

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) October 31, 2007

Gladstone Investment Corporation  
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation)	814-00704 (Commission File Number)	83-0423116 (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 October 31, 2007, Gladstone Investment Corporation issued a press release announcing its financial results for the fiscal second quarter ended September 30, 2007. 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 -----
Exhibit 99.1	Press release dated October 31, 2007

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.

October 31, 2007	Gladstone Investment Corporation (Registrant) By: /s/ Harry Brill ----- (Harry Brill, Chief Financial Officer)
------------------	--

Exhibit No.	Description
- - - - -	- - - - -
99.1	Press release dated October 31, 2007

Gladstone Investment Corporation Reports Financial Results for the  
Second Quarter Ended September 30, 2007

- Net Investment Income for the quarter ended September 30, 2007 was \$3.0 million, or \$0.18 per common share
- Net Investment Income for the six months ended September 30, 2007 was \$5.9 million, or \$0.35 per common share

MCLEAN, Va.--(BUSINESS WIRE)--Oct. 31, 2007--Gladstone Investment Corp. (NASDAQ:GAIN) (the "Company") today announced earnings for the second quarter ended September 30, 2007. All per share references are per basic and diluted weighted average common share outstanding, unless otherwise noted.

Net Investment Income for the quarter ended September 30, 2007 was \$2,994,538, or \$0.18 per share, as compared to \$2,883,886, or \$0.17 per share, for the quarter ended September 30, 2006. Net Investment Income for the six months ended September 30, 2007 was \$5,883,082, or \$0.35 per share, as compared to \$5,465,050, or \$0.33 per share, for the six months ended September 30, 2006.

Net Decrease in Net Assets Resulting from Operations for the quarter ended September 30, 2007 was \$4,367,075, or \$0.26 per share, as compared to Net Increase in Net Assets Resulting from Operations of \$2,848,044, or \$0.17 per share, for the quarter ended September 30, 2006. The Company recognized a Net Decrease in Net Assets Resulting from Operations for the three months ended September 30, 2007 primarily as a result of unrealized depreciation on its investments during the quarter. During the three months ended September 30, 2007, the Company's loan and investment portfolio was depreciated by approximately \$7.4 million, representing a 2.3% decline in the valuation of the Company's portfolio value from the June 30, 2007 value. The Company believes that the depreciation was primarily a result of the recent volatility of the financial markets, as most of the decline in the valuation of the portfolio consisted of depreciation of the value of the syndicated loans held by the Company.

Net Increase in Net Assets Resulting from Operations for the six months ended September 30, 2007 was \$3,903,391, or \$0.24 per share, as compared to \$4,125,092, or \$0.25 per share, for the six months ended September 30, 2006.

Total assets were \$366,833,014 at September 30, 2007 as compared to \$323,590,215 at March 31, 2007. Net asset value was \$13.24 per actual common share outstanding at September 30, 2007, as compared to \$13.46 per actual common share outstanding at March 31, 2007.

The annualized weighted average yield on the Company's portfolio of investments, excluding cash and cash equivalents, was 9.08% for the three months ended September 30, 2007 compared to 8.72% for the three months ended September 30, 2006. The annualized weighted average yield on the Company's portfolio for the six months ended September 30, 2007 was 9.12% compared to 8.44% for the six months ended September 30, 2006.

During the second quarter ended September 30, 2007, the Company recorded the following activity:

- Acquired interests in seven new syndicated loans for approximately \$26.3 million;
- Acquired interests in five existing syndicated loan participations for approximately \$8.8 million; and
- Received \$10.8 million in the full repayment of one syndicated loan participation.

At September 30, 2007, the Company held 53 Non-Control/Non-Affiliate investments, 5 Control investments and 1 Affiliate investment, totaling an aggregate cost basis of approximately \$344 million and a fair value of approximately \$338 million.

Condensed Schedule of Investments  
September 30, 2007

Investment Type	Cost	Fair Value
-----		
Total Non-control/Non-Affiliate Investments	\$209,086,763	\$200,851,289
Total Control Investments	116,604,804	118,772,882
Total Affiliate Investments	18,327,058	18,793,931
-----		
Total Investments	\$344,018,625	\$338,418,102
=====		

"Since the inception of our fund in September 2005, we have invested over \$495 million, resulting in the full investment of our IPO proceeds as well as

borrowings under our \$200 million credit facility. We continue to add proprietary investments to our portfolio using leverage, thereby increasing returns to stockholders. We continue to see good opportunities for our company and expect to close more investments as the year progresses," said Chip Stelljes, President and Chief Investment Officer.

Subsequent to September 30, 2007, the Company:

- Invested approximately \$17.1 million in senior and subordinated debt, redeemable preferred stock and warrants to purchase common stock of Danco Machine DPMS, Inc.;
- Invested approximately \$20.4 million in senior debt, subordinated debt, redeemable preferred stock and common stock of Cavert Wire Company, Inc.;
- Received \$9.8 million in the full repayment of two syndicated loan participations;
- Received \$9.9 million in the sale of two loan participations, recognizing a net loss of approximately \$0.1 million on the transactions;
- Declared monthly cash dividends of \$0.08 per common share for each of the months of October, November and December of 2007; and
- Renewed its \$200 million credit facility with Deutsche Bank, A.G. through October 16, 2008.

The Company will hold a conference call on Thursday, November 1, 2007 at 8:30 am ET to discuss fiscal second quarter earnings. Please call (877) 407-8031 to enter the conference. An operator will monitor the call and set a queue for the questions.

A replay of the conference call will be available through December 1, 2007. To hear the replay, please dial (877) 660-6853, access playback account 286 and use ID code 258982. The replay will be available approximately two hours after the call concludes.

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

Gladstone Investment Corporation is a publicly traded business development company that seeks to make debt and equity investments in small and mid-sized businesses in the United States in connection with acquisitions, changes in control and recapitalizations. Additional information can be found at <http://www.GladstoneInvestment.com>.

For further information, contact Kerry Finnegan at 703-287-5893.

This press release may include statements that may constitute "forward-looking statements," 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 Quarterly Report on Form 10-Q, as filed with the Securities and Exchange Commission on October 31, 2007. 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 INVESTMENT CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

Three months ended Three months ended  
September 30, 2007 September 30, 2006  
-----

INVESTMENT INCOME

Interest income				
Non-Control/Non-Affiliate investments	\$	4,079,994	\$	2,387,375
Control investments		2,612,412		1,256,303
Affiliate investments		374,887		-
Cash and cash equivalents		60,419		569,580

Total interest income	7,127,712	4,213,258
Other income	28,457	670
Total investment income	7,156,169	4,213,928
EXPENSES		
Base management fee	452,630	861,893
Loan servicing fee	1,259,651	-
Administration fee	227,767	124,861
Interest expense	2,023,075	-
Amortization of deferred finance costs	216,363	-
Stockholder related costs	157,340	65,100
Professional fees	110,255	88,040
Insurance expense	73,129	67,626
Directors fees	67,472	56,250
Taxes and licenses	41,325	41,337
General and administrative expenses	35,343	24,935
Expenses before credit from Adviser	4,664,350	1,330,042
Credits to base management fee	(502,719)	-
Total expenses net of credit to base management fee	4,161,631	1,330,042
NET INVESTMENT INCOME	2,994,538	2,883,886
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized loss on sale of Non-Control/Non-Affiliate investments	(3,431)	(1,934)
Net unrealized (depreciation) appreciation of Non-Control/Non-Affiliate investments	(7,307,700)	2,927
Net unrealized appreciation (depreciation) of Control Investments	180,090	(36,835)
Net unrealized depreciation of Affiliate Investments	(230,572)	-
Net loss on investments	(7,361,613)	(35,842)
NET (DECREASE) INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ (4,367,075)	\$ 2,848,044
NET (DECREASE) INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic and Diluted	\$ (0.26)	\$ 0.17
SHARES OF COMMON STOCK OUTSTANDING:		
Basic and diluted weighted average shares	16,560,100	16,560,100

GLADSTONE INVESTMENT CORPORATION  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

Six months ended      Six months ended  
September 30, 2007    September 30, 2006

INVESTMENT INCOME		
Interest income		
Non-Control/Non-Affiliate investments	\$ 7,328,549	\$ 4,351,855
Control investments	5,177,404	2,446,605
Affiliate investments	801,450	-
Cash and cash equivalents	114,111	1,277,920

Total interest income	13,421,514	8,076,380
Other income	34,584	986
Total investment income	13,456,098	8,077,366
EXPENSES		
Base management fee	812,319	1,663,202
Loan servicing fee	2,454,069	-
Administration fee	435,581	240,250
Interest expense	3,437,337	-
Amortization of deferred finance costs	426,203	-
Professional fees	265,921	167,788
Stockholder related costs	195,229	158,866
Insurance expense	136,070	140,237
Directors fees	122,272	99,500
Taxes and licenses	83,132	98,444
General and administrative expenses	91,477	44,029
Expenses before credit from Adviser	8,459,610	2,612,316
Credits to base management fee	(886,594)	-
Total expenses net of credit to base management fee	7,573,016	2,612,316
NET INVESTMENT INCOME	5,883,082	5,465,050
REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized (loss) gain on sale of Non-Control/Non-Affiliate investments	(51,678)	1,339
Net unrealized depreciation of Non-Control/Non-Affiliate investments	(7,836,345)	(1,136,784)
Net unrealized appreciation (depreciation) of Control Investments	5,453,959	(204,513)
Net unrealized appreciation of Affiliate Investments	454,373	-
Net loss on investments	(1,979,691)	(1,339,958)
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 3,903,391	\$ 4,125,092
NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic and Diluted	\$ 0.24	\$ 0.25
SHARES OF COMMON STOCK OUTSTANDING:		
Basic and diluted weighted average shares	16,560,100	16,560,100

GLADSTONE INVESTMENT CORPORATION  
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES  
(UNAUDITED)

September 30,      March 31,  
2007                      2007

ASSETS		
Non-Control/Non-Affiliate investments (Cost 9/30/07:\$209,086,763; 3/31/07:\$138,567,741)	\$200,851,289	\$138,168,612
Control investments (Cost 9/30/07: \$116,604,804; 3/31/07: \$116,302,372)	118,772,882	113,016,491
Affiliate investments (Cost 9/30/07: \$18,327,058; 3/31/07: \$19,750,000)	18,793,931	19,762,500

Total investments at fair value (Cost		
9/30/07: \$344,018,625; 3/31/07:		
\$274,620,113)	338,418,102	270,947,603
Cash and cash equivalents	23,189,457	37,788,941
Interest receivable	2,001,035	1,306,090
Prepaid insurance	164,724	83,819
Deferred finance costs	224,042	627,960
Due from Custodian	2,436,682	12,694,985
Due from Adviser	-	20,383
Other assets	398,972	120,434
	-----	-----
TOTAL ASSETS	\$366,833,014	\$323,590,215
	=====	=====

LIABILITIES		
Due to Administrator	\$ 227,767	\$ 162,244
Due to Adviser	227,687	-
Borrowings under line of credit	146,050,000	100,000,000
Accrued expenses	1,019,264	523,698
Other liabilities	69,949	85,764
	-----	-----
Total Liabilities	147,594,667	100,771,706
	-----	-----
NET ASSETS	\$219,238,347	\$222,818,509
	=====	=====

ANALYSIS OF NET ASSETS:		
Common stock, \$0.001 par value,		
100,000,000 shares authorized and		
16,560,100 shares issued and outstanding	\$ 16,560	\$ 16,560
Capital in excess of par value	230,065,064	230,096,572
Net unrealized depreciation of investment		
portfolio	(5,600,523)	(3,672,510)
Distributions in excess of net investment		
income	(5,242,754)	(3,622,113)
	-----	-----
Total Net Assets	\$219,238,347	\$222,818,509
	=====	=====
Net assets per share	\$ 13.24	\$ 13.46
	=====	=====

GLADSTONE INVESTMENT CORPORATION  
FINANCIAL HIGHLIGHTS  
(UNAUDITED)

Three months ended Three months ended  
September 30, 2007 September 30, 2006

Per Share Data (1)		
- - - - -		
Balance at beginning of period	\$ 13.73	\$ 13.75
Income from investment		
operations:		
Net investment income (2)	0.18	0.17
Realized loss on sale of		
investments (2)	-	-
Net unrealized depreciation of		
investments (2)	(0.44)	-
	-----	-----
Total from investment operations	(0.26)	0.17
	-----	-----
Distributions	(0.23)	(0.21)
	-----	-----
Net asset value at end of period	\$ 13.24	\$ 13.71
	=====	=====
Per share market value at		
beginning of period	\$ 14.21	\$ 14.82
Per share market value at end of		
period	12.84	14.60
Total Return (3)	-8.04%	-0.04%
Shares outstanding at end of		
period	16,560,100	16,560,100

Ratios/Supplemental Data		
- - - - -		
Net assets at end of period	\$ 219,238,347	\$ 226,978,416
Average net assets (4)	\$ 223,254,321	\$ 226,140,157
Ratio of expenses to average net		
assets (5) (6)	8.36%	2.35%
Ratio of net expenses to average		
net assets (5) (7)	7.46%	2.35%

Ratio of net investment income to average net assets (5)	5.37%	5.10%
---	-------	-------

(1) Based on actual shares outstanding at the end of the corresponding period.

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

(3) Total return equals the change in the market value of the Company's common stock from the beginning of the period taking into account dividends reinvested in accordance with the terms of our dividend reinvestment plan. Total return does not take into account dividends that may be characterized as a return of capital.

(4) Calculated using the average of the ending monthly net assets for the respective periods.

(5) Amounts are annualized.

(6) Ratio of expenses to average net assets is computed using expenses before credit from the Adviser.

(7) Ratio of net expenses to average net assets is computed using total expenses net of credits to the management fee.

GLADSTONE INVESTMENT CORPORATION  
FINANCIAL HIGHLIGHTS  
(UNAUDITED)

	Six months ended September 30, 2007		Six months ended September 30, 2006	
	-----		-----	
Per Share Data (1)	-----		-----	
Balance at beginning of period	\$	13.46	\$	13.88
Income from investment operations:				
Net investment income (2)		0.35		0.33
Realized (loss) gain on sale of investments (2)		-		-
Net unrealized depreciation of investments (2)		(0.12)		(0.08)
		-----		-----
Total from investment operations		0.23		0.25
		-----		-----
Distributions		(0.45)		(0.42)
		-----		-----
Net asset value at end of period	\$	13.24	\$	13.71
		=====		=====
Per share market value at beginning of period	\$	14.87	\$	14.90
Per share market value at end of period		12.84		14.60
Total Return (3)		-10.73%		0.87%
Shares outstanding at end of period		16,560,100		16,560,100
Ratios/Supplemental Data	-----		-----	
Net assets at end of period	\$	219,238,347	\$	226,978,416
Average net assets (4)	\$	223,091,437	\$	226,929,612
Ratio of expenses to average net assets (5) (6)		7.58%		2.30%
Ratio of net expenses to average net assets (5) (7)		6.79%		2.30%
Ratio of net investment income to average net assets (5)		5.27%		4.82%

(1) Based on actual shares outstanding at the end of the corresponding period.

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

(3) Total return equals the change in the market value of the Company's common stock from the beginning of the period taking into account dividends reinvested in accordance with the terms of our dividend reinvestment plan. Total return does not take into account dividends that may be characterized as a return of capital.

(4) Calculated using the average of the ending monthly net assets for the respective periods.



(5) Amounts are annualized.

(6) Ratio of expenses to average net assets is computed using expenses before credit from the Adviser.

(7) Ratio of net expenses to average net assets is computed using total expenses net of credits to the management fee.

CONTACT: Gladstone Investment Corp.  
Kerry Finnegan, 703-287-5893