

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) May 3, 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.)
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1521 Westbranch Drive, Suite 200 McLean, Virginia (Address of principal executive offices)	22102 (Zip Code)
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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 May 3, 2006, Gladstone Capital Corporation issued a press release announcing its financial results for the second quarter ended March 31, 2006. 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 May 3, 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)

May 3, 2006

By: /s/ Harry Brill

(Harry Brill, Chief Financial Officer)

EXHIBIT INDEX

Exhibit No. -----	Description -----
99.1	Press release dated May 3, 2006

Gladstone Capital Corp. Reports Results for the Second Quarter Ended March 31, 2006

MCLEAN, Va.--(BUSINESS WIRE)--May 3, 2006--Gladstone Capital Corp.
(NASDAQ:GLAD):

- Net Investment Income was \$5.2 million or \$0.45 per diluted common share
- Net Increase in Net Assets was \$5.6 million or \$0.48 per diluted common share

Gladstone Capital Corp. (NASDAQ:GLAD) (the "Company") today announced earnings for the second quarter and six months ended March 31, 2006. All per share references are based on fully diluted weighted average common shares outstanding, unless otherwise noted.

Net Investment Income for the second quarter ended March 31, 2006 was \$5,203,816, or \$0.45 per share, as compared to \$4,431,258 or \$0.38 per share for the second quarter ended March 31, 2005, an increase of 18% per share. Net Investment Income for the six months ended March 31, 2006 was \$9,646,230, or \$0.83 per share, as compared to \$9,108,662 or \$0.78 per share for the six months ended March 31, 2005, an increase of 6% per share.

Net Increase in Net Assets Resulting from Operations for the second quarter ended March 31, 2006 was \$5,590,381, or \$0.48 per share, as compared to \$4,275,378 or \$0.37 per share for the same period one year ago, an increase of 30% per share. Net Increase in Net Assets Resulting from Operations for the six months ended March 31, 2006 was \$13,823,730, or \$1.20 per share, as compared to \$9,220,326 or \$0.79 per share for the same period one year ago, an increase of 52% per share.

The Company also recorded net unrealized depreciation on its investments of \$15,593 for the second quarter ended March 31, 2006, as compared to net unrealized depreciation of \$191,728 for the second quarter ended March 31, 2005. For the six months ended March 31, 2006, the Company recorded net unrealized appreciation on its investments of \$4,956,829 as compared to net unrealized appreciation of \$90,877 for the six months ended March 31, 2005.

Total assets were \$217,725,319 at March 31, 2006, as compared to \$205,793,094 at September 30, 2005. Net asset value was \$13.84 per actual common share outstanding, at March 31, 2006, 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 March 31, 2006 was 12.7% (without giving effect to paid in kind interest) and 12.7% (after giving effect to paid in kind interest) as compared to 11.6% and 13.5%, respectively, for the same quarter one year ago. Beginning April 1, 2006 the Company has no investments with paid in kind interest.

On October 1, 2005 the Company began recording stock option expense for stock-based awards, in accordance with Statement of Financial Accounting Standards No. 123R Share-Based Payment. Accordingly, the Company recorded \$34,065 in stock option expense for the quarter ended March 31, 2006 and \$77,322 for the six months ending March 31, 2006.

Second quarter highlights:

- New investments of approximately \$38.5 million;
- Principal repayments of \$24.8 million, which included scheduled principal repayments;
- Success fee of approximately \$556,000;
- Gain of approximately \$378,000 on the sale of a loan investment; and
- Prepayment penalties of approximately \$14,000.

At March 31, 2006, the Company had 28 private company investments in debt and equity securities with an aggregate cost balance of \$206.0 million and a fair value of \$206.5 million.

"Our strong second quarter earnings results included reporting an 18% increase in net investment income, partially driven by a success fee of nearly \$556,000. During the quarter we placed several new loans into the portfolio, although we continue to experience additional loan prepayments," said Chip Stelljes, President and Chief Investment Officer. "We are seeing a steady flow of investment opportunities and expect to post positive results for the second half of 2006."

Subsequent event highlights:

- Purchase of three syndication loans for \$10.0 million;
- Receipt of three full investment repayments for \$24.9 million; and
- Declared monthly cash dividends of \$0.135 per common share for each of the months of April, May and June 2006.

Also subsequent to March 31, 2006, the Board of Directors approved an offer to the executive officers and directors of the Company and the employees of the Company's external investment adviser, Gladstone Management Corporation, who hold stock options (the "Optionees"), to amend the terms of all stock options currently outstanding (the "Options") under the Company's Amended and Restated 2001 Equity Incentive Plan, as amended, to accelerate the expiration date of the Options to September 30, 2006. The offer is conditioned upon its acceptance by all of the Optionees, so that if the offer is accepted 100% of the outstanding Options will be amended to expire on September 30, 2006. The offer to amend the Options is currently scheduled to expire at 5:00 p.m., Eastern Time, on May 31, 2006. The Company filed a Schedule TO and related documentation regarding the offer with the Securities and Exchange Commission on April 12, 2006.

The financial statements below are without footnotes. We have filed a Form 10-Q today for the second quarter ended March 31, 2006 with the Securities and Exchange Commission (the "SEC"), which can be retrieved from the SEC's website at www.SEC.gov or from the Company's web site at 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 Thursday, May 4, 2006 at 9:30 am EDT to discuss second quarter earnings. Please call (877) 407-9205 to enter the conference. An operator will monitor the call and set a queue for the questions.

The conference call replay will be available approximately two hours after the call and will be available through June 3, 2006. To hear the replay, please dial (877) 660-6853, access playback account 286 and use ID code 199307.

The live audio broadcast of Gladstone Capital's quarterly conference call will be available online at www.GladstoneCapital.com and www.investorcalendar.com. The event will be archived and available for replay on the Company's website.

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 ("SEC") on December 13, 2005 and as listed in the Form 10-Q for the quarter ended March 31, 2006, as filed with the SEC today. 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 ASSETS & LIABILITIES
(Unaudited)

	March 31, 2006	September 30, 2005
	-----	-----
ASSETS		
Investments at fair value (Cost 3/31/2006: \$206,033,242; 9/30/2005: \$205,375,554)	\$206,461,282	\$200,846,763
Cash and cash equivalents	311,090	503,776
Interest receivable - investments in debt securities	1,063,698	1,406,212
Interest receivable - officers	13,015	27,067
Due from custodian	9,251,975	2,624,074
Due from Adviser	320,621	-
Deferred financing fees	23,536	70,000
Prepaid assets	145,036	177,848
Other assets	135,066	137,354
	-----	-----
TOTAL ASSETS	\$217,725,319	\$205,793,094
	=====	=====
LIABILITIES		
Accounts payable	\$ 4,589	\$ 21,893
Interest payable	278,951	183,707
Fees due to Adviser	230,182	391,322
Borrowings under lines of credit	60,300,000	53,034,064
Accrued expenses and deferred liabilities	249,286	350,665
Funds held in escrow	200,800	200,760

Total Liabilities	61,263,808	54,182,411
Net Assets	\$156,461,511	\$151,610,683

ANALYSIS OF NET ASSETS

Common stock, \$0.001 par value, 50,000,000 shares authorized and 11,308,510 and 11,303,510 shares issued and outstanding, respectively	\$ 11,309	\$ 11,304
Capital in excess of par value	164,774,090	164,610,873
Notes receivable - employees	(8,722,687)	(8,745,781)
Net unrealized appreciation/(depreciation) on investments	428,038	(4,528,791)
Unrealized depreciation on derivative	(229,981)	(253,747)
Realized (loss)/gain on sale of investments	(760,845)	42,250
Distributions less than net investment income	961,587	474,575
Total Net Assets	\$156,461,511	\$151,610,683
Net Assets Per Share	\$ 13.84	\$ 13.41

GLADSTONE CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31, 2006	Three Months Ended March 31, 2005
INVESTMENT INCOME		
Interest income - investments	\$ 6,875,264	\$ 5,198,180
Interest income - cash and cash equivalents	4,624	5,130
Interest income - notes receivable from employees	107,033	113,599
Prepayment fees and other income	13,779	569,620
Total investment income	7,000,700	5,886,529
EXPENSES		
Loan servicing	734,644	585,542
Management fee	352,379	390,007
Professional fees	110,887	156,383
Amortization of deferred financing fees	32,286	91,912
Interest expense	948,166	439,521
Stockholder related costs	115,864	104,541
Directors fees	30,212	24,000
Insurance expense	50,590	43,890
Stock option compensation	34,065	-
General and administrative expenses	60,791	69,475
Expenses before credit from Gladstone Management	2,469,884	1,905,271
Credit to management fee for fees collected by Gladstone Management	(673,000)	(450,000)
Total expenses net of credit to management fee	1,796,884	1,455,271
NET INVESTMENT INCOME BEFORE INCOME TAXES	5,203,816	4,431,258
Income tax expense	-	-
NET INVESTMENT INCOME	5,203,816	4,431,258
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Realized gain on sale of investments	377,500	20,000
Unrealized appreciation on derivative	24,658	15,848
Net unrealized depreciation on investments	(15,593)	(191,728)
Net unrealized gain (loss) on investments	386,565	(155,880)

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 5,590,381	\$ 4,275,378
	=====	=====

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic	\$ 0.49	\$ 0.38
	=====	=====
Diluted	\$ 0.48	\$ 0.37
	=====	=====

WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	11,308,510	11,288,833
Diluted	11,536,360	11,620,603

GLADSTONE CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Six Months Ended March 31, 2006	Six Months Ended March 31, 2005
	-----	-----
INVESTMENT INCOME		
Interest income - investments	\$12,722,371	\$10,905,523
Interest income - cash and cash equivalents	13,536	21,470
Interest income - notes receivable from employees	214,126	228,317
Prepayment fees and other income	80,986	809,620
	-----	-----
Total investment income	13,031,019	11,964,930
	-----	-----

EXPENSES		
Loan servicing	1,450,059	1,116,494
Management fee	621,080	717,309
Professional fees	233,353	395,105
Amortization of deferred financing fees	58,536	183,824
Interest expense	1,600,244	611,251
Stockholder related costs	244,799	176,310
Directors fees	54,212	51,000
Insurance expense	101,367	90,162
Stock option compensation	77,322	-
General and administrative expenses	116,580	112,635
	-----	-----
Expenses before credit from Gladstone Management	4,557,552	3,454,090
	-----	-----
Credit to management fee for fees collected by Gladstone Management	(1,223,000)	(736,500)
	-----	-----
Total expenses net of credit to management fee	3,334,552	2,717,590
	-----	-----

NET INVESTMENT INCOME BEFORE INCOME TAXES	9,696,467	9,247,340
	-----	-----
Income tax expense	50,237	138,678
	-----	-----
NET INVESTMENT INCOME	9,646,230	9,108,662
	-----	-----

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Realized (loss) gain on sale of investments	(803,095)	29,750
Unrealized appreciation (depreciation) on derivative	23,766	(8,963)
Net unrealized appreciation on investments	4,956,829	90,877
	-----	-----
Net unrealized gain on investments	4,177,500	111,664

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$13,823,730	\$ 9,220,326
	=====	=====

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic	\$ 1.22	\$ 0.82
	=====	=====
Diluted	\$ 1.20	\$ 0.79

WEIGHTED AVERAGE SHARES OF COMMON STOCK
OUTSTANDING:

Basic	11,307,510	11,283,671
Diluted	11,555,479	11,614,219

GLADSTONE CAPITAL CORPORATION
FINANCIAL HIGHLIGHTS
(Unaudited)

	Three Months Ended March 31,	
	2006	2005
Per Share Data (1)		
Net asset value at beginning of period	\$13.74	\$13.58
Income from investment operations:		
Net investment income (2)	0.46	0.39
Realized gain (loss) on sale of investments (2)	0.03	-
Net unrealized gain (loss) on investments (2)	-	(0.02)
Net unrealized gain on derivatives (2)	-	-
Total from investment operations	0.49	0.37
Less distributions:		
Distributions from net investment income	(0.41)	(0.36)
Total distributions	(0.41)	(0.36)
Issuance of common stock under stock option plan	-	0.01
Repayment of principal on notes receivable	-	0.06
Dilutive effect of share issuance	-	(0.02)
Effect of antidilution(3)	0.02	-
Net asset value at end of period	\$13.84	\$13.64
Per share market value at beginning of period	\$21.38	\$23.70
Per share market value at end of period	21.55	21.22
Total return (4) (5)	2.78%	-9.07%
Shares outstanding at end of period	11,308,510	11,298,510

Ratios/Supplemental Data

Net assets at end of period	\$156,461,511	\$154,141,310
Average net assets	\$154,397,504	\$152,288,314
Ratio of expenses to average net assets - annualized (6)	6.40%	5.00%
Ratio of net expenses to average net assets - annualized (7)	4.66%	3.82%
Ratio of net investment income to average net assets - annualized	13.48%	11.64%

	Six Months Ended March 31,	
	2006	2005
Per Share Data (1)		
Net asset value at beginning of period	\$ 13.41	\$ 13.50
Income from investment operations:		
Net investment income (2)	0.85	0.81
Realized (loss) gain on sale of investments (2)	(0.07)	-
Net unrealized gain on investments (2)	0.44	0.01
Net unrealized gain (loss) on derivatives (2)	-	-
Total from investment operations	1.22	0.82
Less distributions:		
Distributions from net investment income	(0.81)	(0.72)

Total distributions	(0.81)	(0.72)
	-----	-----
Issuance of common stock under stock option plan	0.01	0.01
Offering costs	-	(0.01)
Repayment of principal on notes receivable	-	0.07
Dilutive effect of share issuance	-	(0.03)
Effect of antidilution(3)	0.01	-
	-----	-----
Net asset value at end of period	\$ 13.84	\$ 13.64
	=====	=====

Per share market value at beginning of period	\$ 22.55	\$ 22.71
Per share market value at end of period	21.55	21.22
Total return (4) (5)	-0.75%	-3.66%
Shares outstanding at end of period	11,308,510	11,298,510

Ratios/Supplemental Data

Net assets at end of period	\$156,461,511	\$154,141,310
Average net assets	\$152,679,547	\$151,859,115
Ratio of expenses to average net assets - annualized (6)	6.04%	4.73%
Ratio of net expenses to average net assets - annualized (7)	4.43%	3.76%
Ratio of net investment income to average net assets - annualized	12.64%	12.00%

(1) Basic per share data.

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

(3) Represents the antidilutive impact of other components in changes in net assets and the different share amounts used in calculating per share data as a result of calculating certain per share data based upon the weighted average basic shares outstanding during the period and certain per share data based on the shares outstanding as of a period end.

(4) 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.

(5) Amounts were not annualized.

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

(7) 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 Corp.
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