

GLADSTONE INVESTMENT CORPORATION\DE

Form 10-Q

February 01, 2012

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**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, 2011**

.. **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**  
(State or other jurisdiction of

**83-0423116**  
(I.R.S. Employer

incorporation or organization)

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)

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 (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12 b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-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 per share, outstanding as of January 30, 2012, was 22,080,133.

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**GLADSTONE INVESTMENT CORPORATION**

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**Table of Contents****GLADSTONE INVESTMENT CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF ASSETS AND LIABILITIES****(DOLLAR AMOUNTS IN THOUSANDS, EXCEPT SHARE AND PER SHARE AMOUNTS)****(UNAUDITED)**

	December 31, 2011	March 31, 2011
<b>ASSETS</b>		
Investments at fair value		
Control investments (Cost of <b>\$184,221</b> and \$136,306, respectively)	<b>\$ 156,345</b>	\$ 104,062
Affiliate investments (Cost of <b>\$69,739</b> and \$45,145, respectively)	<b>61,183</b>	34,556
Non-Control/Non-Affiliate investments (Cost of <b>\$9,664</b> and \$15,741, respectively)	<b>9,243</b>	14,667
Total investments (Cost of <b>\$263,624</b> and \$197,192, respectively)	<b>226,771</b>	153,285
Cash and cash equivalents	<b>86,470</b>	80,580
Restricted cash	<b>1,960</b>	4,499
Interest receivable	<b>1,142</b>	737
Due from custodian	<b>722</b>	859
Deferred financing fees	<b>953</b>	373
Prepaid assets	<b>297</b>	224
Other assets	<b>306</b>	552
<b>TOTAL ASSETS</b>	<b>\$ 318,621</b>	\$ 241,109
<b>LIABILITIES</b>		
Borrowings at fair value		
Short-term loan (Cost of <b>\$76,001</b> and \$40,000, respectively)	<b>\$ 76,001</b>	\$ 40,000
Credit Facility (Cost of <b>\$29,300</b> and \$0, respectively)	<b>29,300</b>	
Total borrowings (Cost of <b>\$105,301</b> and \$40,000, respectively)	<b>105,301</b>	40,000
Accounts payable and accrued expenses	<b>491</b>	201
Fees due to Adviser <sup>(A)</sup>	<b>187</b>	499
Fee due to Administrator <sup>(A)</sup>	<b>183</b>	171
Other liabilities	<b>858</b>	1,409
<b>TOTAL LIABILITIES</b>	<b>107,020</b>	42,280
<b>NET ASSETS</b>	<b>\$ 211,601</b>	\$ 198,829
<b>ANALYSIS OF NET ASSETS</b>		
Common stock, \$0.001 par value per share, 100,000,000 shares authorized, 22,080,133 shares issued and outstanding at December 31, 2011 and March 31, 2011	<b>\$ 22</b>	\$ 22
Capital in excess of par value	<b>257,192</b>	257,192
Cumulative net unrealized depreciation on investments	<b>(36,853)</b>	(43,907)
Cumulative net unrealized depreciation on other	<b>(56)</b>	(76)
Undistributed net investment income	<b>812</b>	165
Accumulated net realized losses	<b>(9,516)</b>	(14,567)

<b>TOTAL NET ASSETS</b>	<b>\$ 211,601</b>	<b>\$ 198,829</b>
<b>NET ASSET VALUE PER SHARE AT END OF PERIOD</b>	<b>\$ 9.58</b>	<b>\$ 9.00</b>

<sup>(A)</sup> Refer to Note 4 *Related Party Transactions* for additional information.

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

**Table of Contents****GLADSTONE INVESTMENT CORPORATION****CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS****(DOLLAR AMOUNTS IN THOUSANDS EXCEPT SHARE AND PER SHARE AMOUNTS)****(UNAUDITED)**

	Three Months Ended December 31,		Nine Months Ended December 31,	
	2011	2010	2011	2010
<b>INVESTMENT INCOME</b>				
Interest income				
Control investments	\$ 3,515	\$ 2,557	\$ 9,075	\$ 7,701
Affiliate investments	1,226	970	3,958	3,031
Non-Control/Non-Affiliate investments	343	391	1,148	1,175
Cash and cash equivalents	1	7	7	21
<b>Total interest income</b>	<b>5,085</b>	<b>3,925</b>	<b>14,188</b>	<b>11,928</b>
Other income				
Control investments	25	6,812	1,201	10,358
Non-Control/Non-Affiliate investments	59		77	
<b>Total other income</b>	<b>84</b>	<b>6,812</b>	<b>1,278</b>	<b>10,358</b>
<b>Total investment income</b>	<b>5,169</b>	<b>10,737</b>	<b>15,466</b>	<b>22,286</b>
<b>EXPENSES</b>				
Loan servicing fee <sup>(A)</sup>	811	634	2,204	2,124
Base management fee <sup>(A)</sup>	329	343	1,008	846
Incentive fee <sup>(A)</sup>		1,898	19	2,949
Administration fee <sup>(A)</sup>	182	142	468	582
Interest expense	185	135	550	558
Amortization of deferred financing fees	106	116	321	383
Professional fees	139	84	453	306
Stockholder related costs	31	26	403	245
Other expenses	289	218	859	685
<b>Expenses before credits from Adviser</b>	<b>2,072</b>	<b>3,596</b>	<b>6,285</b>	<b>8,678</b>
Credits to fees from Adviser <sup>(A)</sup>	(345)	(450)	(1,071)	(630)
<b>Total expenses net of credits to fees</b>	<b>1,727</b>	<b>3,146</b>	<b>5,214</b>	<b>8,048</b>
<b>NET INVESTMENT INCOME</b>	<b>3,442</b>	<b>7,591</b>	<b>10,252</b>	<b>14,238</b>
<b>REALIZED AND UNREALIZED GAIN (LOSS)</b>				
Net realized (loss) gain on investments	(105)	6,514	5,091	23,489
Net realized loss on other			(40)	
Net unrealized appreciation (depreciation) on investments	1,769	1,026	7,053	(24,063)
Net unrealized appreciation (depreciation) on other	389	4	21	(21)
<b>Net gain (loss) on investments and other</b>	<b>2,053</b>	<b>7,544</b>	<b>12,125</b>	<b>(595)</b>

NET INCREASE IN NET ASSETS RESULTING FROM OPERATIONS	<b>\$ 5,495</b>	\$
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