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## **Dynasil Reports Second Quarter Results Income From Operations Increases 47%**

WEST BERLIN, N.J. – May 17, 2010 – Dynasil Corporation of America (OTCBB: DYSL) today announced revenue of \$10.3 million for the second quarter ended March 31, 2010, a 19% increase over the same period of the prior year. Operating income, net income and diluted earnings per share for the quarter were \$1.11 million, \$633,330, and \$0.04, increases of 47%, 57%, and 107%, respectively, compared with the prior year.

Dynasil's contract research revenue increased as a result of strong government contracts and its commercial product revenue increased as the global economy recovered and as a result of new business initiatives. The 47% increase in Income from Operations was driven by the revenue increases in combination with operational savings, compared to the prior year quarter within the commercial products segment.

“We are extremely pleased to report a strong second quarter, the support of Sovereign/Santander Bank with their global resources, and the new contracts awarded, notably, Homeland Security's award for development of our nuclear radiation threat detector materials”, said Craig T. Dunham, President and CEO of Dynasil. “Our performance reflects outstanding execution by our teams in achieving our operating and financial goals. We look forward to monetizing on the wealth of our research and technological innovation by commercializing additional products, services, and solutions.”

**About Dynasil:** *Dynasil Corporation of America (OTCBB: DYSL), is a provider of technology, products, services and solutions to a broad range of customers to serve their specific needs in the medical, industrial, and homeland security/defense markets. The Company has operations in New Jersey, New York and Massachusetts.*

*This news release may contain forward-looking statements usually containing the words "believe," "expect," "plan", "target", "intend" or similar expressions. These statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act. Future results of operations, projections, and expectations, which may relate to this release, involve certain risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. Factors that would cause or contribute to such differences include, but are not limited to, the factors detailed in the Company's Annual Report or Form 10-K and in the Company's other Securities and Exchange Commission filings, continuation of existing market conditions and demand for our products.*

**Dynasil Corporation of America and Subsidiaries**  
**Consolidated Balance Sheets**

	<b>March 31</b> <b>2010</b> <b>(Unaudited)</b>	<b>September 30</b> <b>2009</b>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$2,760,718	\$3,104,778
Accounts receivable, net	5,103,968	4,053,742
Inventories	2,135,745	2,371,516
Deferred tax asset	290,100	290,100
Other current assets	425,799	306,848
Total current assets	<u>10,716,330</u>	<u>10,126,984</u>
Property, plant and equipment, net	2,656,939	2,744,724
Other Assets		
Intangibles, net	6,964,425	7,232,035
Goodwill	11,054,396	11,054,396
Deferred financing costs, net	53,252	64,637
Total other assets	<u>18,072,073</u>	<u>18,351,068</u>
<b>Total Assets</b>	<u><u>\$31,445,342</u></u>	<u><u>\$31,222,776</u></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Current portion of long-term debt	1,820,685	1,749,524
Note payable to related party	2,000,000	-0-
Accounts payable	797,094	773,837
Billings in excess of cost	12,895	60,448
Income taxes payable	332,590	507,122
Dividends payable	131,400	149,150
Accrued expenses and other current liabilities	1,441,939	1,111,342
Total current liabilities	<u>6,536,603</u>	<u>4,351,423</u>
Long-term Liabilities		
Long-term debt, net	5,153,621	6,386,796
Note payable to related party	-0-	2,000,000
Total long-term liabilities	<u>5,153,621</u>	<u>8,386,796</u>
Stockholders' Equity	<u>19,755,118</u>	<u>18,484,557</u>
<b>Total Liabilities and Stockholders' Equity</b>	<u><u>\$31,445,342</u></u>	<u><u>\$31,222,776</u></u>

DYNASIL CORPORATION OF AMERICA  
CONSOLIDATED STATEMENTS OF OPERATIONS  
(UNAUDITED)

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>March 31</u>		<u>March 31</u>	
	2010	2009	2010	2009
Net revenues	\$10,263,326	\$8,602,885	\$20,200,092	\$17,370,161
Cost of revenues	6,054,847	5,105,158	12,106,800	10,782,696
Gross profit	4,208,479	3,497,727	8,093,292	6,587,465
Selling, general and administrative expenses	3,099,355	2,742,466	5,912,334	5,174,834
Income from operations	1,109,124	755,261	2,180,958	1,412,631
Interest expense, net	151,988	219,861	314,429	406,658
Income before income taxes	957,136	535,400	1,866,529	1,005,973
Income taxes	323,836	131,266	619,462	246,198
Net income	\$633,300	\$404,134	\$1,247,067	\$759,775

Earnings Per Share

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>March 31</u>		<u>March 31</u>	
	2010	2009	2010	2009
Net income	\$633,300	\$404,134	\$1,247,067	\$759,775
Dividends on preferred stock	131,400	149,150	274,633	298,300
Net income applicable to common shareholders	501,900	254,984	972,434	461,475
Dividend add back due to assumed Preferred Stock conversion	131,400	0	274,633	0
Net income for diluted income per common share	\$633,300	\$254,984	\$1,247,067	\$461,475

Basic net income per common share	\$ 0.04	\$ 0.02	\$ 0.08	\$ 0.04
Diluted net income per common share	\$ 0.04	\$ 0.02	\$ 0.09	\$ 0.04

Weighted average shares outstanding

Basic	12,502,365	11,367,008	12,146,499	11,358,143
Diluted	14,839,745	12,345,107	14,483,879	12,336,162