

August 1, 2007

 GLADSTONE INVESTMENT

Gladstone Investment Corporation Reports Financial Results for the First Quarter Ended June 30, 2007

-- Net Investment Income for the quarter was \$2.9 million, or \$0.17 per common share

-- Net Increase in Net Assets from Operations for the quarter was \$8.3 million, or \$0.50 per common share

MCLEAN, Va.--(BUSINESS WIRE)--

Gladstone Investment Corp. (NASDAQ:GAIN) (the "Company") today announced earnings for the first quarter ended June 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 June 30, 2007 was \$2,888,544, or \$0.17 per share, compared to Net Investment Income for the quarter ended June 30, 2006 of \$2,581,164, or \$0.16 per share.

Net Increase in Net Assets Resulting from Operations for the quarter ended June 30, 2007 was \$8,270,466, or \$0.50 per share, compared to \$1,277,048, or \$0.08 per share for the quarter ended June 30, 2006.

Total assets were \$363,079,575 at June 30, 2007 as compared to \$323,590,215 at March 31, 2007. Net asset value was \$13.73 per actual common share outstanding at June 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 9.10% for the quarter ended June 30, 2007 compared to 8.77% for the quarter ended June 30, 2006.

During the first quarter ended June 30, 2007, the Company recorded the following activity:

- Invested approximately \$11.4 million in senior debt and warrants to purchase membership interest in B-Dry, LLC;
- Acquired interests in thirteen new syndicated loans for approximately \$36.8 million;
- Acquired interests in nine existing syndicated loan participations for approximately \$23.4 million; and
- Sold or received full repayment for \$21.4 million of nine syndicated loan participations.

At June 30, 2007, the Company held 47 Non-control/Non-Affiliate investments, 5 Control

investments and 1 Affiliate investment, totaling an aggregate cost basis of approximately \$320 million and a fair value of approximately \$322 million.

Condensed Schedule of Investments
June 30, 2007

Investment Type	Cost	Fair Value
Total Non-control/Non-Affiliate Investments	\$186,296,045	\$185,368,271
Total Control Investments	116,322,372	118,310,360
Total Affiliate Investments	17,250,000	17,947,445
Total Investments	\$319,868,417	\$321,626,076

"Since the inception of our fund in June 2005, we have invested over \$416 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 June 30, 2007, the Company:

- Purchased additional loan participations of 2 new and 5 existing portfolio companies of approximately \$11.3 million; and
- Declared monthly cash dividends of \$0.075 per common share for each of the months of July, August and September of 2007.

The Company will hold a conference call on Thursday, August 2, 2007 at 8:30 am EDT to discuss fiscal first 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 September 2, 2007. To hear the replay, please dial (877) 660-6853, access playback account 286 and use ID code 249132. 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 and www.investorcalendar.com. The online replay will follow shortly after the call and will be available through November 3, 2007.

Gladstone Investment Corporation is an investment company that seeks to make debt and equity investments in small and mid-sized private businesses in the U.S. in connection with acquisitions, changes in control and recapitalizations. For more information please visit our website at <http://www.GladstoneInvestment.com>.

For further information, contact Investor Relations at 703-287-5835.

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 "believes," "expects," "anticipates," "estimated," "approximately" "projects" 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 March 31, 2007, as filed with the Securities and Exchange Commission on May 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 June 30, 2007	Three months ended June 30, 2006
	-----	-----
INVESTMENT INCOME		
Interest income		
Non-Control/Non-Affiliate investments	\$ 3,248,555	\$ 1,964,480
Control investments	2,564,992	1,190,302
Affiliate investments	426,563	-
Cash and cash equivalents	53,692	708,340
	-----	-----
Total interest income	6,293,802	3,863,122
Other income	6,127	316
	-----	-----
Total investment income	6,299,929	3,863,438
	-----	-----
EXPENSES		
Base management fee	359,689	801,309
Loan servicing fee	1,194,418	-
Administration fee	207,814	115,389
Interest expense	1,414,262	-
Amortization of deferred finance costs	209,840	-
Professional fees	155,666	79,748
Stockholder related costs	37,889	93,766
Insurance expense	62,941	72,611
Directors fees	54,800	43,250
Taxes and licenses	41,807	57,107
General and administrative expenses	56,134	19,094
	-----	-----
Expenses before credit from Adviser	3,795,260	1,282,274
	-----	-----
Credits to base management fee	(383,875)	-
	-----	-----
Total expenses net of credit to management fee	3,411,385	1,282,274
	-----	-----
NET INVESTMENT INCOME	2,888,544	2,581,164
	-----	-----

REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized (loss) gain on sale of Non-Control/Non-Affiliate investments	(48,247)	3,273
Net unrealized depreciation of Non-Control/Non-Affiliate investments	(528,645)	(1,139,711)
Net unrealized appreciation (depreciation) of Control Investments	5,273,869	(167,678)
Net unrealized appreciation of Affiliate Investments	684,945	-
	-----	-----
Net gain (loss) on investments	5,381,922	(1,304,116)
	-----	-----

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 8,270,466	\$ 1,277,048
	=====	=====

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic and Diluted	\$ 0.50	\$ 0.08
	=====	=====

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)

	June 30, 2007	March 31, 2007
	-----	-----
ASSETS		
Non-Control/Non-Affiliate investments (Cost 6/30/07: \$186,296,045; 3/31/07: \$138,567,741)	\$185,368,271	\$138,168,612
Control investments (Cost 6/30/07: \$116,322,372; 3/31/07: \$116,302,372)	118,310,360	113,016,491
Affiliate investments (Cost 6/30/07: \$17,250,000; 3/31/07: \$19,750,000)	17,947,445	19,762,500
	-----	-----
Total investments at fair value (Cost 6/30/07: \$319,868,417; 3/31/07: \$274,620,113)	321,626,076	270,947,603
Cash and cash equivalents	34,596,442	37,788,941
Interest receivable	1,839,196	1,306,090
Prepaid insurance	24,553	83,819
Deferred finance costs	423,120	627,960
Due from Custodian	4,391,158	12,694,985
Due from Adviser	-	20,383
Other assets	179,030	120,434

TOTAL ASSETS	----- \$363,079,575 =====	----- \$323,590,215 =====
--------------	---------------------------------	---------------------------------

LIABILITIES

Due to Administrator	\$ 207,814	\$ 162,244
Due to Adviser	286,561	-
Borrowings under line of credit	134,400,000	100,000,000
Accrued expenses	752,602	523,698
Other liabilities	98,406	85,764

Total Liabilities	----- 135,745,383 -----	----- 100,771,706 -----
-------------------	-------------------------------	-------------------------------

NET ASSETS	----- \$227,334,192 =====	----- \$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	230,067,811	230,096,572
Net unrealized appreciation (depreciation) of investment portfolio	1,757,659	(3,672,510)
Distributions in excess of net investment income	(4,507,838)	(3,622,113)
Total Net Assets	----- \$227,334,192 =====	----- \$222,818,509 =====
Net assets per share	----- \$ 13.73 =====	----- \$ 13.46 =====

GLADSTONE INVESTMENT CORPORATION FINANCIAL HIGHLIGHTS (UNAUDITED)

	Three months ended June 30, 2007	Three months ended June 30, 2006
-----	-----	-----
Per Share Data (1)		

Balance at beginning of period	\$ 13.46	\$ 13.88
Income from investment operations:		
Net investment income (2)	0.17	0.16
Realized (loss) gain on sale of investments (2)	-	-
Net unrealized appreciation (depreciation) of investments (2)	0.33	(0.08)
Total from investment operations	----- 0.50 -----	----- 0.08 -----
Distributions	----- (0.23) -----	----- (0.21) -----
Net asset value at end of period	----- \$ 13.73 =====	----- \$ 13.75 =====

Per share market value at beginning of period	\$	14.87	\$	14.90
Per share market value at end of period		14.21		15.00
Total Return (3)		-2.93%		2.13%
Shares outstanding at end of period		16,560,100		16,560,100

Ratios/Supplemental Data

Net assets at end of period	\$	227,334,192	\$	227,641,124
Average net assets (4)	\$	222,928,553	\$	227,718,666
Ratio of expenses to average net assets (5) (6)		6.81%		2.25%
Ratio of net expenses to average net assets (5) (7)		6.12%		2.25%
Ratio of net investment income to average net assets (5)		5.18%		4.53%

(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.

(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.

Source: Gladstone Investment Corp.