

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) February 17, 2004

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

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

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

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 February 17, 2004

Item 12. Results of Operations and Financial Condition.

On February 17, 2004, Gladstone Capital Corporation issued a press release announcing its financial results for the quarter ended December 31, 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 exhibit 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)

By: /s/ Harry Brill

February 17, 2004

(Harry Brill, Chief Financial Officer)

EXHIBIT INDEX

Exhibit No. - -----	Description -----
99.1	Press release dated February 17, 2004

Gladstone Capital Reports First Quarter Financial
Results for December 31, 2003

MCLEAN, Va., Feb. 17 /PRNewswire-FirstCall/ -- Gladstone Capital Corp. (Nasdaq: GLAD) announced today that its Net Increase in Stockholders' Equity Resulting from Operations for the first quarter ended December 31, 2003 was \$1,381,074 or \$0.13 per diluted common share as compared to \$2,412,154 or \$0.24 per diluted common share for the quarter ended December 31, 2002, a decrease of 46%. The decrease was due to unrealized depreciation. The Net Investment Income for the quarter ended December 31, 2003, increased from \$2,412,154 or \$0.24 per diluted common share to \$2,938,636 or \$0.28 per diluted common share, a \$526,482 or 22% increase from the prior year's quarter. The Company pays its dividends based on Net Investment Income. Total assets were \$224,211,301 at December 31, 2003 and \$214,566,663 at September 30, 2003.

"The depreciation of several loans was the primary reason for the change in stockholders' value this quarter. To date, all of our loans are current. The Company pays dividends from its Net Investment Income," said a spokesperson for the Company. "While loan production has been slow, we expect 2004 to be a good year."

For further information please contact Skye Breeden or Harry Brill at 703-286-7000. The company will have a conference call at 9:30 a.m. EST, February 18, 2004. Please call 1-877-625-9185 and use the ID code 390377 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 1-888-266-2081 and use ID code 390377 to access the call.

The attached financial statements are without footnotes so readers should obtain our Form 10-Q for the period ended December 31, 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 or from Gladstone Capitals web site at www.GladstoneCapital.com. A paper copy can be obtained by writing to us at 1616 Anderson Road, McLean, VA 22102.

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, 2003, as filed with the Securities and Exchange Commission on December 11, 2003. 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

	December 31, 2003 (Unaudited)	September 30, 2003 (Audited)
ASSETS		
Investments at fair value (Cost 12/31/2003: \$120,663,277; 9/30/2003: \$109,529,893)	\$118,883,375	\$109,307,553
Cash and cash equivalents	7,252,566	21,143,972
Cash and cash equivalents pledged as collateral	95,001,094	80,022,249
Interest receivable -- investments in debt securities	1,043,095	1,041,943
Interest receivable -- cash and cash equivalents	1,302	955
Interest receivable -- officers	19,543	108,657
Due from custodian	37,500	1,207,000
Prepaid assets	1,473,355	1,479,815
Other assets	499,471	254,519
TOTAL ASSETS	\$224,211,301	\$214,566,663

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Accounts payable	\$91,052	\$23,247
Dividends payable	-	3,327,009
Accrued expenses and deferred liabilities	2,059,550	1,965,025
Repurchase agreement	93,101,000	78,449,000
Total Liabilities	\$95,251,602	\$83,764,281
STOCKHOLDERS' EQUITY		
Common stock, \$0.001 par value, 50,000,000 shares authorized and 10,081,844 and 10,071,844 shares issued and outstanding, respectively	\$10,082	\$10,082
Capital in excess of par value	140,416,674	140,416,674
Notes receivable -- officers	(8,882,688)	(8,985,940)
Net unrealized depreciation on investments	(1,779,902)	(222,340)
Undistributed/(overdistributed) net investment income	(804,467)	(416,094)
Total Stockholders' Equity	\$128,959,699	\$130,802,382
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$224,211,301	\$214,566,663

GLADSTONE CAPITAL CORPORATION

SCHEDULE OF INVESTMENTS
AS OF SEPTEMBER 30, 2003
(UNAUDITED)

COMPANY (1)	INDUSTRY	INVESTMENT	COST	FAIR VALUE
America's Water Heater Rentals, LLC	Water heater rentals and servicing	Senior Term Debt (2) (4)	\$12,000,000	\$12,000,000
ARI Holdings, Inc.	Manufacturing auto parts	Senior Term Debt (2) (3) (4) Senior Term Debt (2)	3,547,683 1,425,000	3,543,248 1,423,219
Burt's Bees, Inc.	Personal and household products	Senior Term Debt	1,000,000	1,005,000
Coyne International Enterprises Corp.	Industrial services	Senior Term Debt (2) (3) (4)	15,499,837	15,325,464
Finn Corporation	Manufacturing landscape equipment	Senior Subordinated Term Debt (4) Common Stock Warrants for 2% Ownership	10,500,000 37,000	9,121,875 435,649
Fugate & Associates, Inc.	Imaging supplies	Senior Term Debt (4) Senior Term Debt (4)	3,325,000 1,666,666	3,325,000 1,666,666
GQM Acquisition Corp. d/b/a Gammill, Inc.	Designer and assembler of quilting machines and accessories	Senior Term Debt Senior Term Debt	7,500,000 7,000,000	7,500,000 7,000,000

Home Care Supply, Inc.	Medical equipment rental	Senior Term Debt (2) (4) (5)	18,000,000	18,494,100
Inca Metal Products Corp. Kingway Acquisition, Inc. Clymer Acquisitions, Inc.	Material handling and storage products	Senior Term Debt (2) (4)	2,500,000	2,246,875
Marcal Paper Mills, Inc.	Manufacturing paper products	Senior Subordinated Term Debt (2) (4) First Mortgage Debt (3)	6,975,000 9,187,091	6,155,438 9,187,091
Mistras Holdings, Inc.	Nondestructive testing instruments, systems and services	Senior Term Debt (2) Senior Term Debt (2)	10,000,000 5,000,000	9,987,500 4,993,750
Wingstop Restaurants International, Inc.	Restaurant -- fast food	Senior Term Debt (4) Senior Term Debt (4)	3,500,000 2,000,000	3,482,500 1,990,000
			\$120,663,277	\$118,883,375

(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, 2003.

(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, 2003 (UNAUDITED)

COMPANY (1)	INDUSTRY	INVESTMENT	COST	FAIR VALUE
America's Water Heater Rentals, LLC	Water heater rentals and servicing	Senior Term Debt (2) (4)	\$12,000,000	\$12,000,000
ARI Holdings, Inc.	Manufacturing auto parts	Senior Term Debt (2) (3) Senior Term Debt (2)	3,511,667 1,500,000	3,511,667 1,500,000
Coyne International Enterprises Corp.	Industrial services	Senior Term Debt (2) (3) (4)	15,421,740	15,306,077

Finn Corporation	Manufacturing landscape equipment	Senior Subordinated Term Debt (4) Common Stock Warrants for 2% Ownership	10,500,000 37,000	10,421,250 431,111
Fugate & Associates, Inc.	Imaging supplies	Senior Term Debt (4) Senior Term Debt (4)	3,412,500 1,833,333	3,412,500 1,833,333
Home Care Supply, Inc.	Medical equipment rental	Senior Term Debt (2) (4) (5)	18,000,000	18,428,400
Inca Metal Products Corp. Kingway Acquisition, Inc. Clymer Acquisitions, Inc.	Material handling and storage products	Senior Term Debt (2) (4)	5,775,000	4,995,375
Kozy Shack Enterprises, Inc.	Food production and sales	Senior Term Debt (2) (4)	900,000	909,000
Marcal Paper Mills, Inc.	Manufacturing paper products	Senior Subordinated Term Debt (2) (4) First Mortgage Debt (3)	6,975,000 9,163,653	6,922,687 9,163,653
Mistras Holdings, Inc.	Nondestructive testing instruments, systems and services	Senior Term Debt (2) Senior Term Debt (2)	10,000,000 5,000,000	10,000,000 5,000,000
Wingstop Restaurants International, Inc.	Restaurant - fast food	Senior Term Debt (4) Senior Term Debt (4)	3,500,000 2,000,000	3,482,500 1,990,000
			\$109,529,893	\$109,307,553

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GLADSTONE CAPITAL CORPORATION

CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

Three Months

Three Months

	Ended December 31, 2003	Ended December 31, 2002
INVESTMENT INCOME		
Interest income -- investments	\$3,539,696	\$2,927,663
Interest income -- cash and cash equivalents	48,621	198,166
Interest income -- notes receivable from officers	108,632	109,603
Managerial assistance fees	255,000	-
Other income	16,000	-
Total Investment Income	\$3,967,949	\$3,235,432
EXPENSES		
Salaries and benefits	\$390,707	\$433,240
Rent	37,760	54,620
Professional fees	177,658	114,690
Directors fees	24,333	13,500
Insurance	74,011	71,154
Stockholder related costs	52,660	11,565
Financing fees	144,996	-
General and administrative	127,188	124,509
Total Expenses	\$1,029,313	\$823,278
NET INVESTMENT INCOME	\$2,938,636	\$2,412,154
Net unrealized depreciation on investments	(1,557,562)	-
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	\$1,381,074	\$2,412,154
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS PER COMMON SHARE		
Basic	\$0.14	\$0.24
Diluted	\$0.13	\$0.24
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING		
Basic	10,081,844	10,071,844
Diluted	10,333,529	10,124,197

GLADSTONE CAPITAL CORPORATION

FINANCIAL HIGHLIGHTS (UNAUDITED)

	Three Months Ended December 31, 2003	Three Months Ended December 31, 2002
Per Share Data(1)		
Net asset value at beginning of period	\$12.97	\$12.97
Net investment income	0.29	0.24
Net unrealized (loss)/gain on investments	(0.15)	-
Distributions from net investment income	(0.33)	(0.23)
Repayment of principal on notes receivable	0.01	-
Net asset value at end of period	\$12.79	\$12.98
Per share market value at beginning of period	\$19.45	\$16.88
Per share market value at end of period	22.35	16.47
Total return(2) (3)	16.71%	-1.07%
Shares outstanding at end of period	10,081,844	10,071,844
Ratios/Supplemental Data		
Net assets at end of period	\$128,959,699	\$130,758,904
Average net assets	\$129,002,039	\$131,563,142
Ratio of operating expenses to average net assets -- annualized	3.19%	0.63%
Ratio of net investment income to average net assets -- annualized	9.11%	1.83%

(1) Basic per share data.

(2) Amounts were not annualized for the results of the three month periods ended December 31, 2003 and December 31, 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.

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02/17/2004

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(GLAD)

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ST: Virginia

IN: FIN

SU: ERN CCA