

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 MARCH 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 2,354,408 shares of common stock, par value \$.0005 per share,
outstanding as of April 30, 2000.

DYNASIL CORPORATION OF AMERICA AND SUBSIDIARIES
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DYNASIL CORPORATION OF AMERICA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(UNAUDITED)

ASSETS

	March 31 2000	September 30 1999
	-----	-----
Current assets		
Cash and cash equivalents	\$ 181,772	\$ 140,253
Accounts receivable	457,858	370,839
Inventory	970,982	958,023
Other current assets	58,161	46,599
	-----	-----
Total current assets	1,668,773	1,515,714
Property, Plant and Equipment, net	1,957,860	2,064,029
Other Assets	22,238	22,539
	-----	-----
Total Assets	\$3,648,871	\$3,602,282
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Current portion - long-term debt	\$155,441	\$142,976
Accounts payable	155,860	92,464
Accrued expenses	97,881	152,534
	-----	-----
Total current liabilities	409,182	387,974
Long-term Debt, net	1,693,677	1,739,535
Stockholders' Equity		
Common Stock, \$.0005 par value, 25,000,000 shares authorized, 2,994,768 AND 2,985,566 shares issued 2,354,144 and 2,344,942 shares outstanding	1,498	1,493
Additional paid in capital	1,060,911	1,058,525
Retained earnings	1,442,906	1,374,058
	-----	-----
Total stockholders' equity	2,505,315	2,434,076
Less 640,624 shares in treasury - at cost	(959,303)	(959,303)
	-----	-----
Total stockholders' equity	1,546,012	1,474,773
	-----	-----
Total Liabilities and Stockholders' Equity	\$3,648,871	\$3,602,282
	=====	=====

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

	Three Months Ended March 31		Six Months Ended March 31	
	2000	1999	2000	1999
Sales	\$1,040,323	\$ 592,093	\$1,805,742	\$1,269,960
Cost of Sales	749,031	513,640	1,302,128	1,197,057
Gross profit	291,292	78,453	503,614	72,903
Selling, general and administrative	191,550	161,867	341,795	320,835
Income (loss) from Operations	99,742	(83,414)	161,819	(247,932)
Other income (expense)				
Interest expense	(46,634)	(48,467)	(92,970)	(97,812)
Income (Loss) before Income Taxes	53,108	(131,881)	68,849	(345,744)
Provision (benefit) for Income Tax	0	0	0	0
Net income (loss)	53,108	(131,881)	68,849	(345,744)
Net income (loss) per share				
Basic	\$ 0.02	\$ (0.06)	\$ 0.03	\$ (0.15)
Diluted	\$ 0.02	\$ (0.06)	\$ 0.03	\$ (0.15)
Weighted average shares outstanding	2,354,026	2,308,731	2,350,303	2,308,265

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

	Six Months Ended March 31	
	2000	1999
	-----	-----
Cash flows from operating activities:		
Net income	\$ 68,849	\$ (345,744)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation	176,670	178,440
Amortization expense	1,704	1,704
Allowance for doubtful accounts		
(Increase) decrease in:		
Accounts receivable	(87,019)	55,523
Inventories	(12,959)	198,733
Prepaid expenses and other current assets	(8,784)	5,460
Other assets	(4,181)	2,778
Increase (decrease) in:		
Accounts payable	63,396	(119,796)
Accrued expenses	(54,364)	(2,800)
	-----	-----
Net cash provided by (used in) operating activities	143,312	(25,702)
	-----	-----
Cash flows from investing activities:		
Acquisition of property, plant and equipment	(28,201)	2,312
	-----	-----
Net cash provided by (used in) investing activities	(28,201)	2,312
	-----	-----
Cash flows from financing activities:		
Issuance of common stock	2,100	6,407
Proceeds (Repayment) - Bank Debt		75,000
Repayments of long-term debt	(75,692)	(72,853)
	-----	-----
Net cash provided by (used in) financing activities	(75,692)	8,554
	-----	-----
Net increase (decrease) in cash	41,519	(14,836)
Cash - beginning of period	140,253	45,980
	-----	-----
Cash - end of period	\$ 181,772	\$ 31,144
	=====	=====

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

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 March 31, 2000 and the consolidated statements of operations and cash flows for the six months ended March 31, 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 March 31, 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:

	March 31, 2000	September 30, 1999
	-----	-----
Raw Materials	12,277	21,777
Work-in-Process	814,298	800,395
Finished Goods	144,407	135,851
	-----	-----
	970,982	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 excludes 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, 2000 were as follows:

Purchase of property and equipment	\$ 70,501
Debt incurred	(42,300)

Cash paid for property and equipment	\$ 28,201
	=====

Results of Operations

Sales were \$1,040,323 for the three months ended March 31,2000, an increase of 75% over the comparable quarter of fiscal 1999. On a year-to-date basis, sales were \$1,805,742, 42% 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 quarterly increase. International shipments accounted for 26% of the total quarterly shipments, an increase of 16% over the annual average.

Cost of sales was \$749,031 for the three months ended March 31,2000, or 72% of sales. This is a decrease of 15% over the comparable quarter of fiscal 1999, when cost of sales were 87% of sales. On a year-to-date basis, cost of sales was \$1,302,128 or 72% of sales. This is a decrease of 22% over the comparable year-to-date for fiscal 1999, when cost of sales was 94% of sales. Management continues to monitor operating expenses closely, which has helped to reduce expenses across the board.

Gross profit increased to \$291,292 for the three months ended March 31, 2000, or 28% of Sales. This is an increase of 271% over the comparable quarter of fiscal 1999. On a year-to-date basis, gross profit increased to \$503,614, or 28% of sales. This is an increase of 590% over the comparable year-to-date for fiscal 1999.

Selling, general and administrative expenses increased to \$191,550 for the three months ended March 31, 2000, from \$161,867 for the three months ended March 31, 1999. Year-to-date March 31, 2000, selling general and administrative expenses increased to \$341,795, from \$320,835 for the same comparable period of fiscal 1999. As a percentage of sales, selling, general and administrative expenses decreased to 18% for the three months ended March 31, 2000, from 27% for the three months ended march 31, 1999.

A major component of the increased selling, general and administrative expenses for the three months ended March 31, 2000 was the commission expense incurred, payable to outside representative, related to the increase in international sales.

Interest expense decreased slightly to \$46,634 for the three months ended March 31, 2000, from \$48,467 for the three months ended March 31,1999. The decrease of \$1,833 or 3.8% is a direct result of our reduced debt.

Net income increased to \$53,108 for the three months ended March 31, 2000, from a loss of \$131,881 for the three months ended March 31, 1999. Year-to-date March 31,2000 net income increased to \$68,849 from a loss of \$345,744 for the same comparable period of fiscal 1999. Basic earnings per share increased to \$.02 per share for the three months ended March 31,2000, from a loss per share of \$.06 for the three months ended March 31,1999.

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 increased by \$41,519 for the six months ended March 31, 2000. The majority of the increase can be attributed to the effect of net income and depreciation, which generated \$245,519. This increase was offset primarily by an increase in accounts receivable of \$87,019, acquisition of property, plant and equipment for \$28,201 and repayment of debt of \$75,692.

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 Annual Report on Form 10-K which are not historical facts, including, but not limited to, certain statements found under the captions "Business," "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 Annual Report on Form 10-K, 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

NONE

ITEM 6 EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit 27FDS - Financial Data Schedule

(b) Reports on Form 8-K

None

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

[PERIOD-TYPE]	6-MOS	
[FISCAL-YEAR-END]		SEP-30-2000
[PERIOD-END]		MAR-31-2000
[CASH]		181,772
[SECURITIES]		0
[RECEIVABLES]		468,741
[ALLOWANCES]		10,883
[INVENTORY]		970,982
[CURRENT-ASSETS]		1,668,773
[PP&E]		5,613,419
[DEPRECIATION]		3,655,559
[TOTAL-ASSETS]		3,648,871
[CURRENT-LIABILITIES]		409,182
[BONDS]		1,693,677
[PREFERRED-MANDATORY]		0
[PREFERRED]		0
[COMMON]		1,498
[OTHER-SE]		1,544,514
[TOTAL-LIABILITY-AND-EQUITY]		3,648,871
[SALES]		1,805,742
[TOTAL-REVENUES]		1,805,742
[CGS]		1,302,128
[TOTAL-COSTS]		1,643,923
[OTHER-EXPENSES]		0
[LOSS-PROVISION]		0
[INTEREST-EXPENSE]		92,970
[INCOME-PRETAX]		68,849
[INCOME-TAX]		0
[INCOME-CONTINUING]		68,849
[DISCONTINUED]		0
[EXTRAORDINARY]		0
[CHANGES]		0
[NET-INCOME]		68,849
[EPS-BASIC]		.03
[EPS-DILUTED]		.03