

GLADSTONE INVESTMENT CORPORATION\DE

Form 10-Q

January 31, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

x **QUARTERLY REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTER ENDED DECEMBER 31, 2007

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR
15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

COMMISSION FILE NUMBER: 000-51233

GLADSTONE INVESTMENT CORPORATION

(Exact name of registrant as specified in its charter)

DELAWARE

83-0423116

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification No.)

1521 WESTBRANCH DRIVE, SUITE 200

MCLEAN, VIRGINIA 22102

(Address of principal executive office)

(703) 287-5800

(Registrant's telephone number, including area code)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12 b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. The number of shares of the issuer's Common Stock, \$0.001 par value, outstanding as of January 30, 2008 was 16,560,100.

GLADSTONE INVESTMENT CORPORATION

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

	December 31, 2007	March 31, 2007
ASSETS		
Non-Control/Non-Affiliate investments (Cost 12/31/07:\$185,137,185; 3/31/07:\$138,567,741)	\$ 174,066,264	\$ 138,168,612
Control investments (Cost 12/31/07: \$136,536,484; 3/31/07: \$116,302,372)	143,192,123	113,016,491
Affiliate investments (Cost 12/31/07: \$34,454,244; 3/31/07: \$19,750,000)	34,772,730	19,762,500
Total investments at fair value (Cost 12/31/07: \$356,127,913; 3/31/07: \$274,620,113)	352,031,117	270,947,603
Cash and cash equivalents	13,288,669	37,788,941
Interest receivable	1,965,776	1,306,090
Prepaid insurance	123,943	83,819
Deferred finance costs	462,210	627,960
Due from Custodian	3,412,644	12,694,985
Due from Adviser (Refer to Note 4)	253,684	20,383
Other assets	490,463	120,434
TOTAL ASSETS	\$ 372,028,506	\$ 323,590,215
LIABILITIES		
Due to Administrator (Refer to Note 4)	\$ 211,159	\$ 162,244
Borrowings under line of credit	150,462,500	100,000,000
Accrued expenses	910,800	523,698
Other liabilities	71,205	85,764
Total Liabilities	151,655,664	100,771,706
NET ASSETS	\$ 220,372,842	\$ 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	(4,096,797)	(3,672,510)
Net unrealized appreciation of derivative	5,000	
Distributions in excess of net investment income	(5,616,985)	(3,622,113)
Total Net Assets	\$ 220,372,842	\$ 222,818,509
Net assets per share	\$ 13.31	\$ 13.46

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE CONSOLIDATED FINANCIAL STATEMENTS.

GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED SCHEDULE OF INVESTMENTS

DECEMBER 31, 2007

(UNAUDITED)

Company (1)	Industry	Investment (2)	Cost	Fair Value
NON-CONTROL/NON-AFFILIATE INVESTMENTS				
<i>Syndicated Loans:</i>				
Activant Solutions, Inc.	Service - enterprise software and services	Senior Term Debt (7.0%, Due 5/2013) (3)	\$ 3,742,795	\$ 3,490,866
Advanced Homecare Holdings, Inc.	Service - home health nursing services	Senior Term Debt (8.6%, Due 8/2014) (3)	2,985,000	2,895,450
Aeroflex, Inc.	Service - provider of highly specialized electronic equipment	Senior Term Debt (8.1%, Due 8/2014) (3)	1,904,784	1,920,000
American Safety Razor Company Inc.	Manufacturing - razors and blades	Senior Term Debt (7.4%, Due 7/2013) (3)	1,479,619	1,433,175
Aspect Software, Inc.	Service - call center software	Senior Term Debt (7.9%, Due 7/2011) (3)	2,655,159	2,559,330
Brock Holdings II, Inc.	Service - industrial specialty maintenance	Senior Term Debt (7.1%, Due 8/2013) (3) (5)	2,979,524	2,880,731
Compsych Investments Corp.	Service - employee assistance programs	Senior Term Debt (7.6%, Due 2/2012) (3) (5)	3,505,231	3,343,939
CRC Health Group, Inc.	Service - substance abuse treatment	Senior Term Debt (7.4%, Due 2/2012) (3)	9,906,751	9,369,254
Critical Homecare Solutions, Inc.	Service - home therapy and respiratory treatment	Senior Term Debt (8.2%, Due 1/2012) (3) (5)	4,534,045	4,486,680
CST Industries Acquisition, Inc.	Manufacturing - metal storage units	Senior Term Debt (7.9%, Due 8/2013) (3)	989,216	957,875
Dealer Computer Services, Inc.	Manufacturing & Service - systems for automotive retailers	Senior Term Debt (6.8%, Due 9/2013) (3)	1,860,095	1,783,560
Generac Acquisition Corp.	Manufacturing - standby power products	Senior Term Debt (7.7%, Due 11/2013) (3) (5)	6,944,412	6,185,500
Graham Packaging Holdings Company	Manufacturing - plastic containers	Senior Term Debt (7.5%, Due 10/2011) (3)	5,433,813	5,216,460
Hargray Communications Group, Inc.	Service - triple-play (cable, phone, internet) provider	Senior Term Debt (7.1%, Due 6/2014) (3)	963,258	932,542
HMTBP Acquisition II Corp.	Service - aboveground storage tanks	Senior Term Debt (7.1%, Due 5/2014) (3) (5)	3,905,000	3,748,120
Hudson Products Holdings, Inc.			6,036,234	5,837,641

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	Manufacturing - heat transfer solutions	Senior Term Debt (7.9%, Due 12/2013) (3)		
Huish Detergents, Inc.	Manufacturing - household cleaning products	Senior Term Debt (6.8%, Due 4/2014) (3)	1,991,129	1,721,350
Hyland Software, Inc.	Service - provider of enterprise content management software	Senior Term Debt (7.7%, Due 7/2013) (3)	3,953,747	3,870,300
Interstate Fibernet, Inc.	Service - provider of voice and data telecommunications services	Senior Term Debt (8.8%, Due 7/2013) (3)	9,954,851	9,700,000
J. Crew Operating Corp.	Retail - apparel	Senior Term Debt (6.8%, Due 5/2013) (3)	879,372	850,877
KIK Custom Products, Inc.	Manufacturing - consumer products	Senior Term Debt (7.1%, Due 5/2014) (3)	3,990,934	3,481,275
Kronos, Inc.	Service - workforce management solutions	Senior Term Debt (7.1%, Due 6/2014) (3)	1,975,714	1,847,293
Lexicon Marketing USA, Inc.	Service - marketing to Hispanic community	Senior Term Debt (non accrual) (3) (5)	2,947,515	1,384,397
Local TV Finance, LLC	Service - television station operator	Senior Term Debt (7.3%, Due 5/2013) (3)	997,651	927,838
LVI Services, Inc.	Service - asbestos and mold remediation	Senior Term Debt (9.6%, Due 11/2010) (3) (5)	6,387,074	5,987,800
MedAssets, Inc.	Service - pharmaceuticals and healthcare GPO	Senior Term Debt (7.4%, Due 10/2013) (3) (5)	4,014,447	3,872,112
MediMedia USA, LLC	Service - healthcare and pharmaceutical marketing	Senior Term Debt (7.2%, Due 10/2013) (3)	2,235,580	2,133,000
Mitchell International, Inc.	Service - automobile insurance claims processing	Senior Term Debt (6.8%, Due 3/2014) (3) (5)	995,046	913,100