

Gladstone Investment Corporation Reports Financial Results for the Fiscal Year and Quarter Ended March 31, 2007

-- Net Investment Income for the year was \$11.2 million, or \$0.67 per common share and for the quarter ended March 31, 2007 was \$2.8 million, or \$0.17 per common share

-- Net Increase in Net Assets From Operations for the year was \$7.3 million, or \$0.44 per common share and for the quarter ended March 31, 2007 was \$0.5 million, or \$0.03 per common share

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

Gladstone Investment Corp. (NASDAQ: GAIN) (the "Company") today announced earnings for the fourth quarter and fiscal year ended March 31, 2007. All per share references are per basic and diluted weighted average common share outstanding, unless otherwise noted.

Net Investment Income for the year ended March 31, 2007 was \$11,147,732, or \$0.67 per share compared to Net Investment Income for the period June 22, 2005 (commencement of operations) to March 31, 2006 of \$5,883,898, or \$0.36 per share. For the three months ended March 31, 2007 Net Investment Income was \$2,784,614, or \$0.17 per share compared to \$2,698,622, or \$0.16 per share for the same period a year ago.

Net Increase in Net Assets Resulting from Operations for the year ended March 31, 2007 was \$7,268,404, or \$0.44 per share compared to \$6,054,297, or \$0.37 per share for the period ended June 22, 2005 (commencement of operations) to March 31, 2006. The Net Increase in Net Assets Resulting from Operations for the three months ended March 31, 2007 was \$458,769, or \$0.03 per share compared to \$2,943,018, or \$0.18 per share for the three months ended March 31, 2006.

Total assets were \$323,590,215 at March 31, 2007 as compared to \$230,323,807 at March 31, 2006. Net asset value was \$13.46 per actual common share outstanding at March 31, 2007 as compared to \$13.88 per actual common share outstanding at March 31, 2006.

The weighted average yield on our portfolio of investments, excluding cash and cash equivalents, was 8.72% for the year ended March 31, 2007 compared to 7.02% for the period from June 22, 2005 (commencement of operations) to March 31, 2006. The annualized weighted average yield on the Company's portfolio for the three months ended March 31, 2007 was 8.72% compared to 7.41% for the three months ended March 31, 2006.

During the fourth quarter ended March 31, 2007, the Company recorded the following activity:

- Invested approximately \$36.0 million in senior debt, subordinated debt and preferred and common equity with A. Stucki Company;
- Acquired interests in five new syndicated loans for approximately \$9.4 million;
- Acquired interests in nine existing syndicated loan participations for approximately \$18.2 million;
- Sold or received full repayment for \$26.9 million of four syndicated loan participations; and
- Increased its borrowing capacity under its revolving credit facility with Deutsche Bank A.G. from \$100 million to \$200 million.

At March 31, 2007, the Company held 41 non-control/non-affiliate investments, 5 control investments and 1 affiliate investment, totaling an aggregate cost basis of approximately \$275 million and a fair value of approximately \$271 million.

Condensed Schedule of Investments
March 31, 2007

Investment Type	Cost	Fair Value

Total Non-control/Non-Affiliate Investments	\$138,567,741	\$138,168,612
Total Control Investments	116,302,372	113,016,491
Total Affiliate Investments	19,750,000	19,762,500

Total Investments	\$274,620,113	\$270,947,603
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"Since the inception of our fund in June 2005, we have invested over \$390 million, resulting in the full investment of our IPO proceeds and an additional \$200 million in debt financing. 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 March 31, 2007, the Company:

- Purchased additional syndicated loan participations of 8 new and 9 existing portfolio companies of approximately \$48.6 million;
- Received the full repayment on 3 of its syndicated loan participations for approximately \$13.6 million and sold 2 of its syndicated loan participations totaling approximately \$3.4 million, realizing an aggregate net loss of approximately \$30,000 on the transactions;
- Invested approximately \$7.2 million in one buyout investment; and
- Declared monthly cash dividends of \$0.075 per common share for each of the months of April, May and June of 2007.

The Company will hold a conference call on Friday, June 1, 2007 at 8:30 am EDT to discuss fourth quarter and fiscal year 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 August 2, 2007. To hear the replay, please dial (877) 660-6853, access playback account 286 and use ID code 243279. 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 August 2, 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>.

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 "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)

	For the three months ended March 31, 2007	For the three months ended March 31, 2006
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INVESTMENT INCOME		
Interest income		
Non-Control/Non-Affiliate investments	\$ 2,634,567	\$ 1,466,449
Control investments	1,775,004	255,059
Affiliate investments	420,961	-
Cash and cash equivalents	51,141	1,242,687
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Total interest income	4,881,673	2,964,195
Fee Income - Control Investments	-	230,000
Other income	3,229	185

Total investment income	4,884,902	3,194,380
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EXPENSES		
Base management fee	198,679	557,730
Loan servicing fee	1,060,163	-
Administration fee	162,244	110,002
Directors fees	53,800	57,000
Professional fees	231,703	27,497
Insurance expense	61,406	72,612
Stockholder related costs	85,974	21,662
Interest expense	538,913	-
Amortization of deferred finance costs	142,387	-
Taxes and licenses	28,879	188,684
Other expenses	38,498	15,160
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Expenses before credit from Adviser	2,602,646	1,050,347
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Credit to base management fee for fees collected by Adviser	(502,358)	(554,589)
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Total expenses net of credit to management fee	2,100,288	495,758
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NET INVESTMENT INCOME	2,784,614	2,698,622
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REALIZED AND UNREALIZED LOSS ON INVESTMENTS		
Realized (loss) gain on sale of Non-Control/Non-Affiliate investments	(92,906)	19,375
Net unrealized appreciation of Non-Control/Non-Affiliate investments	627,501	275,021
Net unrealized depreciation of Control Investments	(2,872,940)	(50,000)
Net unrealized appreciation of Affiliate Investments	12,500	-
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Net loss on investments	(2,325,845)	244,396
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 458,769	\$ 2,943,018
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic and Diluted	\$ 0.03	\$ 0.18
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SHARES OF COMMON STOCK OUTSTANDING:		
Basic and diluted weighted average shares	16,560,100	16,560,100

	Year Ended March 31, 2007	For the period June 22, 2005 (Commencement of Operations) to March 31, 2006
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INVESTMENT INCOME		
Interest income		
Non-Control/Non-Affiliate investments	\$ 9,572,593	\$ 2,450,906
Control investments	5,486,060	255,059
Affiliate investments	535,629	-
Cash and cash equivalents	1,661,647	4,434,706
	-----	-----
Total interest income	17,255,929	7,140,671
Fee income - Control investments	-	230,000
Other income	5,707	185
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Total investment income	17,261,636	7,370,856
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EXPENSES		
Base management fee	2,413,116	915,360
Loan servicing fee	1,568,854	-
Administration fee	526,595	288,471
Interest expense	607,661	378
Amortization of deferred finance costs	233,779	-
Professional fees	586,028	163,369
Stockholder related costs	273,483	89,563
Insurance expense	262,339	184,642
Directors fees	208,100	160,000
Taxes and licenses	168,873	195,270
Organizational costs	-	7,002
General and administrative expenses	142,659	37,492
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Expenses before credit from Adviser	6,991,487	2,041,547
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Credit to management fee for fees collected by Adviser	(877,583)	(554,589)
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Total expenses net of credit to management fee	6,113,904	1,486,958
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NET INVESTMENT INCOME	11,147,732	5,883,898
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REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS		
Realized (loss) gain on sale of Non-Control/Non-Affiliate investments	(93,850)	57,431
Net unrealized (depreciation) appreciation of Non- Control/Non-Affiliate investments	(562,097)	162,968
Net unrealized depreciation of Control Investments	(3,235,881)	(50,000)

Net unrealized appreciation of Affiliate Investments	12,500	-
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Net (loss) gain on investments	(3,879,328)	170,399
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	\$ 7,268,404	\$ 6,054,297
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NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS PER COMMON SHARE:		
Basic and Diluted	\$ 0.44	\$ 0.37
	=====	=====
SHARES OF COMMON STOCK OUTSTANDING:		
Basic and diluted weighted average shares	16,560,100	16,391,589

GLADSTONE INVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES

March 31, 2007 March 31, 2006

ASSETS

Non-Control/Non-Affiliate investments (Cost 3/31/07:\$138,567,741; 3/31/06: \$97,423,004)	\$138,168,612	\$ 97,585,972
Control investments (Cost 3/31/07: \$116,302,372; 3/31/06: \$55,846,318)	113,016,491	55,796,318
Affiliate investments (Cost 3/31/07: \$19,750,000)	19,762,500	-
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Total investments at fair value (Cost 3/31/07: \$274,620,113; 3/31/06: \$153,269,322)	270,947,603	153,382,290
Cash and cash equivalents	37,788,941	75,672,605
Interest receivable	1,306,090	761,388
Prepaid insurance	83,819	99,874
Deferred finance costs	627,960	-
Due from Custodian	12,694,985	-
Due from Adviser	20,383	234,551
Other assets	120,434	173,099
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TOTAL ASSETS	\$323,590,215	\$230,323,807
	=====	=====

LIABILITIES

Due to Administrator	\$ 162,244	\$ 110,002
Borrowings under line of credit	100,000,000	-
Accrued expenses	523,698	367,031
Other liabilities	85,764	5,077
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Total Liabilities	100,771,706	482,110
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NET ASSETS	\$222,818,509	\$229,841,697
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ANALYSIS OF NET ASSETS:

Common stock, \$0.001 par value, 100,000,000 shares authorized and 16,560,100 issued and outstanding, respectively	\$ 16,560	\$ 16,560
Capital in excess of par value	230,096,572	230,229,279
Net unrealized (depreciation) appreciation of investment portfolio	(3,672,510)	112,968
Distributions in excess of net investment income	(3,622,113)	(517,110)
	-----	-----
Total Net Assets	\$222,818,509	\$229,841,697
	=====	=====
Net assets per share	\$ 13.46	\$ 13.88
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GLADSTONE INVESTMENT CORPORATION
FINANCIAL HIGHLIGHTS
(UNAUDITED)

	For the three months ended March 31, 2007	For the three months ended March 31, 2006
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Per Share Data (1)		

Balance at beginning of period	\$ 13.65	\$ 13.91
Income from investment operations:		
Net investment income (2)	0.17	0.17
Realized loss on sale of investments (2)	(0.01)	-
Net unrealized (depreciation) appreciation of investments (2)	(0.13)	0.01
	-----	-----
Total from investment operations	0.03	0.18
	-----	-----
Distributions	(0.22)	(0.21)
	-----	-----
Net asset value at end of period	\$ 13.46	\$ 13.88
	=====	=====
Per share market value at beginning of period	\$ 15.31	\$ 13.59
Per share market value at end of period	14.87	15.10
Total return (3)	-1.41%	12.68%
Shares outstanding at end of period	16,560,100	16,560,100
Ratios/Supplemental Data		

Net assets at end of period	\$222,818,509	\$229,841,697
Average net assets (4)	\$223,372,272	\$229,400,219
Ratio of expenses to average net assets (annualized) (5)	4.66%	1.83%
Ratio of net expenses to average net assets (annualized) (6)	3.76%	0.86%
Ratio of net investment income to average net assets (annualized)	4.99%	4.71%

(1) Based on actual shares outstanding.

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

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

GLADSTONE INVESTMENT CORPORATION
FINANCIAL HIGHLIGHTS

	For the year ended March 31, 2007	For the period June 22, 2005 (Commencement of Operations) to March 31, 2006
Per Share Data (1)	-----	-----
Balance at beginning of period	\$ 13.88	\$ -
Net proceeds from initial public offering (2)	-	13.95
Offering costs	-	(0.05)
Income from investment operations:		
Net investment income (3)	0.67	0.36
Realized loss on sale of investments (3)	(0.01)	-
Net unrealized (depreciation) appreciation of investments (3)	(0.23)	0.01
Total from investment operations	0.44	0.37
Distributions	(0.85)	(0.39)
Shelf registration offering costs	(0.01)	-
Net asset value at end of period	\$ 13.46	\$ 13.88
Per share market value at beginning of period	\$ 15.10	\$ 15.00
Per share market value at end of period	14.87	15.10
Total Return (4)	4.36%	3.39%
Shares outstanding at end of period	16,560,100	16,560,100

Ratios/Supplemental Data

Net assets at end of period	\$222,818,509	\$229,841,697
Average net assets	\$225,642,593	\$226,875,738
Ratio of expenses to average net assets (5) (6)	3.10%	1.08%
Ratio of net expenses to average net assets (5) (7)	2.71%	0.79%
Ratio of net investment income to average net assets (5)	4.94%	3.11%

(1) Based on actual shares outstanding.

(2) Net of initial underwriting discount of \$1.05 per share.

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

(4) 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 the Company's dividend reinvestment plan.

(5) Amounts are annualized for the period June 22, 2005 (commencement of operations) to March 31, 2006.

(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 management fee.

Source: Gladstone Investment Corp.