

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) December 6, 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 December 6, 2006, Gladstone Capital Corporation issued a press release announcing its financial results for the fiscal year and three months ended September 30, 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 December 6, 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.

December 6, 2006	Gladstone Capital Corporation (Registrant) By: /s/ Harry Brill ----- (Harry Brill, Chief Financial Officer)
------------------	---

EXHIBIT INDEX

Exhibit No.
- -----

Description

99.1

Press release dated December 6, 2006

Gladstone Capital Corporation Reports Fiscal Year End Results for 2006

- Net Investment Income was \$19.4 million or \$1.67 per diluted common share, an increase of 11.9% per diluted common share
- Net Increase in Net Assets Resulting from Operations was \$24.4 million or \$2.10 per diluted common share, an increase of 57.6% per diluted common share

Business Editors

MCLEAN, Va.--(BUSINESS WIRE)--xx--Gladstone Capital Corp. (NASDAQ:GLAD) (the "Company") today announced earnings for the fiscal year and three months ended September 30, 2006. All share references are based on weighted average common shares outstanding, unless otherwise noted.

Net Investment Income for the fiscal year ended September 30, 2006 increased 11.9% to \$19,350,580, or \$1.70 per basic share and \$1.67 per diluted share, as compared to \$17,286,145, or \$1.53 per basic share and \$1.49 per diluted share for the fiscal year ended September 30, 2005. Net Investment Income for the three months ended September 30, 2006 increased 29.2% to \$4,916,268, as compared to \$3,805,057, for the three months ended September 30, 2005. Net Investment Income for the three months ended September 30, 2006 was \$0.42 per basic and diluted share and \$0.34 per basic share and \$0.33 per diluted share for the three months ended September 30, 2005.

Net Increase in Net Assets Resulting from Operations for the fiscal year ended September 30, 2006 increased nearly 58% to \$24,430,235, or \$2.15 per basic share and \$2.10 per diluted share, as compared to \$15,490,682 or \$1.37 per basic share and \$1.33 per diluted share for the fiscal year ended September 30, 2005. For the three months ended September 30, 2006, Net Increase in Net Assets Resulting from Operations was \$5,063,429 or \$0.44 per basic share and \$0.43 per diluted share, as compared to \$2,336,203 or \$0.21 per basic share and \$0.20 per diluted share for the same period one year ago.

Total assets were \$225,783,215 at September 30, 2006, as compared to \$205,793,094 at September 30, 2005. Net asset value was \$172,570,487 or \$14.02 per actual common share outstanding, at September 30, 2006 as compared to \$151,610,683, or \$13.41 per actual common share outstanding, at September 30, 2005.

For the fiscal year ended September 30, 2006, the Company reported the following activity:

- Purchased approximately \$136.0 million of new loans in 22 companies;
- Received principal repayments of \$124.0 million, which included scheduled principal repayments;
- Received \$1.3 million of success fees in connection with the full repayment of three investments; and
- Received prepayment penalties of approximately \$0.8 million.

At September 30, 2006, the Company had investments in debt and equity securities and loans to syndicated loan participants in 32 private companies having an aggregate cost basis of \$216.2 million and a fair value of \$217.6 million.

Subsequent to September 30, 2006, the Company:

- Purchased additional debt securities in 12 syndicated participations of approximately \$25.2 million;
- Received principal repayments of approximately \$1.7 million;
- Received full repayment of 2 loans of approximately \$20.0 million;
- Entered into an amended and restated investment advisory agreement with Gladstone Management Corporation and an administration agreement with Gladstone Administration, LLC as approved by our stockholders on December 2, 2005.

"Fiscal year 2006 produced double-digit growth, with nearly a 12% increase in Net Investment Income and nearly 8% growth in the annual dividend. Our year over year results reflect the dedication and hard

work of our Gladstone team," said Chip Stelljes, President and Chief Investment Officer. "We are proud of these accomplishments and will strive to produce even greater results in 2007."

The financial statements below are without footnotes. We have filed a Form 10-K today for the fiscal year ended September 30, 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.

Gladstone Capital will host a conference call at 8:30 a.m. EST, December 7, 2006. Please call 877-407-8031 to enter the conference. An operator will monitor the call and set a queue for the questions. The replay number will be available two hours after the call for approximately 30 days. To hear the replay, please dial 877-660-6853 and use Access Code 286 and ID code 221530.

For further information contact Investor Relations 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," "strive," "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, 2006, as filed with the Securities and Exchange Commission on December 6, 2006. 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

	September 30, 2006	September 30, 2005
	-----	-----
ASSETS		
Investments at fair value (Cost 9/30/2006: \$216,202,986; 9/30/2005: \$205,375,554)	\$217,642,750	\$200,846,763
Cash and cash equivalents	731,744	503,776
Interest receivable - investments in debt securities	1,394,942	1,406,212
Interest receivable - employees	37,396	27,067
Due from custodian	3,587,152	2,624,074
Deferred financing fees	145,691	70,000
Prepaid assets	226,747	177,848
Due from employees	1,803,283	-
Other assets	213,510	137,354
	-----	-----
TOTAL ASSETS	\$225,783,215	\$205,793,094
	=====	=====
LIABILITIES		
Accounts payable	\$4,072	\$21,893
Interest payable	247,530	183,707
Fees due to Adviser	240,363	391,322
Borrowings under lines of credit	49,993,000	53,034,064
Withholding taxes payable	1,803,283	-
Accrued expenses and deferred liabilities	721,287	350,665
Funds held in escrow	203,193	200,760
	-----	-----
TOTAL LIABILITIES	53,212,728	54,182,411
	-----	-----
NET ASSETS	\$172,570,487	\$151,610,683
	=====	=====

ANALYSIS OF NET ASSETS

Common stock, \$0.001 par value, 50,000,000 shares authorized and 12,305,008 and

11,303,510 shares issued and outstanding, respectively	\$12,305	\$11,304
Capital in excess of par value	181,270,565	164,610,873
Notes receivable - employees	(10,248,308)	(8,745,781)
Net unrealized appreciation (depreciation) on investments	1,439,764	(4,528,791)
Unrealized depreciation on derivative	(253,716)	(253,747)
Realized (loss) gain on sale of investments	(861,695)	42,250
Realized gain on settlement of derivative	15,014	-
Distributions less than net investment income	1,196,558	474,575
	-----	-----
TOTAL NET ASSETS	\$172,570,487	\$151,610,683
	=====	=====
NET ASSETS PER SHARE	\$14.02	\$13.41
	-----	-----

GLADSTONE CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year Ended September 30,	
	2006	2005
	-----	-----
INVESTMENT INCOME		
Interest income - investments	\$25,646,746	\$22,407,605
Interest income - cash and cash equivalents	38,381	32,807
Interest income - notes receivable from employees	441,341	444,170
Prepayment fees and other income	773,378	1,065,177
	-----	-----
Total investment income	26,899,846	23,949,759
	-----	-----
EXPENSES		
Loan servicing	2,907,875	2,549,728
Management fee	1,266,875	1,359,643
Professional fees	548,326	725,336
Amortization of deferred financing fees	140,143	385,737
Interest expense	3,238,615	1,774,629
Stockholder related costs	303,709	220,445
Directors fees	116,212	101,843
Insurance expense	206,554	178,214
Stock option compensation	285,318	-
Other expenses	484,722	235,861
	-----	-----
Expenses before credit from Gladstone Management	9,498,349	7,531,436
	-----	-----
Credit to management fee for fees collected by Gladstone Management	(2,051,000)	(1,077,100)
	-----	-----
Total expenses net of credit to management fee	7,447,349	6,454,336
	-----	-----
NET INVESTMENT INCOME BEFORE INCOME TAXES	19,452,497	17,495,423
	-----	-----
Income tax expense	101,917	209,278
	-----	-----
NET INVESTMENT INCOME	19,350,580	17,286,145
	-----	-----
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net realized (loss) gain on sale of investments	(903,945)	29,750
Realized gain on settlement of derivative	15,014	-
Unrealized appreciation (depreciation) on derivative	31	(39,488)
Net unrealized appreciation (depreciation) on investments	5,968,555	(1,785,725)
	-----	-----
Net gain (loss) on investments	5,079,655	(1,795,463)
	-----	-----
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$24,430,235	\$15,490,682
	=====	=====
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic	\$2.15	\$1.37
	=====	=====
Diluted	\$2.10	\$1.33

WEIGHTED AVERAGE SHARES OF COMMON STOCK
OUTSTANDING:

Basic	11,381,378	11,292,466
Diluted	11,615,922	11,609,146

GLADSTONE CAPITAL CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended September 30,	
	2006	2005
INVESTMENT INCOME		
Interest income - investments	\$7,148,853	\$5,735,849
Interest income - cash and cash equivalents	16,667	3,706
Interest income - notes receivable from employees	118,338	107,788
Prepayment fees and other income	62,153	10,260
Total investment income	7,346,011	5,857,603
EXPENSES		
Loan servicing	763,851	745,263
Management fee	314,755	283,703
Professional fees	148,568	196,726
Amortization of deferred financing fees	45,571	101,250
Interest expense	935,922	600,042
Stockholder related costs	30,539	27,660
Directors fees	34,500	24,219
Insurance expense	54,598	44,161
Stock option compensation	5,700	-
Other expenses	333,059	58,922
Expenses before credit from Gladstone Management	2,667,063	2,081,946
Credit to management fee for fees collected by Gladstone Management	(289,000)	(100,000)
Total expenses net of credit to management fee	2,378,063	1,981,946
NET INVESTMENT INCOME BEFORE INCOME TAXES	4,967,948	3,875,657
Income tax expense	51,680	70,600
NET INVESTMENT INCOME	4,916,268	3,805,057
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Realized gain on settlement of derivative	13,647	-
Unrealized appreciation (depreciation) on derivative	(65,221)	18,519
Net unrealized appreciation (depreciation) on investments	198,735	(1,487,373)
Net gain (loss) on investments	147,161	(1,468,854)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$5,063,429	\$2,336,203
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic	\$0.44	\$0.21
Diluted	\$0.43	\$0.20
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	11,573,200	11,303,510
Diluted	11,767,902	11,628,555

Three Months Ended
September 30,
2006 2005

Per Share Data (1)

Net asset value at beginning of period	\$13.95	\$13.61
Income from investment operations:		
Net investment income (2)	0.42	0.34
Net unrealized gain (loss) on investments (2)	0.02	(0.13)
Net unrealized gain on derivatives (2)	(0.01)	-
Total from investment operations	0.43	0.21
Less distributions:		
Distributions from net investment income	(0.42)	(0.41)
Total distributions	(0.42)	(0.41)
Issuance of common stock under stock option plan	1.10	-
Dilutive effect of share issuance (7)	(1.04)	-
Net asset value at end of period	\$14.02	\$13.41

Per share market value at beginning of period	\$21.39	\$23.40
Per share market value at end of period	22.01	22.55
Total return (3)	4.85%	-1.99%
Shares outstanding at end of period	12,305,008	11,303,510

Ratios/Supplemental Data

Net assets at end of period	\$172,570,487	\$151,610,683
Average net assets - not annualized (4)	\$162,057,242	\$151,387,098
Ratio of expenses to average net assets - annualized (5)	6.71%	5.69%
Ratio of net expenses to average net assets - annualized (6)	6.00%	5.42%
Ratio of net investment income to average net assets - annualized	12.13%	10.05%

Fiscal Year Ended September
30,
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)	1.70	1.53
Realized (loss) gain on sale of investments (2)	(0.08)	-
Net unrealized gain (loss) on investments (2)	0.53	(0.16)
Total from investment operations	2.15	1.37
Less distributions:		
Distributions from net investment income	(1.64)	(1.52)
Total distributions	(1.64)	(1.52)
Issuance of common stock under stock option plan	1.19	0.02
Stock compensation expense	0.02	-
Repayment of principal on notes receivable	0.02	0.07
Offering costs	-	(0.01)
Dilutive effect of share issuance (7)	(1.13)	(0.02)
Net asset value at end of period	\$14.02	\$13.41

Per share market value at beginning of period	\$22.55	\$22.71
Per share market value at end of period	22.01	22.55
Total return (3)	5.21%	5.93%
Shares outstanding at end of period	12,305,008	11,303,510

Ratios/Supplemental Data

Net assets at end of period	\$172,570,487	\$151,610,683
-----------------------------	---------------	---------------

Average net assets (4)	\$155,867,538	\$151,897,549
Ratio of expenses to average net assets		
- annualized (5)	6.16%	5.10%
Ratio of net expenses to average net		
assets - annualized (6)	4.84%	4.39%
Ratio of net investment income to		
average net assets - annualized	12.42%	11.38%

(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) Average net assets are computed by taking the average balance of net assets at the end of each month of the reporting period.

(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 from Gladstone Management and including income tax expense.

(7) Represents the anti-dilutive impact of (i) the other components in the changes in net assets and (ii) 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 or transaction date.

CONTACT: Gladstone Capital Corp.
Robert Johnson, 703-287-5835