

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 7, 2006

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

Maryland (State or other jurisdiction of incorporation)	814-00237 (Commission File Number)	54-2040781 (IRS Employer Identification No.)
1521 Westbranch Drive, Suite 200 McLean, Virginia (Address of principal executive offices)		22102 (Zip Code)

Registrant's telephone number, including area code: (703) 287-5800

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

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On February 7, 2006, Gladstone Capital Corporation issued a press release announcing its financial results for the first quarter ended December 31, 2005. 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 are deemed to be furnished and shall not be deemed to be filed.

Item 9.01 Financial Statements and Exhibits.

- (a) Not applicable.
- (b) Not applicable.
- (c) Not applicable.
- (d) Exhibits.

Exhibit No. -----	Description -----
99.1	Press release dated February 7, 2006

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)

February 7, 2006

By: /s/ Harry Brill  
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(Harry Brill, Chief Financial Officer)

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Press release dated February 7, 2006

## Gladstone Capital Corporation Reports First Quarter Results for 2006

MCLEAN, Va.--(BUSINESS WIRE)--Feb. 7, 2006--Gladstone Capital Corp.  
(NASDAQ:GLAD):

- Net Investment Income was \$4.4 million or \$0.38 per diluted common share
- Net Increase in Net Assets was \$8.2 million or \$0.71 per diluted common share

Gladstone Capital Corp. (NASDAQ:GLAD) (the "Company") today announced earnings for the first quarter ended December 31, 2005. All share references are based on weighted average common shares outstanding, unless otherwise noted.

Net Investment Income for the first quarter ended December 31, 2005 was \$4,442,414, or \$0.39 per basic share and \$0.38 per diluted share, as compared to \$4,677,404, or \$0.41 per basic share and \$0.40 per diluted share for the first quarter ended December 31, 2004.

Net Increase in Net Assets Resulting from Operations for the first quarter ended December 31, 2005 was \$8,233,349, or \$0.73 per basic share and \$0.71 per diluted share, as compared to \$4,944,948 or \$0.44 per basic share and \$0.43 per diluted share for the same period one year ago.

The Company also recorded net unrealized appreciation on its investments of \$4,972,422 for the first quarter ended December 31, 2005, as compared to net unrealized appreciation of \$282,605 for the first quarter ended December 31, 2004.

Total assets were \$212,106,143 at December 31, 2005, as compared to \$205,793,094 at September 30, 2005. Net asset value was \$13.74 per actual common share outstanding, at December 31, 2005 as compared to \$13.41 per actual common share outstanding, at September 30, 2005.

The annualized weighted average yield on the Company's portfolio for the three months ended December 31, 2005 was 12.6% (without giving effect to paid in kind interest) and 12.6% (after giving effect to PIK interest) as compared to 14.7% and 15.0% respectively for the same quarter one year ago.

On October 1, 2005 the Company began recording stock option expense for stock-based awards, in accordance with Statement of Financial Accounting Standards No. 123(R) Share-Based Payment. Accordingly, the Company recorded \$43,257 in stock option expense for the quarter ended December 31, 2005.

For the quarter ended December 31, 2005, the Company:

- Recorded loans of nearly \$26.7 million to four companies;
- Received principal repayments of \$38.7 million, which included scheduled principal repayments;
- Sold loan investments at a loss of approximately \$1.2 million; and
- Received prepayment penalties of approximately \$67 thousand.

At December 31, 2005, the Company had investments in debt securities in 27 private companies having an aggregate cost balance of \$192.2 million and a fair value of \$192.6 million.

"First quarter 2006 was mixed as we expected. Repayments and prepayments exceeded new originations; however, by removing several companies from our portfolio, including two which resulted in a loss, we were able to greatly improve the portfolio's value quality as is reflected in the portfolio's appreciation during the quarter. We continue to believe that we are making conservative decisions as we build and prune the portfolio, decisions that we anticipate will reward shareholders over the long term," said Chip Stelljes, President and Chief Investment Officer.

Subsequent to December 31, 2005, the Company:

- Extended \$30.0 million of loans to four companies; and
- The Board of Directors declared on January 10, 2006, its monthly cash dividends of \$0.135 per common share for each of the months of January, February and March of 2006.

The financial statements below are without footnotes. We have filed a Form 10-Q today for the first quarter ended December 31, 2005 with the Securities and Exchange Commission (the "SEC"), which can be retrieved from the SEC's website at [www.SEC.gov](http://www.SEC.gov) or from the Company's web site at [www.GladstoneCapital.com](http://www.GladstoneCapital.com). A paper copy can be obtained free of charge by writing to us at 1521 Westbranch Drive, Suite 200, McLean, VA 22102.

The Company will hold a conference call Wednesday, February 8, 2006 at 9:30 am EDT to discuss first quarter earnings. Please call (877) 407-8214 to enter the conference. An operator will monitor the call and set a queue for the questions.

The conference call replay will be available two hours after the call and

will be available through March 8, 2006. To hear the replay, please dial (877) 660-6853 and access playback account 286 and ID code 190141.

The live audio broadcast of Gladstone Capital's quarterly conference call will be available online at [www.GladstoneCapital.com](http://www.GladstoneCapital.com) and [www.investorcalendar.com](http://www.investorcalendar.com). The online replay will follow shortly after the call.

For further information contact our Investor Relations Manager, Kelly Sargent at 703-287-5835.

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 "should," "believes," "feel," "expects," "projects," "goals," 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, 2005, as filed with the Securities and Exchange Commission on December 13, 2005. 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 STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended December 31, 2005	Three Months Ended December 31, 2004
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INVESTMENT INCOME		
Interest income - investments	\$ 5,847,107	\$ 5,707,343
Interest income - cash and cash equivalents	8,912	16,340
Interest income - notes receivable from employees	107,093	114,718
Prepayment fees and other income	67,207	240,000
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Total investment income	6,030,319	6,078,401
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EXPENSES		
Loan servicing	715,415	530,952
Management fee	268,701	327,302
Professional fees	122,466	238,722
Amortization of deferred financing fees	26,250	91,912
Interest expense	652,078	171,730
Stockholder related costs	128,935	71,769
Directors fees	24,000	27,000
Insurance expense	50,777	46,272
Stock option compensation	43,257	-
General and administrative expenses	55,789	43,160
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Expenses before credit from Gladstone Management	2,087,668	1,548,819
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Credit to management fee for fees collected by Gladstone Management	(550,000)	(286,500)
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Total expenses net of credit to management fee	1,537,668	1,262,319
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NET INVESTMENT INCOME BEFORE INCOME TAXES	4,492,651	4,816,082
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Income tax expense	50,237	138,678
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NET INVESTMENT INCOME	4,442,414	4,677,404
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REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Realized (loss) gain on sale of investments	(1,180,595)	9,750
Unrealized depreciation on derivative	(892)	(24,811)
Net unrealized appreciation on investments	4,972,422	282,605
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Net unrealized gain on investments	3,790,935	267,544



period	\$	13.41	\$	13.50
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Income from investment operations:				
Net investment income (2)		0.39		0.41
Realized (loss)/gain on sale of investments (2)		(0.10)		-
Net unrealized gain on investments (2)		0.44		0.03
Net unrealized (loss) on derivatives (2)		-		-
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Total from investment operations		0.73		0.44
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Less distributions:				
Distributions from net investment income		(0.41)		(0.36)
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Total distributions		(0.41)		(0.36)
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Issuance of common stock under stock option plan		0.01		-
Offering costs		-		(0.01)
Repayment of principal on notes receivable		-		0.01
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Net asset value at end of period	\$	13.74	\$	13.58
=====				
Per share market value at beginning of period	\$	22.55	\$	22.71
Per share market value at end of period		21.38		23.70
Total Return (3) (4)		-3.44%		5.94%
Shares outstanding at end of period		11,308,510		11,278,510

#### Ratios/Supplemental Data

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Net assets at end of period	\$	155,417,011	\$	153,150,107
Average net assets	\$	150,961,590	\$	151,429,917
Ratio of expenses to average net assets - annualized (5)		5.66%		4.46%
Ratio of net expenses to average net assets - annualized (6)		4.21%		3.70%
Ratio of net investment income to average net assets - annualized		11.77%		12.36%

(1) Basic per share data.

(2) Based on weighted average basic per share data.

(3) Total return equals the increase of the ending market value over the beginning market value plus monthly dividends divided by the monthly beginning market value, assuming monthly dividend reinvestment.

(4) Amounts were not annualized.

(5) Ratio of expenses to average net assets is computed using expenses before credit from Gladstone Management and including income tax expense.

(6) Ratio of net expenses to average net assets is computed using total expenses net of credits to management fee and including income tax expense.

CONTACT: Gladstone Capital Corporation  
Kelly Sargent, 703-287-5835