

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 9, 2005

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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1616 Anderson Road, Suite 208 McLean, Virginia (Address of principal executive offices)	22102 (Zip Code)
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Registrant's telephone number, including area code: (703) 286-7000

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 9, 2005, Gladstone Capital Corporation issued a press release announcing its financial results for the quarter ended December 31, 2004, the first quarter of the fiscal year ending September 30, 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 is 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) Exhibits.

Exhibit No.	Description
99.1	Press release dated February 9, 2005

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 9, 2005

By: /s/ Harry Brill  
-----  
Harry Brill, Chief Financial Officer

EXHIBIT NO.	DESCRIPTION
99.1	Press release dated February 9, 2005

GLADSTONE CAPITAL REPORTS FIRST QUARTER OF FISCAL YEAR 2005 RESULTS:  
 NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS WAS  
 \$4,944,948, OR \$0.43 PER DILUTED WEIGHTED AVERAGE COMMON SHARE. NET  
 INVESTMENT INCOME WAS \$4,677,404, OR \$0.40 PER DILUTED  
 WEIGHTED AVERAGE COMMON SHARE.

MCLEAN, Va., Feb. 9 /PRNewswire-FirstCall/ -- Gladstone Capital Corp. (Nasdaq: GLAD) (the "Company") today announced earnings for the first quarter ended December 31, 2004 of the fiscal year ending September 30, 2005. Net Increase in Stockholders' Equity Resulting from Operations was \$4,944,948, or \$0.43 per diluted weighted average common share for the first quarter ended December 31, 2004. This represents a \$3,563,874 or \$0.30 per common share increase from \$1,381,074, or \$0.13 per diluted weighted average common share for the quarter ended December 31, 2003. Unless otherwise noted, per share amounts presented in this earnings release are on a diluted basis and are based on weighted average common equivalent shares outstanding.

Total assets were \$194,085,591 at December 31, 2004, a decrease of \$21,248,136 from \$215,333,727 at September 30, 2004. The decrease was mainly attributable to the Company not borrowing money to buy short term securities at December 31, 2004 as it has in the past.

Net Investment Income for the quarter ended December 31, 2004 was \$4,677,404, or \$0.40 per share, compared to the quarter ended December 31, 2003 of \$2,938,636, or \$0.28 per share. This shows a 59% increase, or a 43% per share increase, over the same period of the prior year.

During the quarter, the Company extended loans to Global Materials Technology, Inc. for \$5.5 million and to Santana Products, Inc. for \$7.95 million, and purchased loans in Valor Telecommunications of \$10.0 million, Tech Lighting, Inc. of \$9.0 million, Polar Corporation of \$3.0 million, and Regency Gas Services of \$2.0 million. The Company also sold its \$975,000 loan in Burt's Bees Inc. for a gain of \$9,750 and received loan repayments ahead of contractual maturity from A and G, Inc. of \$12.25 million and America's Water Heater Rentals ("AWHR") of \$12.0 million, for an aggregate return of capital of approximately \$25.3 million. AWHR also remitted approximately \$1.4 million of prepayment and success fees with its final payment.

Effective October 1, 2004, the start of the 2005 fiscal year, the Company externalized its management to its investment adviser, Gladstone Management Corporation ("Gladstone Management"), an unconsolidated affiliate. As compensation for the services of Gladstone Management, the Company pays Gladstone Management an annual fee of 2.0% (0.50% quarterly) of total assets as reduced by cash and cash equivalents pledged to creditors. The annual 2.0% fee represents an annual advisory fee of 1.25% (0.3125% quarterly) of total assets as reduced by cash and cash equivalents pledged to creditors, and an annual administrative fee of 0.75% (0.1875% quarterly) of total assets, as reduced by cash and cash equivalents pledged to creditors. The Company receives a credit for loan servicing fees paid to Gladstone Management and for fees collected by Gladstone Management directly from the Company's portfolio companies. During the three months ended December 31, 2004, the Company recorded management fee expense of \$327,302, after the credit for loan servicing fees of \$530,952 but prior to the credit for other fees of \$286,500 as received by Gladstone Management from the Company's portfolio companies. After the credit for these other fees, the Company recorded a net management fee expense of \$40,802.

At December 31, 2004, the Company had investments in debt securities in 21 private companies having a cost balance of \$170.3 million and a fair value of \$167.8 million.

Subsequent to December 31, 2004, one loan repaid in full and one was sold at a gain of \$20,000, for an aggregate return of capital of approximately \$4.3 million. In January 2005, the Company also purchased additional loans in Regency Gas Services of \$1.0 million, and Polar Corporation of \$2.5 million, as well as the purchase of a new loan in John Henry Inc. of \$5.5 million.

"Overall, the management team is pleased with the performance of the Company for the first quarter of the fiscal year ending September 30, 2005. The team continues to stay focused on meeting our commitment to shareholders by growing the dividend," commented a spokesperson for the Company.

The financial statements below are without footnotes. We have filed a Form 10-Q for the quarter ended December 31, 2004 with the Securities and Exchange Commission (the "SEC") and that form can be retrieved from the SEC website at <http://www.SEC.gov> or from the Company's web site at <http://www.GladstoneCapital.com>. A paper copy can be obtained by writing to us at 1616 Anderson Road, McLean, VA 22102.

The Company will hold a conference call Thursday, February 10, 2005, at 9:30am EST. Please call 866-244-4526 and use the ID code 641046 to enter the conference. An operator will monitor the call and set a queue for the questions. The replay number will be available for approximately 30 days. To hear the

replay, please dial 888-266-2081 and use the ID code 641046 to listen to the call.

In addition, at the annual meeting of stockholders held earlier today, February 9, 2005, all items listed in the proxy were approved by shareholders.

For further information contact Harry Brill, CFO at 703-286-7000.

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, 2004, as filed with the Securities and Exchange Commission on December 14, 2004. 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 (Unaudited)

<TABLE>  
<CAPTION>

	December 31, 2004	September 30, 2004
	-----	-----
<S>	<C>	<C>
<b>ASSETS</b>		
Investments at fair value (Cost 12/31/04 \$170,302,735; Cost 9/30/04: \$149,189,306)	\$ 167,842,273	\$ 146,446,240
Cash and cash equivalents	23,383,544	15,969,890
Cash and cash equivalents pledged to creditors	-	49,984,950
Interest receivable -- investments in debt securities	979,666	837,336
Interest receivable -- employees	38,012	112,960
Due from custodian	1,171,809	1,203,079
Due from affiliate	79,238	109,639
Deferred financing fees	258,824	350,737
Prepaid assets	189,718	191,676
Other assets	142,507	127,220
<b>TOTAL ASSETS</b>	<b>\$ 194,085,591</b>	<b>\$ 215,333,727</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 220,844	\$ 105,921
Fees due to affiliate	149,911	113,511
Borrowings under lines of credit	40,400,000	40,743,547
Accrued expenses and deferred liabilities	164,729	798,096
Repurchase agreement	-	21,345,997
<b>Total Liabilities</b>	<b>\$ 40,935,484</b>	<b>\$ 63,107,072</b>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock, \$0.001 par value, 50,000,000 shares authorized and 11,278,510 shares issued and outstanding	\$ 11,279	\$ 11,279
Capital in excess of par value	164,183,548	165,501,924
Notes receivable -- employees	(9,282,678)	(9,432,678)
Net unrealized depreciation on investments	(2,460,461)	(2,743,066)
Unrealized depreciation on derivative	(239,070)	(214,259)
Distributions less than net investment income	937,489	(896,545)
<b>Total Stockholders' Equity</b>	<b>\$ 153,150,107</b>	<b>\$ 152,226,655</b>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 194,085,591</b>	<b>\$ 215,333,727</b>

</TABLE>

GLADSTONE CAPITAL CORPORATION  
SCHEDULE OF INVESTMENTS AS OF DECEMBER 31, 2004 (Unaudited)

Company (1)	Industry	Investment (2)	Cost	Fair Value
<S>	<C>	<C>	<C>	<C>
Advanced Homecare Management Inc.	Home health nursing services	Senior Subordinated Term Debt (7) (13.3%, Due 12/2010)	\$ 7,500,000	\$ 7,500,000
Allied Extruders, Inc.	Polyethylene film manufacturer	Senior Term Debt (3) (12.3%, Due 7/2009)	4,000,000	4,005,000
ARI Holdings, Inc.	Manufacturing -auto parts	Senior Term Debt (6) (10.0%, Due 6/2008)	1,190,141	1,184,190
		Senior Subordinated Term Debt (5) (6) (11.3%, PIK 4%, Due 12/2008)	3,694,750	3,653,184
Bear Creek Corporation	Premium horticultural and food products	Senior Subordinated Term Debt (7) (9.9%, Due 6/2010)	6,000,000	6,090,000
Benetech, Inc.	Dust management systems for the coal and electric utility industries	Senior Term Debt (6) (8.5%, Due 5/2009)	3,087,500	3,091,359
		Senior Term Debt (3) (6) (11.5%, Due 5/2009)	3,250,000	3,262,188
Coyne International Enterprises	Industrial Services	Senior Term Debt (3) (5) (6) (13.0%, PIK 2%, Due 7/2007)	15,742,507	15,506,369
Finn Corporation	Manufacturing - landscape equipment	Senior subordinated Term Debt (6) (13.0%, Due 2/2006)	10,500,000	7,612,500
		Common Stock Warrants	37,000	569,535
Gammill, Inc.	Designer and assembler of quilting machines and accessories	Senior Term Debt (6) (9.5%, Due 12/2008)	4,580,769	4,580,769
		Senior Term Debt (3) (6) (12.0%, Due 12/2008)	4,750,000	4,750,000

<S>	<C>	<C>	<C>	<C>
Global Materials Technologies, Inc.	Manufacturing - steel wool products and metal fibers	Senior Term Debt (3) (13.0%, Due 11/2009)	5,500,000	5,500,000
Inca Metal Products Corpora-	Material handling and storage	Senior Term Debt (3) (6) (5.2%, Due	2,316,525	2,108,038

Kingway Acquisition, Inc. Clymer Acquisition, Inc.	products	9/2006)		
Maidenform, Inc.	Intimate apparel	Senior Subordinated Term Debt (7) (10.2%, Due 5/2011)	10,003,437	10,200,000
Marcas Paper Mills, Inc.	Manufacturing -paper products	Senior Subordinated Term Debt (6) (13.0%, Due 12/2006)	6,800,000	6,494,000
		First Mortgage Loan (5) (16%, PIK 1%, Due 12/2006)	9,277,839	9,277,839
Marietta Corporation	Manufacturing -personal care products	Senior Subordinated Term Debt (7) (11.5%, Due 6/2010)	2,000,000	2,020,000
MedAssets, Inc.	Pharmaceuticals and healthcare GPO	Senior Term Debt (7) (6.7%, Due 3/2007)	1,636,973	1,645,488
		Senior Subordinated Term Debt (7) (12.6%, Due 3/2008)	6,503,047	6,597,500
Mistras Holdings Corp.	Nondestructive testing instruments, systems and services	Senior Term Debt (3) (6) (10.5%, Due 8/2008)	9,666,666	9,569,999
		Senior Term Debt (3) (6) (12.5%, Due 8/2008)	4,833,334	4,772,917
		Senior Term Debt (3) (6) (13.5%, Due 8/2008)	1,000,000	992,500

</TABLE>

<TABLE>

Polar Corporation	Manufacturing -trailer parts	Senior Subordinated Term Debt (7) (8.9%, Due 6/2010)	3,000,000	3,060,000
Regency Gas Services LLC	Midstream Gas gathering and processing	Senior Subordinated Term Debt (7) (8.3%, Due 12/2010)	2,000,000	2,040,000
Santana	Manufacturing -polyethylene bathroom Plastics partitions	Senior Term Debt (3) (10.5%, Due 11/2009)	6,000,000	6,000,000
		Senior Term Debt (4) (13.0%, Due 11/2009)	1,950,000	1,950,000
Tech Lighting LLC	Manufacturing -low voltage lighting systems	Senior Subordinated Term Debt (7) (9.3%, Due 10/2010)	9,014,295	9,045,000
Valor	Rural	Senior	9,985,952	10,300,000

Company	Industry	Debt Description	Cost	Fair Value
Telcom-munications Inc.	telecom-munications	Subordinated Term Debt (7) (10.1%, Due 11/2011)		
Woven Electronics Corporation	Custom electrical cable assemblies	Senior Term Debt (3) (6) (7.3%, Due 3/2009)	2,482,000	2,478,898
		Senior Term Debt (4) (6) (11.5%, Due 3/2009)	12,000,000	11,985,000
<b>Total:</b>			<b>\$ 170,302,735</b>	<b>\$ 167,842,273</b>

- (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) Percentage represents interest rates in effect at December 31, 2004 and due date represents the contractual maturity date.
- (3) 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.
- (4) 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, however the debt is junior to another Last Out Tranche.
- (5) Has some paid in kind (PIK) interest. Refer to Note 7 "Payment in Kind Interest" of the Company's Form 10-Q for the quarter ended December 31, 2004 and Note 2 "Summary of Significant Accounting Policies" of the Company's Form 10-K for the fiscal year ended September 30, 2004.
- (6) Fair value was based on valuation prepared and provided by Standard & Poor's Loan Evaluation Services.
- (7) Marketable securities are valued based on the bid price, as of December 28, 2004, from the respective originating syndication agent's trading desk.

GLADSTONE CAPITAL CORPORATION  
SCHEDULE OF INVESTMENTS AS OF SEPTEMBER 30, 2004

Company (1)	Industry	Investment (2)	Cost	Fair Value
A and G, Inc. (d/b/a Alstyle)	Activewear products	Senior Term Debt (3) (6) (11.0%, Due 6/2008)	\$ 12,250,000	\$ 12,250,000
Allied Extruders, Inc.	Polyethylene film manufacturer	Senior Term Debt (3) (12.3%, Due 7/2009)	4,000,000	4,000,000
America's Water Heater Rentals	Household appliances rental	Senior Term Debt (4) (6) (8) (12.5%, Due 2/2009)	12,000,000	12,840,000
ARI Holdings, Inc.	Manufacturing-auto parts	Senior Term Debt (6) (9.75%, Due 6/2008)	1,190,141	1,188,653
		Senior Subordinated Term Debt (5) (6) (11%, PIK 4%, Due 12/2008)	3,657,164	3,634,306
Bear Creek Corporation	Premium horticultural and food products	Senior Subordinated Term Debt (7) (9.1%, Due 6/2010)	6,000,000	6,090,000

</TABLE>

<S>	<C>	<C>	<C>	<C>
Benetech, systems Inc.	Dust management for the coal and electric utility industries	Senior Term Debt (6) (8.5%, Due 5/2009)	3,168,750	3,160,828
		Senior Term Debt (3) (6) (11.5%, Due 5/2009)	3,250,000	3,241,875
Burt's Bees, Inc.	Personal & household products	Senior Term Debt (7) (5.4%, Due 11/2009)	975,000	987,188
Coyne International Enterprises	Industrial services	Senior Term Debt (3) (5) (6) (13.0%, PIK 2%, Due 7/2007)	15,700,625	15,308,110
Finn Corporation	Manufacturing - landscape equipment	Senior Subordinated Term Debt (6) (13.0%, Due 2/2006)	10,500,000	7,612,500
		Common Stock Warrants	37,000	474,984
Gammill, Inc.	Designer and assembler of quilting machines and accessories	Senior Term Debt (6) (9.5%, Due 12/2008)	4,708,013	4,731,553
		Senior Term Debt (3) (6) (12.0%, Due 12/2008)	4,750,000	4,767,813
Inca Metal Products Corporation Kingway Acquisition, Inc. Clymer Acquisition, Inc.	Material handling and storage products	Senior Term Debt (3) (6) (4.6%, Due 9/2006)	2,387,548	2,136,855
Maidenform, Inc.	Intimate apparel	Senior Subordinated Term Debt (7) (9.4%, Due 5/2011)	10,003,571	10,175,000

</TABLE>

<S>	<C>	<C>	<C>	<C>
Marcal Paper Mills, Inc.	Manufacturing - paper products	Senior Subordinated Term Debt (6) (13.0%, Due 12/2006)	6,800,000	6,188,000
		First Mortgage Loan (5) (16%, Due 12/2006)	9,254,715	9,254,715
MedAssets, Inc.	Pharmaceuticals and healthcare GPO	Senior Term Debt (7) (5.9%, Due 3/2007)	1,815,497	1,806,887
		Senior Subordinated Term Debt (7) (11.2%, Due 3/2008)	6,503,282	6,500,000
Mistras	Nondestruct-	Senior Term	9,833,333	9,759,583



Holdings Corp.	tive testing instruments, systems and services	Debt(3) (6) (10.5%, Due 8/2008)		
		Senior Term Debt(3) (6) (12.5%, Due 8/2008)	4,916,667	4,867,500
		Senior Term Debt(3) (6) (13.5%, Due 8/2008)	1,000,000	1,000,000
Woven Electronics Corporation	Custom electrical cable assemblies	Senior Term Debt(3) (6) (6.5%, Due 3/2009)	2,488,000	2,484,890
		Senior Term Debt(4) (6) (11.5%, Due 3/2009)	12,000,000	11,985,000
Total:			\$ 149,189,306	\$ 146,446,240

</TABLE>

- (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) Percentage represents interest rates in effect at September 30, 2004 and due date represents the contractual maturity date.
- (3) 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.
- (4) 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, however the debt is junior to another Last Out Tranche.
- (5) Has some paid in kind (PIK) interest. Refer to Note 7 "Payment in Kind Interest" of the Company's Form 10-Q for the quarter ended December 31, 2004 and Note 2 "Summary of Significant Accounting Policies" of the Company's Form 10-K for the fiscal year ended September 30, 2004.
- (6) Fair value was based on valuation prepared and provided by Standard & Poor's Loan Evaluation Services.
- (7) Marketable securities are valued based on the bid price, as of September 30, 2004, from the respective originating syndication agent's trading desk.
- (8) Includes a success fee with a fair value of \$660,000 and no cost basis.

GLADSTONE CAPITAL CORPORATION  
CONSOLIDATED STATEMENT OF OPERATIONS  
(UNAUDITED)

<TABLE>  
<CAPTION>

	Three Months Ended December 31,	
	2004	2003
<S>	<C>	<C>
INVESTMENT INCOME		
Interest income -- investments	\$ 5,707,343	\$ 3,539,696
Interest income -- cash and cash equivalents	16,340	48,621
Interest income -- notes receivable from officers	114,718	108,632
Fee income	-	255,000
Other income	240,000	16,000
Total investment income	6,078,401	3,967,949

EXPENSES

Loan servicing	530,952	-
Management fee	327,302	-
Professional fees	238,722	152,771
Amortization of deferred financing fees	91,912	83,551
Interest	171,730	78,200
Stockholder related costs	71,769	52,660
Directors fees	27,000	24,333
Insurance	46,272	74,011

Salaries and benefits	-	390,707
Rent	-	37,760
General and administrative	43,160	135,320
Total expenses	1,548,819	1,029,313
Credit to management fee for fees collected by Gladstone Management	(286,500)	-
Total expenses net of credit to management fee	1,262,319	1,029,313
NET INVESTMENT INCOME BEFORE INCOME TAXES	4,816,082	2,938,636
Income tax expense	138,678	-
NET INVESTMENT INCOME	4,677,404	2,938,636
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Realized gain on sale of investment	9,750	-
Unrealized depreciation on derivative	(24,811)	-
Net unrealized appreciation (depreciation) on investments	282,605	(1,557,562)
Net gain (loss) on investments	267,544	(1,557,562)
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS	\$ 4,944,948	\$ 1,381,074
NET INCREASE IN STOCKHOLDERS' EQUITY RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic	\$ 0.44	\$ 0.14
Diluted	\$ 0.43	\$ 0.13
WEIGHTED AVERAGE SHARES OF COMMON STOCK OUTSTANDING:		
Basic	11,278,510	10,081,844
Diluted	11,615,796	10,333,529

GLADSTONE CAPITAL CORPORATION  
FINANCIAL HIGHLIGHTS  
(UNAUDITED)

<TABLE>  
<CAPTION>

	Three Months Ended December 31,	
	2004	2003
<S>	<C>	<C>
Per Share Data(1)		
Net asset value at beginning of period	\$ 13.50	\$ 12.97
Income from investment operations:		
Net investment income(2)	0.41	0.29
Realized gain on sale of investment(2)	-	-
Net unrealized gain/(loss) on investments(2)	0.03	(0.15)
Net unrealized (loss) on derivatives(2)	-	-
Total from investment operations	0.44	0.14
Less distributions:		
Distributions from net investment income	(0.36)	(0.33)
Total distributions	(0.36)	(0.33)
Offering costs	(0.01)	-
Repayment of principal on notes receivable	0.01	0.01
Net asset value at end of period	\$ 13.58	\$ 12.79
Per share market value at beginning of period	\$ 22.71	\$ 19.45
Per share market value at end of period	23.70	22.35
Total Return(3) (4)	5.94%	16.71%
Shares outstanding at end of period	11,278,510	10,081,844
Ratios/Supplemental Data		
Net assets at end of period	\$ 153,150,107	\$ 128,959,699
Average net assets	\$ 151,429,917	\$ 129,002,039
Ratio of expenses to average net assets -- annualized(5)	4.46%	3.19%
Ratio of net expenses to average net assets -- annualized(6)	3.70%	3.19%
Ratio of net investment income to average net assets -- annualized	12.36%	9.11%

</TABLE>

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

SOURCE Gladstone Capital Corp.

-0-

02/09/2005

/CONTACT: Harry Brill, CFO of Gladstone Capital Corp., +1-703-286-7000/

/Web site: <http://www.gladstonecapital.com> /