

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 JUNE 30, 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 2,356,408 shares of common stock, par value \$.0005 per share,
outstanding as of July 31, 2000.

DYNASIL CORPORATION OF AMERICA AND SUBSIDIARIES
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ASSETS

	JUNE 30 2000	September 30 1999
	-----	-----
Current assets		
Cash and cash equivalents	\$ 133,027	\$ 140,253
Accounts receivable	512,393	370,839
Inventory	967,448	958,023
Other current assets	47,792	46,599
	-----	-----
Total current assets	1,660,660	1,515,714
Property, Plant and Equipment, net	1,900,042	2,064,029
Other Assets	21,386	22,539
	-----	-----
Total Assets	\$3,582,088	\$3,602,282
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Current portion - long-term debt	\$155,441	\$142,976
Accounts payable	131,339	92,464
Accrued expenses	87,294	152,534
	-----	-----
Total current liabilities	374,074	387,974
Long-term Debt, net	1,651,212	1,739,535
Stockholders' Equity		
Common Stock, \$.0005 par value, 25,000,000 shares authorized, 2,995,032 AND 2,985,566 shares issued 2,354,408 and 2,344,942 shares outstanding	1,498	1,493
Additional paid in capital	1,061,169	1,058,525
Retained earnings	1,453,438	1,374,058
	-----	-----
	2,516,105	2,434,076
Less 640,624 shares in treasury - at cost	(959,303)	(959,303)
	-----	-----
Total stockholders' equity	1,556,802	1,474,773
	-----	-----
Total Liabilities and Stockholders' Equity	\$3,582,088	\$3,602,282
	=====	=====

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

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	Three Months Ended JUNE 30		Nine Months Ended JUNE 30	
	2000	1999	2000	1999
Sales	\$ 847,608	\$ 751,926	\$2,653,350	\$2,021,887
Cost of Sales	612,107	538,523	1,914,238	1,735,582
Gross profit	235,501	213,403	739,112	286,305
Selling, general and administrative	176,023	158,383	517,819	479,216
Income (loss) from Operations	59,478	55,020	221,293	(192,911)
Other income (expense)				
Interest expense	(48,942)	(48,917)	(141,912)	(146,729)
Income (Loss) before Income Taxes	10,536	6,103	79,381	(339,640)
Provision (benefit) for Income Tax	0	0	0	0
Net income (loss)	10,536	6,103	79,381	(339,640)
	=====	=====	=====	=====
Net income (loss) per share				
Basic	\$ 0.00	\$ 0.00	\$ 0.03	\$ (0.15)
Diluted	\$ 0.00	\$ 0.00	\$ 0.03	\$ (0.15)
Weighted average shares outstanding	2,354,361	2,330,500	2,351,654	2,315,676

	NINE Months Ended JUNE 30	
	2000	1999
	-----	-----
Cash flows from operating activities:		
Net income	\$ 79,381	\$ (339,640)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	256,929	267,660
Amortization expense	2,556	2,556
Allowance for doubtful accounts		
(Increase) decrease in:		
Accounts receivable	(141,554)	(17,061)
Inventories	(9,425)	284,340
Prepaid expenses and other current assets	1,585	10,653
Other assets	(4,181)	2,778
Increase (decrease) in:		
Accounts payable	38,875	(132,120)
Accrued expenses	(65,242)	(942)
	-----	-----
Net cash provided by (used in) operating activities	158,924	78,224
	-----	-----
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(50,642)	(5,333)
	-----	-----
Net cash provided by (used in) investing activities	(50,642)	(5,333)
	-----	-----
Cash flows from financing activities:		
Issuance of common stock	2,649	26,881
Proceeds (Repayment) - Bank Debt		10,000
Repayments of long-term debt	(118,157)	(107,261)
	-----	-----
Net cash provided by (used in) financing activities	(115,508)	(70,380)
	-----	-----
Net increase (decrease) in cash	(7,226)	2,511
Cash - beginning of period	140,253	45,980
	-----	-----
Cash - end of period	\$ 133,027	\$ 48,491
	=====	=====

1. Basis of Presentation

The consolidated balance sheet as of September 30, 1999 was audited and appears in the Form 10-KSB previously filed by the Company. The consolidated balance sheet as of June 30, 2000 and the consolidated statements of operations and cash flows for the nine months ended June 30, 2000 and 1999, 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 June 30, 2000 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, 1999 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:

	June 30, 2000	September 30, 1999
	-----	-----
Raw Materials	37,600	21,777
Work-in-Process	781,417	800,395
Finished Goods	148,431	135,851
	-----	-----
	967,448	958,023
	=====	=====

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 nine months ended June 30, 2000 were as follows:

Purchase of property and equipment	\$ 92,942
Debt incurred	(42,300)

Cash paid for property and equipment	\$ 50,642
	=====

Results of Operations

Sales were \$847,608 for the three months ended June 30, 2000, an increase of 13% over the comparable quarter of fiscal 1999. On a year-to-date basis, sales were \$2,653,350, 31% greater than the comparable period of the prior fiscal year. The increase is due primarily to the increased demand in both the semiconductor and optics markets. The international market played an especially important role in the year to date increase. International shipments accounted for approximately 17% of the total year-to-date shipments, an increase of 7% over the annual average.

Cost of sales was \$612,107 for the three months ended June 30, 2000, or 72.2% of sales. This is an increase of .6% over the comparable quarter of fiscal 1999, when cost of sales was 71.6% of sales. On a year-to-date basis, cost of sales was \$1,914,238 or 72.1% of sales. This is a decrease of 16% over the comparable year-to-date for fiscal 1999, when cost of sales was 85.8% of sales. Management continues to monitor operating expenses closely, which has helped to reduce expenses across the board.

Gross profit increased to \$235,501 for the three months ended June 30, 2000, or 27.8% of Sales. This is an increase of 10% over the comparable quarter of fiscal 1999. On a year-to-date basis, gross profit increased to \$739,112, or 27.9% of sales. This is an increase of 158% over the comparable year-to-date for fiscal 1999.

Selling, general and administrative expenses increased to \$176,023 for the three months ended June 30, 2000, from \$158,383 for the three months ended June 30, 1999. Year-to-date June 30, 2000, selling general and administrative expenses increased to \$517,819, from \$479,216 for the same comparable period of fiscal 1999. As a percentage of sales, selling, general and administrative expenses decreased to 20.7% for the three months ended June 30, 2000, from 21.1% for the three months ended June 30, 1999.

Major components of the increased selling, general and administrative expenses for the nine months ended June 30, 2000 were the increase in commission expenses incurred, related to the increase in international sales, and increase in professional fees, related to completion of reporting company requirements.

Interest expense increased slightly to \$48,942 for the three months ended June 30, 2000, from \$48,917 for the three months ended June 30, 1999.

Net income increased to \$10,536 for the three months ended June 30, 2000, from \$6,103 for the three months ended June 30, 1999. Year-to-date June 30, 2000 net income increased to \$79,381 from a loss of \$339,640 for the same comparable period of fiscal 1999. Basic earnings per share for the three month period ended June 30, 2000 showed no change from the three month period ended June 30, 1999. Year-to-date June 30, 2000 earnings per share increased to \$.03 per share from a loss per share of \$.15 for the comparable period of fiscal 1999.

The Company has no provision for income taxes for either period in 2000 or 1999. As of September 30, 1999, we have approximately \$947,000 of net operating loss carryforwards to offset future income for federal tax purposes expiring in various years through 2018. In addition, the Company has approximately \$466,000 of net operating loss carryforwards to offset certain future states' taxable income, expiring in various years through 2006.

Liquidity and Capital Resources

Cash decreased by \$7,226 for the nine months ended June 30, 2000. Cash provided from operations of \$158,924 was primarily used to reduce debt by \$118,157 and acquire property plant and equipment for \$50,642.

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. 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", 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 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

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

NONE

ITEM 5 OTHER INFORMATION

Robert E. Hibshman, Sr., age 72, submitted his resignation from the Board of Directors effective July 21, 2000, due to competing business interests and a desire to phase into full retirement. His position on the Board of Directors will not be filled at this time, thus reducing Board membership to six.

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27FDS - Financial Data Schedule

(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/ Charles J. Searock, Jr. DATED: August 14, 2000

Charles J. Searock, Jr.,
President and CEO

BY: /s/ John Kane DATED: August 14, 2000

John Kane, Secretary, Treasurer,
and Chief Financial Officer (Principal
Financial Officer and Principal
Accounting Officer)

[ARTICLE] 5
[CIK] 0000030831
[NAME] DYNASIL CORPORATION OF AMERICA

[PERIOD-TYPE]	9-MOS	
[FISCAL-YEAR-END]		SEP-30-2000
[PERIOD-END]		JUN-30-2000
[CASH]		133,027
[SECURITIES]		0
[RECEIVABLES]		518,393
[ALLOWANCES]		6,000
[INVENTORY]		967,448
[CURRENT-ASSETS]		1,660,660
[PP&E]		5,635,860
[DEPRECIATION]		3,735,818
[TOTAL-ASSETS]		3,582,088
[CURRENT-LIABILITIES]		374,074
[BONDS]		1,651,212
[PREFERRED-MANDATORY]		0
[PREFERRED]		0
[COMMON]		1,498
[OTHER-SE]		1,555,304
[TOTAL-LIABILITY-AND-EQUITY]		3,582,088
[SALES]		2,653,350
[TOTAL-REVENUES]		2,653,350
[CGS]		1,914,238
[TOTAL-COSTS]		2,432,057
[OTHER-EXPENSES]		0
[LOSS-PROVISION]		0
[INTEREST-EXPENSE]		141,912
[INCOME-PRETAX]		79,381
[INCOME-TAX]		0
[INCOME-CONTINUING]		79,381
[DISCONTINUED]		0
[EXTRAORDINARY]		0
[CHANGES]		0
[NET-INCOME]		79,381
[EPS-BASIC]		0
[EPS-DILUTED]		0