

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported) August 14, 2003

Gladstone Capital Corporation  
(Exact name of registrant as specified in its chapter)

|                              |              |                     |
|------------------------------|--------------|---------------------|
| Maryland                     | 814-00237    | 54-2040781          |
| (State or other jurisdiction | (Commission  | (IRS Employer       |
| of incorporation)            | File Number) | Identification No.) |

|  |            |
|--|------------|
| 1616 Anderson Road, Suite 208            |            |
| McLean, Virginia                         | 22102      |
| (Address of principal executive offices) | (Zip Code) |

Registrant's telephone number, including area code: (703) 286-7000

Item 7. Financial Statements and Exhibits.

(a) Not applicable.

(b) Not applicable.

(c) Exhibits.

| Exhibit No. | Description                         |
|-------------|-------------------------------------|
| -----       | -----                               |
| 99.1        | Press release dated August 14, 2003 |

Item 12. Results of Operations and Financial Condition.

On August 14, 2003, Gladstone Capital Corporation issued a press release announcing its financial results for the quarter ended June 30, 2003. The text of the press release is included as an exhibit to this Form 8-K. Pursuant to the rules and regulations of the Securities and Exchange Commission, such exhibits and the information set forth therein and herein is deemed to be furnished and shall not be deemed to be filed.

SIGNATURES

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

|                      |  |
|----------------------|--|
|                      | Gladstone Capital Corporation          |
|                      | (Registrant)                           |
| Date August 14, 2003 | By: /s/ Harry Brill                    |
|                      | -----                                  |
|                      | (Harry Brill, Chief Financial Officer) |

EXHIBIT INDEX

| Exhibit No. | Description                         |
|-------------|-------------------------------------|
| -----       | -----                               |
| 99.1        | Press release dated August 14, 2003 |

Gladstone Capital Reports Third Quarter Financial Results for June 30, 2003

Net Increase in Stockholders' Equity Resulting From Operations in the  
Third Quarter Was \$0.23 Per Diluted Common Share, a 4.6% Increase  
From the Prior Year's Quarter of \$0.22 Per Diluted Common Share;  
Net Investment Income Increased From \$2,224,574 or \$0.22 to \$3,115,736  
Or \$0.30 Per Diluted Common Share, a 40% Increase

MCLEAN, Va., Aug. 14 /PRNewswire-FirstCall/ -- Gladstone Capital Corp.  
(Nasdaq: GLAD) announced today that its Net Increase in Stockholders' Equity  
Resulting from Operations for the third quarter ended June 30, 2003 was  
\$2,370,899 or \$0.23 per diluted common share for the quarter as compared to  
\$2,224,574 or \$0.22 per diluted common share for the quarter ended June 30,  
2002, an increase of \$146,325 or 4.6%. As stated above, the Net Investment  
Income for the quarter ended June 30, 2003, increased from \$2,224,574 or \$0.22  
to \$3,115,736 or \$0.30 per diluted common share, a 40% increase from the prior  
year's quarter. Total assets were \$199,857,436 at the end of June 2003 and  
\$172,922,039 at the end of September 2002.

Net Increase in Stockholders' Equity Resulting from Operations for the  
nine months ended June 30, 2003 was \$8,445,069 or \$0.83 per diluted common  
share as compared to \$4,830,036 or \$0.47 per diluted common share for the  
previous nine months ended June 30, 2002. This was an increase of \$3,615,033  
or 74.8%. Net Investment Income for the nine months ended June 30, 2003 was  
\$8,447,482 or \$0.83 per diluted common share as compared to \$4,830,036 or  
\$0.47 per diluted common share for the previous nine months ended June 30,  
2002. This was an increase of \$3,617,446 or 74.9%.

Information about investments is on our web site,  
[www.GladstoneCapital.com](http://www.GladstoneCapital.com).

The attached financial statements are without footnotes so readers should  
obtain our Form 10-Q for the period ended June 30, 2003 and review the notes  
as well. We have filed this Form 10-Q with the Securities and Exchange  
Commission ('SEC') which can be retrieved at the SEC website at [www.SEC.gov](http://www.SEC.gov) or  
from Gladstone Capitals web site at [www.GladstoneCapital.com](http://www.GladstoneCapital.com). A paper copy  
can be obtained by writing to us at 1616 Anderson Road, McLean, VA 22102.

For further information please contact Skye Breeden or Harry Brill at  
703-286-7000. The company will have a conference call at 10:30am EDT, August  
15, 2003. Please call 1-800-513-1181 and use the ID code 234811 and you will  
be placed on hold until the conference starts. An operator will monitor the  
call and set a queue for the questions. The replay number will be available  
for approximately 30 days. The replay number is 1-800-615-3210 and use ID  
code 234811.

This press release may include statements that may constitute "forward-  
looking statements" within the meaning of Section 27A of the Securities Act of

1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including statements with regard to the future performance of the Company. Words such as "believes," "expects," "projects" and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements inherently involve certain risks and uncertainties, although they are based on the Company's current plans that are believed to be reasonable as of the date of this press release. Factors that may cause the Company's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward-looking statements include, among others, those factors listed under the caption "Risk factors" of the Company's Form 10-K for the Fiscal Year Ended September 30, 2002, as filed with the Securities and Exchange Commission on December 11, 2002. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

GLADSTONE CAPITAL CORPORATION

CONSOLIDATED BALANCE SHEETS

|   | June 30,<br>2003 | September 30,<br>2002 |
|---|------------------|-----------------------|
|   | (Unaudited)      |                       |
| ASSETS  |                  |                       |
| Investments at fair value                                   |                  |                       |
| (Cost 6/30/2003: \$104,977,557;<br>9/30/2002: \$79,718,354) | \$104,975,144    | \$79,718,354          |
| Cash and cash equivalents                                   | 27,066,673       | 51,930,529            |
| Cash and cash equivalents pledged<br>as collateral          | 65,006,677       | 39,998,799            |
| Interest receivable - investments<br>in debt securities     | 1,088,168        | 685,274               |
| Interest receivable - cash and<br>cash equivalents          | -                | 4,389                 |
| Interest receivable - officers                              | 109,736          | 109,874               |
| Prepaid assets  | 1,432,593        | 357,955               |
| Other assets  | 178,445          | 116,865               |
| TOTAL ASSETS  | \$199,857,436    | \$172,922,039         |

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

|   |              |              |
|---|--------------|--------------|
| Accounts payable                          | \$330,269    | \$-          |
| Dividends payable                         | 2,920,835    | 2,115,087    |
| Accrued expenses and deferred liabilities | 1,547,310    | 944,960      |
| Repurchase agreement                      | 63,706,000   | 39,198,719   |
| Total Liabilities                         | \$68,504,414 | \$42,258,766 |

STOCKHOLDERS' EQUITY

|   |               |               |
|---|---------------|---------------|
| Common stock, \$0.001 par value,<br>50,000,000 shares authorized and<br>10,071,844 shares issued and<br>outstanding | \$10,072      | \$10,072      |
| Capital in excess of par value  | 140,266,684   | 140,266,684   |
| Notes receivable - officers   | (8,983,796)   | (8,983,796)   |
| Net unrealized depreciation on<br>investments   | (2,413)       | -             |
| Undistributed/(overdistributed) net<br>investment income  | 62,475        | (629,687)     |
| Total Stockholders' Equity  | \$131,353,022 | \$130,663,273 |

TOTAL LIABILITIES AND

|                      |               |               |
|----------------------|---------------|---------------|
| STOCKHOLDERS' EQUITY | \$199,857,436 | \$172,922,039 |
|----------------------|---------------|---------------|

GLADSTONE CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS

AS OF JUNE 30, 2003

(UNAUDITED)

| COMPANY (1)                                  | INDUSTRY                                    | INVESTMENT                     | COST         | FAIR VALUE   |
|--|---|--------------------------------|--------------|--------------|
| America's<br>Water Heater<br>Rentals,<br>LLC | Water heater<br>rentals<br>and<br>servicing | Senior<br>Term Debt<br>(2) (4) | \$12,000,000 | \$12,015,000 |

|                                       |                                   |  |            |            |
|---------------------------------------|-----------------------------------|--|------------|------------|
| ARI Holdings, Inc.                    | Manufacturing auto parts          | Junior Subordinated Term Debt (3)      | 8,565,416  | 8,565,416  |
| Coyne International Enterprises Corp. | Industrial services               | Senior Term Debt (2) (3) (4)           | 20,334,866 | 20,233,192 |
| Finn Corporation                      | Manufacturing landscape equipment | Senior Subordinated Term Debt (4)      | 10,500,000 | 10,479,000 |
|                                       |                                   | Common Stock Warrants for 2% Ownership | 37,000     | 431,111    |
| Fugate & Associates, Inc.             | Imaging supplies                  | Senior Term Debt                       | 2,000,000  | 2,000,000  |
|                                       |                                   | Senior Term Debt                       | 3,500,000  | 3,500,000  |
| Home Care Supply, Inc.                | Medical equipment rental          | Senior Term Debt (2) (4) (5)           | 18,000,000 | 18,405,900 |
| Inca Metal Products Corp.             | Material handling and storage     | Senior Term Debt (2) (4)               |            |            |
| Kingway Acquisition, Inc.             | products                          |  |            |            |
| Clymer Acquisitions, Inc.             |                                   |  | 5,850,000  | 5,191,875  |
| Kozy Shack Enterprises, Inc.          | Food production and               | Senior Term Debt (2) (4)               |            |            |

|  |                              |                               |               |               |
|--|------------------------------|-------------------------------|---------------|---------------|
|  | sales                        |                               | 2,400,000     | 2,406,000     |
| Marcal Paper Mills, Inc.                 | Manufacturing paper products | Senior Subordinated Term Debt |               |               |
|  |                              | (2) (4)                       | 7,150,000     | 7,114,250     |
|  |                              | First Mortgage Debt (3)       | 9,140,275     | 9,140,275     |
| Wingstop Restaurants International, Inc. | Restaurant - fast food       | Senior Term Debt              |               |               |
|  |                              | (4)                           | 2,000,000     | 1,997,500     |
|  |                              | Senior Term Debt              |               |               |
|  |                              | (4)                           | 3,500,000     | 3,495,625     |
|  |                              |                               | \$104,977,557 | \$104,975,144 |

(1) We do not "Control," and are not an "Affiliate" of, any of our portfolio companies, each as defined in the Investment Company Act of 1940, as amended (the "1940 Act"). In general, under the 1940 Act, we would "Control" a portfolio company if we owned 25% or more of its voting securities and would be an "Affiliate" of a portfolio company if we owned 5% or more of its voting securities.

(2) Last Out Tranche of senior debt, meaning if the company is liquidated then the holder of the Last Out Tranche is paid after the senior debt.

(3) Has some paid in kind (PIK) interest. Refer to Note 2 "Summary of Significant Accounting Policies" of Form 10-K for the fiscal year ended September 30, 2002.

(4) Fair value was based on valuation prepared and provided by Standard & Poor's Loan Evaluation Services.

(5) Includes a success fee with a fair value of \$473,400.

GLADSTONE CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS

AS OF SEPTEMBER 30, 2002

| COMPANY (1)                           | INDUSTRY                               | INVESTMENT   | COST              | FAIR VALUE        |
|---------------------------------------|--|--|-------------------|-------------------|
| ARI Holdings, Inc.                    | Manufacturing auto parts               | Junior Subordinated Term Debt (3)                                    | \$8,250,803       | \$8,250,803       |
| Coyne International Enterprises Corp. | Industrial services                    | Senior Term Debt (2) (3)   | 16,054,268        | 16,054,268        |
| Finn Corporation                      | Manufacturing landscape equipment      | Senior Subordinated Term Debt Common Stock Warrants for 2% Ownership | 10,500,000 37,000 | 10,500,000 37,000 |
| Home Care Supply, Inc.                | Medical equipment rental               | Senior Term Debt (2)   | 18,000,000        | 18,000,000        |
| Inca Metal Products Corp.             | Material handling and storage products | Senior Term Debt (2)   | 6,000,000         | 6,000,000         |
| Kozy Shack Enterprises, Inc.          | Food production and sales              | Senior Term Debt (2)   | 4,300,000         | 4,300,000         |
| Marcal Paper Mills, Inc.              | Manufacturing paper products           | Senior Subordinated Term Debt (2)                                    | 7,500,000         | 7,500,000         |

|          |              |              |
|----------|--------------|--------------|
| First    |              |              |
| Mortgage |              |              |
| Debt (3) | 9,076,283    | 9,076,283    |
|          |              |              |
|          | \$79,718,354 | \$79,718,354 |

(1) We do not "Control," and are not an "Affiliate" of, any of our portfolio companies, each as defined in the Investment Company Act of 1940, as amended (the "1940 Act"). In general, under the 1940 Act, we would "Control" a portfolio company if we owned 25% or more of its voting securities and would be an "Affiliate" of a portfolio company if we owned 5% or more of its voting securities.

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#### GLADSTONE CAPITAL CORPORATION

#### CONSOLIDATED STATEMENT OF OPERATIONS

(UNAUDITED)

|   | Three Months<br>Ended<br>June 30,<br>2003 | Three Months<br>Ended<br>June 30,<br>2002 |
|---|---|---|
| INVESTMENT INCOME                                   |   |   |
| Interest income - investments                       | \$3,684,284                               | \$1,808,834                               |
| Interest income - cash and<br>cash equivalents      | 79,073                                    | 351,726                                   |
| Interest income - notes<br>receivable from officers | 109,737                                   | 108,691                                   |
| Managerial assistance fees                          | 125,000                                   | 645,898                                   |
| Other income  | 61,650                                    | -   |
| Total Investment Income                             | \$4,059,744                               | \$2,915,149                               |
| EXPENSES  |   |   |
| Salaries and benefits                               | \$493,901                                 | \$364,253                                 |
| Rent  | 54,899                                    | 36,095                                    |
| Professional fees                                   | 101,211                                   | 119,322                                   |
| Directors fees                                      | 20,290                                    | 7,000                                     |



|                            |           |           |
|----------------------------|-----------|-----------|
| Insurance                  | 71,883    | 49,802    |
| Stockholder related costs  | 12,227    | 7,210     |
| Financing fees             | 62,355    | -         |
| General and administrative | 127,242   | 106,893   |
| Total Expenses             | \$944,008 | \$690,575 |

NET INVESTMENT INCOME                    \$3,115,736    \$2,224,574

Net unrealized appreciation  
on investments                                (744,837)            -

NET INCREASE IN STOCKHOLDERS'  
EQUITY RESULTING FROM  
OPERATIONS                                    \$2,370,899    \$2,224,574

NET INCREASE IN STOCKHOLDERS'  
EQUITY RESULTING FROM OPERATIONS  
PER COMMON SHARE  
Basic    \$0.24                \$0.22  
Diluted     \$0.23                \$0.22

WEIGHTED AVERAGE SHARES OF  
COMMON STOCK OUTSTANDING  
Basic    10,071,844    10,071,844  
Diluted     10,256,790    10,201,052

# GLADSTONE CAPITAL CORPORATION

## CONSOLIDATED STATEMENT OF OPERATIONS (UNAUDITED)

|                               | Nine Months | Nine Months |
|-------------------------------|-------------|-------------|
|                               | Ended       | Ended       |
|                               | June 30,    | June 30,    |
|                               | 2003        | 2002        |
| INVESTMENT INCOME             |             |             |
| Interest income - investments | \$9,887,909 | \$3,735,461 |
| Interest income - cash and    |             |             |
| cash equivalents              | 390,577     | 1,360,811   |
| Interest income - notes       |             |             |
| receivable from officers      | 329,078     | 323,518     |

|                            |              |             |
|----------------------------|--------------|-------------|
| Managerial assistance fees | 483,000      | 1,286,809   |
| Other income               | 63,906       | 47,500      |
| Total Investment Income    | \$11,154,470 | \$6,754,099 |

#### EXPENSES

|                            |             |             |
|----------------------------|-------------|-------------|
| Salaries and benefits      | \$1,405,002 | \$968,595   |
| Rent                       | 164,044     | 83,375      |
| Professional fees          | 302,478     | 334,804     |
| Directors fees             | 54,647      | 14,000      |
| Insurance                  | 216,724     | 147,466     |
| Stockholder related costs  | 123,659     | 78,472      |
| Financing fees             | 62,355      | -           |
| General and administrative | 378,079     | 297,351     |
| Total Expenses             | \$2,706,988 | \$1,924,063 |

|                       |             |             |
|-----------------------|-------------|-------------|
| NET INVESTMENT INCOME | \$8,447,482 | \$4,830,036 |
|-----------------------|-------------|-------------|

#### Net unrealized appreciation

|                |         |   |
|----------------|---------|---|
| on investments | (2,413) | - |
|----------------|---------|---|

#### NET INCREASE IN STOCKHOLDERS'

##### EQUITY RESULTING FROM

|            |             |             |
|------------|-------------|-------------|
| OPERATIONS | \$8,445,069 | \$4,830,036 |
|------------|-------------|-------------|

#### NET INCREASE IN STOCKHOLDERS'

##### EQUITY RESULTING FROM OPERATIONS

##### PER COMMON SHARE

|         |        |        |
|---------|--------|--------|
| Basic   | \$0.84 | \$0.48 |
| Diluted | \$0.83 | \$0.47 |

#### WEIGHTED AVERAGE SHARES OF

##### COMMON STOCK OUTSTANDING

|         |            |            |
|---------|------------|------------|
| Basic   | 10,071,844 | 10,071,844 |
| Diluted | 10,160,350 | 10,176,944 |

GLADSTONE CAPITAL CORPORATION

#### FINANCIAL HIGHLIGHTS

(UNAUDITED)

Three Months

Three Months

|  | Ended         | Ended         |
|--|---------------|---------------|
|  | June 30,      | June 30,      |
|  | 2003          | 2002          |
| Per Share Data (1)   |               |               |
| Net asset value at beginning of period                               | \$13.09       | \$12.91       |
| Net investment income  | 0.31          | 0.22          |
| Net unrealized (loss)/gain on<br>investments                         | (0.07)        | -             |
| Distributions from net investment<br>income                          | (0.29)        | (0.21)        |
| Net asset value at end of period                                     | \$13.04       | \$12.92       |
| Per share market value at beginning<br>of period                     | \$16.18       | \$17.80       |
| Per share market value at end of<br>period                           | 20.48         | 18.05         |
| Total return (2) (3)   | 28.37%        | 2.58%         |
| Shares outstanding at end of period                                  | 10,071,844    | 10,071,844    |
| Ratios/Supplemental Data   |               |               |
| Net assets at end of period  | \$131,353,022 | \$129,991,136 |
| Average net assets   | \$132,823,516 | \$130,560,626 |
| Ratio of operating expenses to<br>average net assets - annualized    | 2.86%         | 2.12%         |
| Ratio of net investment income to<br>average net assets - annualized | 7.18%         | 6.82%         |

|  | Nine Months | Nine Months |
|--|-------------|-------------|
|  | Ended       | Ended       |
|  | June 30,    | June 30,    |
|  | 2003        | 2002        |
| Per Share Data (1)                           |             |             |
| Net asset value at beginning of period       | \$12.97     | \$13.05     |
| Net investment income                        | 0.84        | 0.48        |
| Net unrealized (loss)/gain on<br>investments | -           | -           |
| Distributions from net investment<br>income  | (0.77)      | (0.60)      |
| Offering costs                               | -           | (0.01)      |

|                                  |         |         |
|----------------------------------|---------|---------|
| Effect of anti-dilution          | -       | (0.01)  |
| Net asset value at end of period | \$13.04 | \$12.91 |

|   |            |            |
|---|------------|------------|
| Per share market value at beginning of period | \$16.88    | \$16.38    |
| Per share market value at end of period       | 20.48      | 18.05      |
| Total return (2) (3)                          | 25.89%     | 13.86%     |
| Shares outstanding at end of period           | 10,071,844 | 10,071,844 |

#### Ratios/Supplemental Data

|   |               |               |
|---|---------------|---------------|
| Net assets at end of period                                       | \$131,353,022 | \$129,991,136 |
| Average net assets  | \$132,170,641 | \$130,888,323 |
| Ratio of operating expenses to average net assets - annualized    | 2.74%         | 1.96%         |
| Ratio of net investment income to average net assets - annualized | 8.54%         | 4.92%         |

(1) Basic per share data.

(2) Amounts were not annualized for the results of the three and nine month periods ended June 30, 2003 and June 30, 2002.

(3) Total return equals the increase of the ending market value over the beginning market value plus distributions divided by the beginning market value.

SOURCE Gladstone Capital Corp.

-0- 08/14/2003

/CONTACT: Skye Breeden or Harry Brill of Gladstone Capital Corp.,

+1-703-286-7000/

/Web site: <http://www.gladstonecapital.com/>

(GLAD)

CO: Gladstone Capital Corp.

ST: Virginia

IN: FIN

SU: ERN