIATION

During the three months ended June 30, 2013, we recognized net realized gains of approximately $387,654 from the sale of investments. Realized gains were substantially higher than those in the year-ago period due to premiums collected from written options transactions during the quarter.

During the three months ended June 30, 2013, net unrealized depreciation on total investments decreased by $13,772,670. The change in net unrealized appreciation and depreciation of our private investments is based on portfolio asset valuations determined in good faith by our Board of Directors. This change in net unrealized depreciation was primarily composed of an increase in the fair value of our portfolio companies, notably SolarCity and Twitter.

During the three months ended June 30, 2012, there were no recognized net realized gains from the sale of securities.

During the three months ended June 30, 2012, net unrealized depreciation on total investments and other assets increased by $10,049,872. The change in net unrealized appreciation and depreciation of our private investments is based on portfolio asset valuations determined in good faith by our Board of Directors. This change in net unrealized depreciation was primarily composed of an decrease in the fair value of our portfolio companies, notably Facebook.

A summary of the net realized and unrealized loss on investments for the three month period ended June 30, 2013, and June 30, 2012, is shown below.

	Three Months Ended June 30, 2013
Realized gains	$ 387,654
Net change in unrealized depreciation on investments	$ 13,772,670
Net realized and unrealized gain on investments	$ 14,160,324

	As of June 30, 2013
Gross unrealized appreciation on portfolio investments	$15,872,720
Gross unrealized depreciation on portfolio investments	$(20,344,852)
Net unrealized depreciation on portfolio investments	$(4,472,132)

	Three Months Ended June 30, 2012
Realized gains	$6,480
Net change in unrealized depreciation on investments	$(10,049,872)
Net realized and unrealized gain on investments	$(10,043,392)

	As of June 30, 2012
Gross unrealized appreciation on portfolio investments	$286,566

Gross unrealized depreciation on portfolio investments	$(15,753,490)
Net unrealized depreciation on portfolio investments	$(15,466,924)

INCOME AND EXCISE TAXES

As we intend to continue to qualify as a RIC under Subchapter M of the Code, the Company does not provide for income taxes. The Company recognizes interest and penalties in income tax expense.

NET INCREASE/(DECREASE) IN ASSETS RESULTING FROM OPERATIONS AND CHANGE IN NET ASSETS PER SHARE
For the three months ended June 30, 2013, the net increase in net assets resulting from operations totaled $13,170,811. Basic and fully diluted net change in net assets per share for the three months ended June 30, 2013 was $1.54.

For the three months ended June 30, 2012, the net increase in net assets resulting from operations totaled $(10,904,839). Basic and fully diluted net change in net assets per share for the three months ended June 30, 2012 was $(1.54). Despite a larger increase in net assets for the three months ended June 30, 2013, which is due primarily to an increase in realized gains from written options transactions, the net increase in net assets per share was smaller, due to the larger number of outstanding shares for the three months ended June 30, 2013.

The following information is a comparison for the six months ended June 30, 2013, and the six months ended June 30, 2012.

INVESTMENT INCOME
For the six months ended June 30, 2013, we had interest income of $562,652 primarily attributable to interest accrued on convertible/term note investments with Silicon Genesis Corporation.

For the six months ended June 30, 2012, we had interest income of $305,847 primarily attributable to interest accrued on convertible note investments with Silicon Genesis Corporation.

The higher level of interest income in the six months ended June 30, 2013 was due to a significant increase in the principal amount of the outstanding notes with Silicon Genesis Corporation.

OPERATING EXPENSES
Operating expenses totaled approximately $2,438,685 during the six months ended June 30, 2013.

Significant components of operating expenses for the six months ended June 30, 2013, were management fee expense of $2,010,923 and professional fees (audit, legal, accounting, and consulting) of $251,531.

Operating expenses totaled approximately $1,604,550 during the six months ended June 30, 2012.

Significant components of operating expenses for the six months ended June 30, 2012, were management fee expense of $1,280,184 and professional fees (audit, legal, accounting, and consulting) of $197,040.

The higher level of operating expenses for the six months ended June 30, 2013 is primarily attributable to an increase in our total assets, on which the investment advisory fees are based.

NET INVESTMENT LOSS
The net investment loss was $1,876,033 for the six months ended June 30, 2013.

The net investment loss was $1,298,703 for the six months ended June 30, 2012.

The greater net investment loss in the six months ended June 30, 2013 is primarily due to the increase in management fees. As noted above, the increase in investment advisory fees is due to the expansion of our total assets, on which the investment advisory fees are based.

NET INVESTMENT REALIZED GAINS AND LOSSES AND UNREALIZED APPRECIATION AND DEPRECIATION

Realized gains or losses are measured by the difference between the net proceeds from the repayment or sale and the cost basis of the investment without regard to unrealized appreciation or depreciation previously recognized, and includes investments charged off during the period, net of recoveries. Net change in unrealized appreciation or depreciation primarily reflects the change in portfolio investment values during the reporting period, including the reversal of previously recorded unrealized appreciation or depreciation when gains or losses are realized.

During the six months ended June 30, 2013, we recognized net realized gains of approximately $1,565,090 from the sale of securities. Realized gains were substantially higher than those in the year-ago period due to premiums collected from written options transactions during the quarter.

During the six months ended June 30, 2013, net unrealized depreciation on total investments decreased by $16,559,953. The change in net unrealized appreciation and depreciation of our private investments is based on portfolio asset valuations determined in good faith by our Board of Directors. This change in net unrealized depreciation was primarily composed of an increase in the fair value of our portfolio companies, notably SolarCity and Twitter.

During the six months ended June 30, 2012, there were no recognized net realized gains from the sale of securities.

During the six months ended June 30, 2012, net unrealized depreciation on total investments and other assets increased by $7,376,344. The change in net unrealized appreciation and depreciation of our private investments is based on portfolio asset valuations determined in good faith by our Board of Directors. This change in net unrealized depreciation was primarily composed of a decrease in the fair value of our portfolio companies, notably Facebook.

A summary of the net realized and unrealized loss on investments for the six-month period ended June 30, 2013, and June 30, 2012, is shown below.

	Six Months Ended June 30, 2013
Realized gains	$1,565,090
Net change in unrealized depreciation on investments	$16,559,953
Net realized and unrealized gain on investments	$18,125,043

	As of June 30, 2013
Gross unrealized appreciation on portfolio investments	$15,872,720
Gross unrealized depreciation on portfolio investments	$(20,344,852)
Net unrealized depreciation on portfolio investments	$(4,472,132)

	Six Months Ended June 30, 2012
Realized gains	$6,480
Net change in unrealized depreciation on investments	$(7,376,344)
Net realized and unrealized gain on investments	$(7,369,864)

	As of June 30, 2012
Gross unrealized appreciation on portfolio investments	$286,566
Gross unrealized depreciation on portfolio investments	$(15,753,490)
Net unrealized depreciation on portfolio investments	$(15,466,924)

INCOME AND EXCISE TAXES

As we intend to continue to qualify as a RIC under Subchapter M of the Code, the Company does not provide for income taxes. The Company recognizes interest and penalties in income tax expense.

NET INCREASE/(DECREASE) IN ASSETS RESULTING FROM OPERATIONS AND CHANGE IN NET ASSETS PER SHARE

For the six months ended June 30, 2013, the net increase in net assets resulting from operations totaled $16,249,010. Basic and fully diluted net change in net assets per share for the six months ended June 30, 2013 was $1.90.

For the six months ended June 30, 2012, the net decrease in net assets resulting from operations totaled $(8,668,567). Basic and fully diluted net change in net assets per share for the six months ended June 30, 2012 was $(1.65). The larger increase in net assets for the six months ended June 30, 2013 was due primarily to an increase in unrealized gains from SolarCity and Twitter.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2013, we had investments in public and private securities totaling approximately $85.6 million. Also, at June 30, 2013, we had approximately $126.8 million in cash. We primarily invest cash on hand in a money market treasury portfolio. We expect the portion of our portfolio consisting of cash and cash equivalents to decrease as we become fully invested.

As of June 30, 2013, net assets totaled approximately $212.2 million, with an NAV per share of $24.80. Our primary use of funds will be investments in portfolio companies and payments of fees and other operating expenses we incur. Additionally, we expect to raise additional capital to support our future growth through future equity offerings. To the extent we determine to raise additional equity through an offering of our common stock at a price below NAV, existing investors will experience dilution.

PORTFOLIO INVESTMENTS

PRIVATE INVESTMENTS
We make investments in securities of both public and private companies. At June 30, 2013, we had investments in the following private companies:

Gilt Groupe Holdings, Inc.
Gilt Groupe Holdings, Inc. (“Gilt Groupe”), New York, NY, is a leader in online “flash sales” of designer merchandise at discount prices.

At June 30, 2013, our investment in Gilt Groupe consisted of 198,841 shares of common stock with an aggregate market value of approximately $2.0 million.

INNOViON Corporation
INNOViON Corporation (“Innovion”), San Jose, California, provides foundry ion implant services to the microelectronics industry.

At June 30, 2013, our investments in INNOViON consisted of 324,948 shares of Series A-1 preferred stock, 168,804 shares of Series A-2 preferred stock, and one share of common stock, with a combined fair value of $269,485.

Pivotal Systems Corporation
Pivotal Systems, Corporation (“Pivotal Systems”) provides monitoring and process control technologies for the semiconductor manufacturing industry.

At June 30, 2013, our investment in Pivotal Systems consisted of 7,148,814 shares of Series A preferred stock and warrants to purchase up to 4,765,403 shares of Series A preferred stock, with a combined fair value of approximately $6.0 million.

QMAT, Inc.
QMAT, Inc. (“QMAT”) is developing advanced materials technologies for applications in the electronics industry.

At June 30, 2013, our investment in QMAT consisted of 6,000,000 shares of Series A preferred stock and warrants to purchase up to 2,000,000 shares of Series A preferred stock with a combined fair value of approximately $6.0 million.

Silicon Genesis Corporation

Silicon Genesis Corporation (“SiGen”), San Jose, CA, provides engineered substrate process technology for the semiconductor, display, optoelectronics, and solar markets.

At June 30, 2013, our investments in SiGen consisted of 82,914 shares of Series 1-C preferred stock, 850,830 shares of Series 1-D preferred stock, 5,704,480 shares of Series 1-E preferred stock, 912,453 shares of Series 1-F preferred stock, 921,892 shares of common stock, warrants for 1,257,859 shares of Series 1-E preferred stock, warrants for 8,037,982 shares of common stock, a $1.25 million par value convertible note, a $500,000 par value convertible note, a $1.0 million par value convertible note, and a $3.0 million term note. The convertible notes each bear annual interest at a rate of 20% and the term note bears an annual interest at a rate of 10%. The convertible notes mature on December 31, 2014, and the term note matures on December 31, 2016. At June 30, 2013, the combined fair value of our SiGen securities was approximately $6.3 million.

Skyline Solar, Inc.

Skyline Solar, Inc. (“Skyline Solar”), Mountain View, CA, is a supplier of concentrated solar photovoltaic systems for utility-scale solar electricity generation projects.

At June 30, 2013, our investment in Skyline Solar consisted of 793,651 shares of Series C preferred stock, with a fair value of $0.

SoloPower, Inc.

SoloPower, Inc. (“SoloPower”), San Jose, CA, produces low-cost, high-power, flexible thin-film photovoltaic modules that offer a viable alternative to the electricity produced using traditional fossil fuels.

At June 30, 2013, our investments in SoloPower consisted of 400,000 shares of Series A preferred stock, 100,205 shares of Series B preferred stock, 100,000 shares of Series D preferred stock, 190,476 shares of Series E-1 preferred stock, and warrants to purchase 400,000 shares of common stock, with a combined fair value of approximately $0.

TapAd, Inc.

TapAd, Inc. (“TapAd”), New York, NY, is an advertising technology company that enables digital advertisers to deliver targeted advertisements to users across multiple devices (i.e., desktop, mobile, tablet).

At June 30, 2013, our investments in TapAd consisted of 140,024 shares of Series B-1 preferred stock, with a fair value of approximately $1.5 million.

Twitter, Inc.

Twitter, Inc. (“Twitter”), San Francisco, CA, is an online social networking service that lets users send and receive 140-character messages (“tweets”). The service has more than 140 million active users and more than 340 million daily tweets.

At June 30, 2013, our investment in Twitter consisted of 812,200 shares of common stock and 194,000 shares of Series B preferred stock, with a fair value of approximately $23.0 million.

UCT Coatings, Inc.

UCT Coatings, Inc. (“UCT”), Stuart, Florida, is a leader in the development of metal coatings that reduce friction and improve efficiency in mechanical systems.

At June 30, 2013, our investments in UCT consisted of 1,500,000 shares of common stock and warrants to purchase 172,270 shares of common stock, with a combined fair value of $431,189.

Wrightspeed, Inc.
Wrightspeed, Inc. (“Wrightspeed”), San Jose, California, is a supplier of electric drivetrains for medium-duty trucks.

At June 30, 2013, our investments in Wrightspeed consisted of 2,267,659 shares of Series C preferred stock, with a fair value of approximately $6.0 million.

PUBLIC INVESTMENTS
At June 30, 2013, we had investments in the following public securities:

Facebook, Inc.
Facebook, Inc. (“Facebook”), Menlo Park, CA, is an online social networking service with more than 1 billion active users worldwide. Facebook also develops technologies to facilitate information sharing and the digital mapping of social connections. At June 30, 2013, our investment in Facebook consisted of 600,000 shares of common stock with a market value of approximately $14.9 million.

Intevac, Inc.
Intevac, Inc. (“Intevac”), Santa Clara, CA, is a leading provider of cost-effective, advanced equipment and products to the hard disk drive, solar, semiconductor, and photonics industries. At June 30, 2013, our investment in Intevac consisted of 545,156 shares of common stock with a market value of approximately $3.1 million.

SolarCity Corp.
SolarCity Corp. (“SolarCity”), San Mateo, CA, is a leading installer of commercial and residential solar photovoltaic systems.

At June 30, 2013, our investment in SolarCity consisted of 426,300 shares of common stock, with a market value of approximately $16.1 million.

SUBSEQUENT EVENTS

Subsequent to the close of the fiscal quarter on June 30, 2013, and through the date of the issuance of the financial statements included herein, a material event related to our portfolio of investments occurred.

- On July 1, 2013, we acquired a $300,000 term note of Telepathy, Inc. at a cost of $300,000. Telepathy, Inc. is a wearable device company, currently devloping Telepathy One, a wireless, wearable social communication headset.
- On July 10, 2013, we acquired another 140,024 shares of TapAd, Inc. at a cost of approximately $1.5 million. TapAd, Inc. is an advertising technology company that enables digital advertisers to deliver targeted advertisements to users across multiple devices (i.e., desktop, mobile, tablet).
- On July 10, 2013, we acquired 512,820 shares of Sunrun, Inc. at a cost of approximately $5.0 million. Sunrun, Inc. is a solar financing company offering solar leases and power purchase agreements to homeowners.
- On July 12, 2013, we acquired 1,800,000 shares of IO NewCo, Inc. at a cost of approximately $1.8 million. IO NewCo, Inc. is a special-purpose subsidiary created to provide debt financing to a medical device company.
- On July 15, 2013, we sold 85,300 shares of SolarCity, Inc. at a value of approximately $3.3 million.
- On July 18, 2013, we sold 100 shares of SolarCity, Inc. at a value of approximately $4,000.
- On July 19, 2013, we sold 340,600 shares of SolarCity, Inc. at a value of approximately $13.4 million.
- On July 26, 2013, we sold 300 shares of SolarCity, Inc. at a value of approximately $12,000.
- On August 7, 2013, we acquired 5,000,000 shares of Telepathy, Inc. at a cost of appoximately $5.0 million.
- On August 8, 2013, Telepathy, Inc. repaid the $300,000 term note plus interest accrued.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK.

The Company’s business activities contain elements of risk. We consider the principal types of market risk to be valuation risk and small company investment risk.

VALUATION RISK

Value, as defined in Section 2(a)(41) of the 1940 Act, is (i) the market price for those securities for which market quotations are readily available and (ii) fair value as determined in good faith by, or under the direction of, the Board of Directors for all other assets.

Because there is typically no public market for our interests in the small privately-held companies in which we invest, the valuation of the securities in that portion of our portfolio is determined in good faith by our Board of Directors with the assistance of our Valuation Committee, comprised of the independent members of our Board of Directors, in accordance with our Valuation Procedures. In addition, the Board of Directors may use the services of a nationally recognized independent valuation firm to aid it in determining the fair value of some of these securities. In the absence of a readily ascertainable market value, the determined value of our portfolio of securities may differ significantly from the values that would be placed on the portfolio if a ready market for such securities existed. Determining fair value requires that judgment be applied to the specific facts and circumstances of each portfolio investment, although our valuation policy is intended to provide a consistent basis for determining fair value of the portfolio investments. The methods for valuing these securities may include: fundamental analysis (sales, income, or earnings multiples, etc.), discounts from market prices of similar securities, purchase price of securities, subsequent private transactions in the security or related securities, or discounts applied to the nature and duration of restrictions on the disposition of the securities, as well as a combination of these and other factors. Because such valuations, and particularly valuations of private securities and private companies, are inherently uncertain, may fluctuate over short periods of time, and may be based on estimates, our determinations of fair value may differ materially from the values that would have been used if a ready market for these securities existed.

Furthermore, changes in valuation of any of our investments in privately-held companies from one period to another may be volatile.

Investments in privately held, immature companies are inherently more volatile than investments in more mature businesses. Such immature businesses are inherently fragile and easily affected by both internal and external forces.

Our portfolio companies can lose much or all of their value suddenly in response to an internal or external adverse event. Conversely, these immature businesses can gain suddenly in value in response to an internal or external positive development.

The values assigned to our assets are based on available information and do not necessarily represent amounts that might ultimately be realized, as these amounts depend on future circumstances and cannot be reasonably determined until the individual investments are actually liquidated or become readily marketable. Upon sale of investments, the values that are ultimately realized may be different from what is presently estimated. This difference could be material.

PRIVATELY PLACED SMALL COMPANIES RISK

The Company invests in small companies, and its investments in these companies are considered speculative in nature. The Company's investments often include securities that are subject to legal or contractual restrictions on resale that adversely affect the liquidity and marketability of such securities. As a result, the Company is subject to risk of loss which may prevent our shareholders from achieving price appreciation, dividend distributions and return of capital.

WE CURRENTLY HOLD A LARGE PORTION OF OUR ASSETS IN CASH

As of June 30, 2013, a large portion of the Company's assets (approximately 59%) is invested in cash and/or cash equivalents, which are expected to earn low yields. Given the current low interest rate environment, to the extent the management fee and other operating expenses exceed interest income on the cash holdings of the Company, the Company may experience losses. Furthermore, the investment advisory fee payable by us will not be reduced while our assets are invested in cash-equivalent securities.

A number of factors have contributed to the fact that we currently have a large cash position. Most significantly, we raised approximately $127 million in additional capital in 2012. We began the year 2012 with approximately $68 million in cash on hand and deployed approximately $60 million of that cash in 2012. We deployed an additional $9.9 million during the first six months of 2013.

In addition, changes in the market landscape in 2012 made it more challenging to deploy our capital. We invest in private companies via two types of transactions: (1) investing directly in a company (a “primary transaction”) and (2) buying already-issued shares from an existing investor in a company (a “secondary transaction”). In 2012 (particularly during the second half), a confluence of events created a dramatic decrease in the availability of both primary and secondary transactions, which resulted in the need to take longer to deploy our assets.

In 2012, for the second year in a row, we witnessed a decline in the number of IPOs and M&A transactions for venture-backed companies in the U.S. The downward trend has continued through the first half of 2013. In our view, the disappointing Facebook IPO soured what had been expected to be a healthy IPO market in the second half of 2012. In our experience, when IPOs and M&A transactions decline, venture capital investors grow more cautious and make fewer investments. Not surprisingly, the number of venture deals in the U.S. was down in 2012 and again in the first half of 2013 as well. Against this backdrop, we found the investment environment more challenging in the second half of 2012 and the first half of 2013. Because our investment approach often relies upon cooperating with other investors to complete a financing, increased caution among venture investors has made it more difficult to close deals.

In the secondary market, shrinking exits from private companies have made secondary transactions in private company stock much more risky. This increased risk in secondary transactions means we have become much more selective in choosing opportunities for secondary investments.

The Facebook IPO also destabilized the secondary market in the second half of 2012 and into 2013. For several weeks and months after the IPO, it appeared that the secondary market locked up, as buyers stepped back from and sellers continued to demand high prices. We chose to step back during this period as well, having determined that valuations were likely to fall. Our expectations were confirmed, and it was not until late in the third quarter of 2012 that we felt comfortable investing again. More significantly, however, we observed that the availability of shares in what we consider to be top-tier private companies on organized secondary exchanges declined dramatically in 2012 and has only now begun to show signs of stabilizing. This combination of factors means that our ability to utilize these exchanges to deploy our cash has been limited, and it is, therefore, taking us longer to invest our capital than we initially planned. However, we are encouraged by the March 2013 announcement by NASDAQ that it will jointly establish the NASDAQ Private Market with SharesPost to enable more efficient buying and selling of private company shares.

As we enter the second half of 2013, we believe a sustained stock market rally is buoying the venture capital market and our pipeline of new deals has improved dramatically. We deployed nearly $9 million of capital in July 2013 alone, we have visibility to substantially more investments over the next several months.

In some cases, particularly for primary transactions, it will be to our advantage to hold sufficient cash reserve so that we can make additional subsequent investments in these companies in order to (a) avoid having our earlier investments become diluted in future dilutive financings, (b) invest additional capital into existing portfolio companies in case additional investments are necessary, and/or (c) exercise warrants, options, or convertible securities that were acquired as part of the earlier transactions. For this reason, in the case of primary transactions (as opposed to secondary transactions where we do not buy the securities from the issuing companies but instead from existing stockholders), we typically reserve cash in an amount at least equal to our initial investment for such follow-on opportunities. Cash reserves held with respect to a particular investment should, therefore, decline as it is held longer, and will typically not be needed once that portfolio company becomes public or we determine it is no longer in our best interest to make investments in such portfolio company.

In addition, we believe it is in our best interest to be patient, diligent investors. The timing of attractive investment opportunities is unpredictable. We strive to maintain sufficient cash to take advantage of investment opportunities as they arise. Further, it would be difficult to rapidly deploy large amounts of cash, as it takes time to build a pipeline of high-quality potential investments.

ITEM 4. CONTROLS AND PROCEDURES.

(a) Evaluation of Disclosure Controls and Procedures	As of the end of the period covered by this Quarterly Report on Form 10-Q, our management, with the participation of our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")). Based upon this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective and provided reasonable assurance that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.
(b) Changes in Internal Control Over Financial Reporting	There have been no changes in our internal control over financial reporting, as defined in Rule 13a-15(f) under the Exchange Act, that occurred during the fiscal quarter ended June 30, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS.

We are not a party to any material pending legal proceeding, and no such proceedings are known to be contemplated.

ITEM 1A. RISK FACTORS.

There have been no material changes from risk factors as previously disclosed in our Form 10-K for the period ended December 31, 2012 in response to Item 1A of Part 1 of Form 10-K.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. MINE SAFETY DISCLOSURES.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS

Exhibit Number	Description
31.1	Chief Executive Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2	Chief Financial Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.	Chief Executive Officer and Chief Financial Officer Certification Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

SIGNATURES

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

FIRSTHAND TECHNOLOGY VALUE FUND, INC.
(Registrant)

Dated: August 9, 2013

/s/ Kevin Landis
Kevin Landis
Chief Executive Officer and Chief Financial Officer

EXHIBIT INDEX

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31.2	Chief Financial Officer Certification Pursuant to Rule 13a-14 of the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.	Chief Executive Officer and Chief Financial Officer Certification Pursuant to Section 1350, Chapter 63 of Title 18, United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002