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 18, 2013

Gladstone Capital Corporation

(Exact name of registrant as specified in its charter)

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

1521 Westbranch Drive, Suite 100 **McLean, Virginia**	**22102**
(Address of principal executive offices)	(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 8.01. Other Events.

Gladstone Capital Corporation is filing this Current Report on Form 8-K to provide on a supplemental basis the unaudited financial information of one of its portfolio companies, Defiance Integrated Technologies, Inc. ("Defiance"), for Defiance's fiscal years ended December 31, 2012 and 2011, pursuant to Rule 3-09 of Regulation S-X. The supplemental unaudited financial information is attached to this Current Report on Form 8-K as Exhibit 99.1 and is incorporated herein by reference.

Exhibit No.	Description
99.1	Unaudited Financial Information of Defiance Integrated Technologies, Inc. for its fiscal years ended December 31, 2012 and 2011.

SIGNATURE

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.

Dated: December 18, 2013

GLADSTONE CAPITAL CORPORATION

By: /s/ Melissa B. Morrison
Melissa B. Morrison
Chief Financial Officer

EXHIBIT INDEX

Exhibit No.	Description
99.1	Unaudited Financial Information of Defiance Integrated Technologies, Inc. for its fiscal years ended December 31, 2012 and 2011.

Exhibit 99.1

DEFIANCE INTEGRATED TECHNOLOGIES, INC

CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

December 31, 2012 and 2011

DEFIANCE INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
For the fiscal years ended December 31, 2012 and 2011

CONTENTS

See accompanying notes to the consolidated unaudited financial statements.

DEFIANCE INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED UNAUDITED BALANCE SHEETS
December 31, 2012 and 2011

	2012	2011
ASSETS		
Current assets		
Cash in bank	$ 10,317	$ 15,334
Accounts receivable, trade net of allowance for doubtful accounts: 2012 - $56,764; 2011 - $23,328	3,111,294	3,059,349
Accounts receivable, other	192,907	232,171
Inventories	2,289,280	2,269,426
Prepaid expenses	107,395	47,884
Total current assets	5,711,193	5,624,164
Property, plant and equipment		
Land	300,250	—
Construction in process	6,901	606,900
Machinery and equipment	5,746,786	4,545,820
	6,053,937	5,152,720
Less accumulated depreciation	1,389,222	869,013
	4,664,715	4,283,707
Goodwill	1,150,266	1,150,266
Customer relationships, net	259,111	280,555
Unpatented technology	5,120,000	5,120,000
Non-compete agreement	40,000	40,000
Total assets	$ 16,945,285	$ 16,498,692

See accompanying notes to the consolidated unaudited financial statements.

DEFIANCE INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED UNAUDITED BALANCE SHEETS
December 31, 2012 and 2011

	2012	2011
LIABILITIES		
Current liabilities		
Bank overdraft	$ 235,347	$ 257,951
Accounts payable	1,077,693	1,351,236
Accrued expenses	276,651	1,173,492
Revolving credit facility	1,187,174	—
Current maturities of long-term debt	537,266	527,400
Total current liabilities	3,314,131	3,310,079
Revolving credit facility, long-term	—	351,319
Long-term debt, less current maturities	7,434,623	7,954,623
Deferred tax liability	1,680,528	1,379,528
Total liabilities	12,429,282	12,995,549
STOCKHOLDERS' EQUITY		
Preferred stock (4,750 shares authorized, issued and outstanding with $.01 par value, $307,329 and $289,322 liquidation preference at December 31, 2012 and 2011, respectively)	250,000	250,000
Common stock (50,000 shares authorized with $.01 par value, issued and outstanding 20,316 shares at December 31, 2012 and 2011)	203	203
Additional paid in capital	432,832	356,132
Retained earnings	3,832,968	2,896,808
Total stockholders' equity	4,516,003	3,503,143
Total liabilities and stockholders' equity	$ 16,945,285	$ 16,498,692

See accompanying notes to the consolidated unaudited financial statements.

DEFIANCE INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED UNAUDITED STATEMENTS OF INCOME AND RETAINED EARNINGS
For the fiscal years ended December 31, 2012 and 2011

	2012	2011
Net sales	$25,381,270	$ 24,903,332
Cost of sales	20,652,220	18,648,006
Gross profit	4,729,050	6,255,326
Selling, general and administrative expenses	2,319,014	2,388,568
Income before other expenses	2,410,036	3,866,758
Other expenses		
Other expense	108,794	342,562
Interest expense	912,705	971,017
Total other expense	1,021,499	1,313,579
Income before provision for income taxes	1,388,537	2,553,179
Provision for income taxes	452,377	915,382
Net income	936,160	1,637,797
Retained earnings, beginning of period	2,896,808	1,259,011
Retained earnings, end of period	$ 3,832,968	$ 2,896,808

See accompanying notes to the consolidated unaudited financial statements.

DEFIANCE INTEGRATED TECHNOLOGIES, INC.
CONSOLIDATED UNAUDITED STATEMENTS OF CASH FLOWS
For the fiscal years ended December 31, 2012 and 2011

	2012	2011
Cash flows from operating activities		
Net income	$ 936,160	$ 1,637,797
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	541,653	620,801
Loss on asset disposal	—	93,374
Share based compensation	76,700	42,743
	—	
Deferred taxes	301,001	461,657
Changes in current assets and liabilities		
Inventories	(19,854)	(622,188)
Accounts receivable	(12,682)	(679,692)
Prepaid expenses	(59,511)	(37,733)
Accounts payable and accrued expenses	(1,170,384)	1,104,764
Net cash provided by operating activities	593,083	2,621,523
Cash flows from investing activities		
Capital expenditures	(901,217)	(1,797,527)
Proceeds from sale of assets	—	275,000
Net cash used for investing activities	(901,217)	(1,522,527)
Cash flows from financing activities		
Checks written in excess of bank balance	(22,604)	95,749
Payments on revolving line of credit	(12,653,892)	(10,650,290)
Borrowings on revolving line of credit	13,410,547	9,870,413
Payments on term notes payable	(1,128,200)	(309,342)
Borrowings on term notes payable	1,017,266	720,000
Payments on subordinated debt	(320,000)	(820,000)
Net cash provided by (used for) financing activities	303,117	(1,093,470)
Net (decrease) increase in cash	(5,017)	5,526
Cash, beginning of period	15,334	9,808
Cash, end of period	$ 10,317	$ 15,334
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 921,208	$ 981,652
Cash paid for income taxes	$ 813,821	$ 3,050

See accompanying notes to the consolidated financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General: The Defiance Stamping Company manufactures stamped metal products at its Defiance, Ohio facility for customers located primarily in the Midwest. Pro Shear Corporation at its Fort Wayne, Indiana facility manufactures and assembles components used in cars and trucks for customers in the Midwest and external medical devices primarily used in the orthopedic industry throughout the United States. JBM Tool & Die Incorporated at the Fort Wayne, Indiana facility repairs production tooling and builds forming dies used in the various manufacturing industries. JBM was merged into Pro Shear in 2011.

Principles of Consolidation: The consolidated unaudited financial statements include the accounts of the Company and its wholly-owned subsidiaries Defiance Stamping Company and Pro Shear Corporation. All intercompany accounts and transactions have been eliminated in consolidation.

Revenue Recognition: Revenue is recognized upon shipment of product. Surcharges assessed on raw material price increases are recorded when earned.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Significant estimates are considered to be share based compensation, reserves related to uncollectible accounts receivable, inventory and carrying values of goodwill and other intangible assets.

Accounts Receivable, trade: The Company sells to customers using credit terms customary in its industry. Sales to customers are recorded upon shipment of goods. Interest is not normally charged on outstanding receivables. Based principally on historical losses, aging from invoice dates, and prevailing economic conditions, the Company reduces recorded receivables to their estimated net realizable value by a valuation allowance.

Inventories: Inventories are stated at the lower of cost, first-in, first-out (FIFO) method or market.

Prepaid Exit Fee: The prepaid exit fee was being amortized over the terms of the related debt agreement using the straight-line method. Amortization expense for the prepaid exit fee was $156,250 for 2011. This asset was fully amortized at December 31, 2011.

Property, Plant and Equipment: Depreciation is provided using the straight-line method over the estimated useful lives of the respective acquired assets. Costs and related accumulated depreciation are removed from the accounts for assets retired from service and a gain or loss on disposition is recorded in income when realized. Depreciation expense for 2012 and 2011 was $520,209 and $419,449, respectively.

The Company annually, or as required, evaluates the recoverability of its long-lived assets, primarily property, plant and equipment. The Company evaluates recoverability when events and circumstances indicate that the net carrying value of its long-lived assets may not be recoverable. There were no such impairments in 2012 or 2011.

Goodwill: Goodwill is recorded at cost and is assessed at least annually for impairment with any such impairment recognized in the current results of operations. The Company reviewed the carrying value of goodwill during fiscal 2012 and 2011 and determined no impairment exists.

(Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Other Intangible Assets: The Company assessed the value of intangible assets at the time the Company was organized. Intangible assets having a finite life are amortized by the straight-line method over the estimated benefit period (customer relationships – 180 months). To be in conformity with Generally Accepted Accounting Principles (GAAP), non-amortizable intangible assets are required to be assessed at least annually for impairment. The Company adopted Accounting Standards Update 2012-02. Intangibles – Goodwill and Other, Testing Indefinite-Lived Intangible Assets for impairment, during 2012 which allows for a qualitative assessment of impairment on indefinite-lived intangible assets. If, after this qualitative assessment, we determine that it is not more likely than not that an indefinite lived intangible asset has been impaired, then no further quantitative testing is necessary.

	2012		2011	
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Un-amortized intangibles				
Unpatented technology	5,120,000	N/A	5,120,000	N/A
Amortized intangibles				
Non-compete agreement	$ 40,000	$ —	$ 40,000	$ —
Customer relationships	321,656	$ (62,545)	321,656	$ (41,101)
	$ 5,481,656	$ (62,545)	$ 5,481,656	$ (41,101)
Net intangible assets		$5,419,111		$5,440,555

Other intangible assets include the unpatented technology production process of heavy duty truck axle nuts and washers, customer relationships, and a non-compete agreement. The unpatented technology production process has an indefinite life and is evaluated each year for impairment. Estimated amortization expense for the customer relationships intangible will approximate $21,400 each of the next five fiscal years. The non-compete asset will be amortized using the straight-line method over the estimated benefit period when triggered by the respective employees no longer being employed by the Company. Amortization expense for the non-compete agreement was $0 in 2012 and 2011 as employment has not terminated with these employees. Amortization expense will be recorded in each of the 2 years following termination of employment.

Income Tax and Uncertain Tax Positions: The Company operates as a C Corporation for income tax purposes. Accordingly, deferred income tax assets and liabilities are computed based upon differences between the financial statements and tax basis of assets and liabilities that result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income.

The Company follows guidance issued by the Financial Accounting Standards Board (FASB) with respect to accounting for uncertainty in income taxes. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Management is not aware of any uncertain tax positions.

(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Company is subject to U.S. federal income tax, as well as various state income taxes. The Company does not expect the total amount of unrecognized tax benefits to significantly change in the next 12 months. The Company recognizes interest and/or penalties related to income tax matters in income tax expense. The Company did not have any amounts accrued for interest and penalties at December 31, 2012 and 2011.

Capital Structure: The Company's equity structure consists of 50,000 duly authorized shares of common stock, $.01 par value per share, with 20,316 issued and outstanding and 4,750 duly authorized and issued shares of Preferred A Stock, $.01 par value per share at December 31, 2012 and 2011, respectively. The Preferred A Stock is convertible into common stock based on certain conditional provisions set forth in the amended articles of incorporation of the Company.

The holders of shares of Preferred A Stock shall be entitled to be paid in preference to the holders of any and all other classes of capital stock of the Company, out of funds legally available therefore, when and as declared by the board of directors. Dividends are cumulative at a rate of 6% per annum, compounded quarterly. The liquidation preference at December 31, 2012 and 2011 was $307,329 and $289,322, respectively (includes $57,329 and $39,322, respectively, of dividends in arrears).

In the event of any liquidation or dissolution of the Company, the holders of Preferred A Stock will receive amounts in accordance with the provisions set forth in the amended articles of incorporation of the Company, before any distributions are made to holders of any other then-outstanding series of common stock. Any remaining net assets will be distributed to holders of common stock.

Stock Based Compensation: The Company recognizes compensation expense in the consolidated unaudited financial statements for awards of equity instruments to employees based on the grant-date fair value of those awards, estimated in accordance with provisions of Accounting Standards Codification (ASC) 718. Compensation expense for 2012 and 2011 approximated $76,700 and $43,000, respectively, and is recorded in share based compensation on the consolidated statement of income and recorded as additional paid-in capital on the consolidated balance sheets.

NOTE 2 – INVENTORIES

Inventories consisted of the following at December 31, 2012 and 2011:

	2012	2011
Raw materials	$1,074,227	$1,032,416
Work in process	680,534	708,105
Finished goods	534,519	528,905
	$2,289,280	$2,269,426

(Continued)

NOTE 3 – LEASE COMMITMENTS

The Company leases manufacturing and office facilities, and certain pieces of equipment under several operating leases. Rent expense for the fiscal year ending December 31, 2012 and 2011 approximated $388,600 and $315,600, respectively. Total minimum rentals under non-cancellable operating leases as of December 31, 2012 over future fiscal years are approximately:

2013	$ 375,900
2014	366,400
2015	288,100
2016	248,700
2017	238,300
Thereafter	26,300
	$1,543,700

NOTE 4 – BANK LINE OF CREDIT

The Company had a financing agreement in place which provided for a revolving line of credit up to $2,750,000 as of December 31, 2011. The Company had borrowings against the line of credit at December 31, 2011 in the amount of $430,519. The borrowings were subject to interest at either the one-month LIBOR rate or a prime based rate, as selected by the Company from time to time subject to the terms and conditions of the agreement. Outstanding borrowings at December 31, 2011 were at the prime based rate plus 2.0% for an effective rate of 5.25%. This line was collateralized by all the assets of the Company. The credit facility was set to expire in June 2012

During February 2012, the Company entered into a new credit agreement with a different commercial lender. The credit agreement provided for a revolving line of credit up to $3,000,000 and term notes (Note 5). The Company used the proceeds to pay off the outstanding balances on their existing commercial revolving line of credit and bank notes which were due in September 2013 and March 2016. The line of credit balance and maturity was revised at December 31, 2011 to reflect the terms under the new agreement.

The new revolving line of credit is subject to a borrowing base calculation and bears interest at the 30 day LIBOR rate plus 2.50% (effective rate of 2.72% at December 31, 2012) and is due in June 2013. The Company had outstanding borrowings of $1,187,174 at December 31, 2012. The agreement is collateralized by all assets of the Company.

In accordance with the terms of the line of credit agreements, the Company must, among other things, maintain certain levels of EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization), Debt to New Worth, Leverage, Debt Service and Debt to EBITDA ratio performance. The Company was in compliance with its financial covenants at December 31, 2012 and 2011.

(Continued)

NOTE 5 – LONG-TERM DEBT

Long-term debt at December 31, 2012 and 2011 consists of the following:

	2012	2011
Note payable to the Company's majority equity holder, due in quarterly principal installments of $80,000 commencing on October 1, 2010. Interest is computed at the higher of one-month LIBOR plus 8% or at 11% (11% effective rate at December 31, 2012 and 2011). All remaining outstanding principal under this note is due on April 15, 2016. The total note is in the amount of $8,500,000. The Company may borrow up to the full amount of the note at the sole discretion of the lender. The note payable is secured by all assets of the Company. The lender is collateralized behind the collateral position of the bank.	$7,104,623	$7,424,623
Note payable, due in monthly principal installments of $12,000 commencing on April 1, 2011. The total note was in the amount of $720,000. The note was collateralized by all assets of the Company. Interest was computed at the rate of 5.67% at December 31, 2011. This loan was paid off in February 2012 in conjunction with the refinancing.	—	612,000
Note payable, due in monthly principal installments of $16,700 commencing on October 1, 2010. Interest was computed at the prime rate base plus 2.0% for an effective rate of 5.25% at December 31, 2011. The total note was in the amount of $600,000. The note was collateralized by all assets of the Company. This loan was paid off in February 2012 in conjunction with the refinancing	—	366,200
Note payable, due in monthly principal installments of $16,667 commencing on April 15, 2012. Interest is computed at 30 day LIBOR rate plus 2.50% for an effective rate of 2.72% at December 31, 2012. All remaining outstanding principal under this note is due March 15, 2017. The total note is in the amount of $1,000,000. The note payable is collateralized by all assets of the Company.	850,000	—
Capital lease for thread verification machine, payable to New Vista Corporation in monthly installments of $1,509, including interest computed at a 5% rate. Lease commences in December 2012 and ends in December 2013.	17,266	—
	7,971,889	8,402,823
Less, current maturities	(537,266)	(664,400)
	$7,434,623	$7,738,423

The aggregate maturities of long-term debt as of December 31, 2012 are:

2013	$ 537,266
2014	520,000
2015	520,000
2016	6,344,623
2017	50,000
	$7,971,889

(Continued)

NOTE 5 - LONG-TERM DEBT (Continued)

In accordance with the terms of the credit agreements, the Company must, among other things, maintain specified levels of EBITDA Debt to New Worth, Leverage, Debt Service and Debt to EBITDA ratio performance. The Company was in compliance with its financial covenants at December 31, 2012 and 2011.

NOTE 6 - EMPLOYEE BENEFIT PLANS

The Company maintains 401(k) plans covering all full-time employees. The Company matches employee's contributions up to the first 4% contributed by the employee. The Company may also make a discretionary bonus contribution to the plan. During 2012 and 2011, the Company did not make a bonus contribution.

For the fiscal years ended December 31, 2012 and 2011, total contribution for the plans approximated $128,900 and $109,800.

NOTE 7 - SIGNIFICANT CUSTOMERS

For the fiscal years ended December 31, 2012 and 2011 three customers exceeded 10% of sales and accounts receivable, respectively.

	2012	% of total	2011	% of total
Sales	$10,924,411	43.04%	$11,003,394	44.18%
Accounts Receivable	$ 1,679,446	53.98%	$ 1,617,864	52.88%

NOTE 8 - INCOME TAXES

Income tax provision consists of the following:

	2012	2011
Federal		
Current	$143,004	$383,725
Deferred	301,001	461,657
State		
Current	8,372	70,000
Provision for income taxes	$452,377	$915,382

(Continued)

NOTE 8 – INCOME TAXES (Continued)

The difference between the effective tax rate and the federal statutory tax rate of 34% is primarily due to state and local income taxes.

	2012	2011
Non current deferred tax assets	$ 261,853	$ 235,775
Non current deferred tax liabilities	(1,942,381)	(1,615,303)
Net deferred balance	$(1,680,528)	$(1,379,528)

The principal sources of deferred tax liabilities are attributable to differences between income tax and financial reporting methods used in recording depreciation, amortization, debt forgiveness from 2010 and certain accrued liabilities. The deferred tax assets are primarily attributable to transaction costs being amortized for tax purposes and various inventory and accounts receivable reserves.

In addition, in 2010 the Company realized a gain on debt restructuring. The Company elected for income tax purposes to defer reporting this gain until later years and then ratably over a five year period. The tax on this gain has been recognized as a deferred tax liability.

NOTE 9 - STOCK OPTIONS

In July 2009, the Company adopted the 2009 Stock Incentive Plan. The Plan permits the grant of 4,967 various stock awards to purchase shares of common stock of the Company to approved employees.

Effective June 30, 2011 (“date of grant”), 892 stock options (“options”) were granted. The options vest in equal yearly installments on the anniversary date of each of the three years following the date of grant. The options expire in ten years from the date of grant.

The fair value of each option award was estimated on the date of grant using a Black Scholes option valuation model that used the assumptions noted in the table below. Expected volatilities were based on comparisons with similar companies. The expected term of the options was based on the exercisable period. The Company used historical data to estimate employee termination within the valuation model. The risk-free rate for periods within the contractual life of the option was based on the U.S. Treasury yield curve in effect at the time of grant. The remaining weighted average life on the stock options approximates 8.50 years.

	2011
Assumptions used for issuance of stock options:	
Expected volatility	75%
Expected dividends	0%
Expected term	10 years
Risk-free rate	3.00%

(Continued)

NOTE 9 - STOCK OPTIONS (Continued)

A summary of option activity under the Plan as of December 31, 2012 and 2011:

Options	2012 Shares	2012 Weighted-Average Exercise Price	2011 Shares	2011 Weighted-Average Exercise Price
Outstanding, beginning of year	892	$ 324.18	—	$ —
Granted	—	—	892	324.18
Excerised	—	—	—	—
Forfeited or expired	—	—	—	—
Outstanding, end of year	892	$ 324.18	892	$ 324.18

A summary of the status of the Company's options as of December 31, 2012 and 2011, and changes during the fiscal years ended are presented below:

Options	2012 Shares	2012 Weighted-Average Grant-Date Fair Value	2011 Shares	2011 Weighted-Average Grant-Date Fair Value
Nonvested, beginning of year	892	$ 257.64	—	$ —
Granted	—	—	892	257.64
Vested	297	257.64	—	—
Forfeited	—	—	—	—
Nonvested, end of year	595	$ 257.64	892	$ 257.64

As of December 31, 2012 and 2011, there was approximately $110,600 and $187,300, respectively, of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted under the Plan. This expense will be recognized over the next two fiscal years. In accordance with ASC 718, due to the fact that the options vest with time, the Company has recognized approximately $76,700 and $42,700 of compensation expense as of December 31, 2012 and 2011, respectively, related to options earned.