UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-QSB

(Mark One)

XX QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2000

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _______ TO ______.

Commission file number 000-27503

DYNASIL CORPORATION OF AMERICA
(Exact name of small business issuer as specified in its charter)

New Jersey	22-1734088
(State or other jurisdiction of incorporation)	(IRS Employer Identification No.)

385 Cooper Road, West Berlin, New Jersey, 08091
(Address of principal executive offices)

(856) 767-4600
(Registrant's telephone number, including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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 XX No ____

The Company had 2,372,505 shares of common stock, par value $.0005 per share, outstanding as of April 30, 2001.

DYNASIL CORPORATION OF AMERICA AND SUBSIDIARIES
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DYNASIL CORPORATION OF AMERICA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
UNAUDITED)

ASSETS

	March 31 2001	September 30 2000
Current assets		
Cash and cash equivalents	$ 271,851	$ 249,695
Accounts receivable	826,673	608,488
Inventory	931,338	909,223
Other current assets	46,020	32,596
Total current assets	2,075,882	1,800,022
Property, Plant and Equipment, net	1,865,066	1,838,599
Other Assets		
Restricted cash	200,000	0
Other Assets	22,755	20,534
Total Assets	$4,163,703	$3,659,135

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31 2001	September 30 2000
Current Liabilities		
Current portion - long-term debt	$321,078	$147,859
Accounts payable	313,106	101,871
Accrued expenses	122,535	165,751
Total current liabilities	756,719	415,481
Long-term Debt, net	1,438,807	1,620,885
Stockholders' Equity		
Common Stock, $.0005 par value, 25,000,000 shares authorized, 3,013,001 and 2,997,292 shares issued 2,372,377 and 2,356,668 shares outstanding	1,507	1,499
Additional paid in capital	1,079,251	1,062,309
Retained earnings	1,846,722	1,518,264
	2,927,480	2,582,072
Less 640,624 shares in treasury - at cost	(959,303)	(959,303)
Total stockholders' equity	1,968,177	1,622,769
Total Liabilities and Stockholders' Equity	$4,163,703	$3,659,135

DYNASIL CORPORATION OF AMERICA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(UNAUDITED)

	Three Months Ended March 31		Six Months Ended March 31	
	2001	2000	2001	2000
Sales	$1,386,744	$1,040,323	$2,704,361	$1,805,742
Cost of Sales	956,296	749,031	1,874,832	1,302,128
Gross profit	430,448	291,292	829,529	503,614
Selling, general and administrative	222,371	191,550	415,346	341,795
Income from Operations	208,077	99,742	414,183	161,819
Other income (expense)				
Interest expense	(44,908)	(46,634)	(91,936)	(92,970)
Other Income (Expense)	3,498	0	6,210	0
Income before Income Taxes	166,667	53,108	328,457	68,849
Provision (benefit) for Income Tax	0	0	0	0
Net income	$166,667	$ 53,108	$ 328,457	$ 68,849
Net income (loss) per share				
Basic	$ 0.07	$ 0.02	$ 0.14	$ 0.03
Diluted	$ 0.07	$ 0.02	$ 0.14	$ 0.03
Weighted average shares outstanding	2,369,368	2,354,026	2,363,053	2,350,303

DYNASIL CORPORATION OF AMERICA AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Six Months Ended March 31 2001	Six Months Ended March 31 2000
Cash flows from operating activities:		
Net income	$ 328,457	$ 68,849
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	167,490	176,760
Amortization expense	1,704	1,704
Allowance for doubtful accounts		
(Increase) decrease in:		
Accounts receivable	(218,185)	(87,019)
Inventories	(22,115)	(12,959)
Prepaid expenses and other current assets	(13,424)	(8,784)
Other assets	(3,925)	(4,181)
Increase (decrease) in:		
Accounts payable	211,235	63,396
Accrued expenses	(43,217)	(54,364)
Net cash provided by (used in) operating activities	408,020	143,312
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(71,657)	(28,201)
Increase in restricted cash	(200,000)	0
Net cash provided by (used in) investing activities	(271,657)	(28,201)
Cash flows from financing activities:		
Issuance of common stock	16,952	2,100
Proceeds from Bank Debt	200,000	0
Repayments of long-term debt	(331,159)	(75,692)
Net cash provided by (used in) financing activities	(114,207)	(73,592)
Net increase (decrease) in cash	22,156	41,519
Cash - beginning of period	249,695	140,253
Cash - end of period	$ 271,851	$ 181,772

DYNASIL CORPORATION OF AMERICA
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

1. Basis of Presentation

The consolidated balance sheet as of September 30, 2000 was audited and appears in the Form 10-KSB previously filed by the Company. The consolidated balance sheet as of March 31, 2001 and the consolidated statements of operations and cash flows for the six months ended March 31, 2001 and 2000, and the related information contained in these notes have been prepared by management without audit. In the opinion of management, all adjustments (which include only normal recurring items) necessary to present fairly the financial position, results of operations and cash flows in conformity with generally accepted accounting principles as of March 31, 2001 and for all periods presented have been made. Interim operating results are not necessarily indicative of operating results for a full year.

Certain information and note disclosures normally included in the Company's annual financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Company's September 30, 2000 Annual Report on Form 10-KSB previously filed by the Company.

2. Inventories

Inventories are stated at the lower of average cost or market. Cost is determined using the first-in, first-out (FIFO) method. Inventories consist primarily of raw materials, work-in-process and finished goods. The Company evaluates inventory levels and expected usage on a periodic basis and records adjustments for impairments as required.

Inventories consisted of the following:

	March 31, 2001	September 30, 2000
Raw Materials	36,192	22,887
Work-in-Process	760,411	747,802
Finished Goods	134,735	138,534
	931,338	909,223

3. Net Income Per Share

Basic net income per share is computed using the weighted average number of common shares outstanding. The dilutive effects of potential common shares outstanding are included in diluted net earnings per share. Diluted net earnings per share exclude the impact of potential common shares since they would have resulted in an antidilutive effect.

4. Supplementary Disclosure of Cash Flow Information

Non-cash investing and financing activities during the six months ended March 31, 2001 were as follows:

Purchase of property and equipment	193,957
Debt incurred	(122,300)
Cash paid for property and equipment	71,657

ITEM 2. MANAGEMENT DISCUSSION AND ANALYSIS OR PLAN OF OPERATION

Results of Operations

Revenues for the three months ended March 31, 2001 were $1,386,744, an increase of 33% over revenues of $1,040,323 for the three months ended March 31,2000. Revenues for the six-months ended March 31, 2001 were $2,704,361, an increase of 50% over revenues of $1,805,742 for the six-months ended March 31,2000. The primary reasons for the increase are the continued strong demand for synthetic fused silica and our ability to meet the customer's quick delivery requirements. We have seen growth in the traditional optics market as well as the rapidly increasing uses of synthetic fused silica in the electro-optical markets.

Cost of sales for the three months ended March 31, 2001 were $956,296, or 68.9% of sales, an increase of $207,265 over the three months ended March 31, 2000 of $749,031, or 72.0% of sales. Cost of sales for the six-months ended March 31, 2001 were $1,874,832, or 69.3% of sales, and increase of $572,704 over the six-months ended March 31, 2000 of $1,302,128, or 72.1% of sales. Improvements, as measured by percentage of sales, in the current fiscal year can be attributed to our ability to control manufacturing expenses. A recent upgrade in our production schedule system enabled us to better manage the workflow. We were able to increase the throughput with minimal increase in manpower. A recent purchase of capital equipment also helped in this area.

Gross profit for the three months ended March 31, 2001 was $430,448, or 31.1% of sales, an increase of $139,156 over the three months ended March 31, 2000 of $291,292, or 28.0% of sales. Gross profit for the six months ended March 31, 2001 was $829,529, or 30.7% of sales, an increase of $325,915 over the six months ended March 31, 2000 of $503,614, or 27.9% of sales. As discussed above increased sales and controlling expenses contributed to the substantial improvement.

Selling, general and administrative expenses for the three months ended March 31, 2001 were $222,371, or 16.0% of sales, an increase of $30,821 over the three months ended March 31, 2000 of $191,550, or 18.4% of sales. Selling, general and administrative expenses for the six months ended March 31, 2001 were $415,346, or 15.4% of sales, an increase of $73,551 over the six months ended March 31, 2000 of $341,795, or 18.9% of sales.

Major components of the increased selling, general and administrative expenses were an increase in sales salaries as a result of commissions being paid on higher sales, increased investor relations expenses, increased travel expense and increase in directors fees. Effective January 2001 the shareholders approved the following cash compensation for serving on the board: Chairman of the Board, $2,500 per month, all other non-employee directors, $1,000 per month. Prior to this period board members were compensated with stock options.

Interest expense for the three months ended March 31, 2001 was $44,908, a decrease of $1,726 over the three months ended March 31, 2000 of $46,634. Interest expense for the six months ended March 31, 2001 was $91,936, a decrease of $1,034 over the six months ended March 31, 2000 of $92,970. (See discussion in Liquidity and Capital Resources section)

The increase in other income of $6,210 represents interest income earned for the six months ended March 31, 2001. We have been investing our excess cash in interest earning securities.

Net income for the three months ended March 31, 2001 was $166,667, or $.07 in basic earnings per share, an increase of $113,559 over the three months ended March 31, 2000 of $53,108, or $.02 in basic earnings per share. Net income for the six months ended March 31, 2001 was $328,457, or $.14 in basic earnings per share, an increase of $259,608 over the six months ended March 31, 2000 of $68,849, or $.03 in basic earnings per share.

The Company has no provision for income taxes for either period in 2001 or 2000. As of September 30, 2000, we have approximately $790,000 of net operating loss carryforwards to offset future income for federal tax purposes expiring in various years through 2019. In addition, the Company has approximately $214,000 of net operating loss carryforwards to offset certain future states' taxable income, expiring in various years through 2007.

Liquidity and Capital Resources

Cash increased by $22,156 for the six months ended March 31,2001. Cash provided from operations of $408,020 was primarily used to reduce debt by $131,159, acquire property plant and equipment for $71,657, and increase restricted cash by $200,000.

In March 2001 management negotiated a $200,000 three-year term note with Premier Bank at 7.25% interest, collateralized by $200,000 of certificates of deposit earning 5.12% interest. The funds were used to pay off $200,000 of subordinated debt at 12% interest that was due in December 2001. In addition $50,000 of the 12% subordinated debt was paid off in January 2001 from internally generated funds.

The Company believes that its current cash and cash equivalent balances, and net cash generated by operations, will be sufficient to meet its anticipated cash needs for working capital for at least the next 12 months. The Company plans to spend $100,000 in capital improvements in the next six to nine months. This cash will come from internally generated funds. Any business expansion will require the Company to seek additional debt or equity financing.

Forward-Looking Statements

The statements contained in this Quarterly Report on Form 10-QSB which are not historical facts, including, but not limited to, certain statements found under the captions "Results of Operations" and "Liquidity and Capital Resources" above, are forward-looking statements that involve a number of risks and uncertainties. The actual results of the future events described in such forward-looking statements could differ materially from those stated in such forward-looking statements. Among the factors that could cause actual results to differ materially are the risks and uncertainties discussed in this Quarterly Report on Form 10-QSB, including, without limitation, the portions of such reports under the captions referenced above, and the uncertainties set forth from time to time in the Company's filings with the Securities and Exchange Commission, and other public statements. Such risks and uncertainties include, without limitation, seasonality, interest in the Company's products, consumer acceptance of new products, general economic conditions, consumer trends, costs and availability of raw materials and management information systems, competition, litigation and the effect of governmental regulation. The Company disclaims any intention or obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

PART II

OTHER INFORMATION
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ITEM 1   LEGAL PROCEEDINGS

NONE

ITEM 2   CHANGES IN SECURITIES

NONE

ITEM 3   DEFAULTS ON SENIOR SECURITIES

NONE

ITEM 4   SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the annual meeting of shareholders held on January 30, 2001, the shareholders voted to approve an amendment to the 1999 Stock Incentive Plan as amended July 25, 2000 (the "Plan") to increase in the total number of shares of Company common stock that may be issued under the Plan from 450,000 to 900,000.

ITEM 5   OTHER INFORMATION

NONE

ITEM 6   EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

None

(b) Reports on Form 8-K

None

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DYNASIL CORPORATION OF AMERICA

BY:	/s/ John Kane	DATED:	May 14, 2001
	John Kane, President, Treasurer, Chief Financial Officer and Principal Accounting Officer		
BY:	/s/ Charles J. Searock, Jr.	DATED:	May 14, 2001
	Charles J. Searock, Jr., CEO		