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**Dynasil Corporation of America Reports
Fiscal Year 2011 Financial Results**

- Revenue Increases 9 Percent to \$47 Million
- Company Posts Net Income of \$1.4 Million, EPS of \$0.08
- Company to Host Earnings Conference Call at 5:00 p.m. (ET) Today

Watertown, MA, December 29, 2011 – Dynasil Corporation of America (NASDAQ: DYSL), a leading developer of sensing, detection and analysis technology for homeland security, medical and industrial applications, today reported financial results for fiscal year ended September 30, 2011.

Revenue for fiscal 2011 increased to \$47.0 million compared with \$43.0 million in fiscal 2010. Contract Research segment revenue increased to \$24.9 million from \$23.1 million in fiscal 2010. The Company's renamed Products & Technology segment (previously called "Optics/Photonics, Products & Instruments") posted revenue of \$22.1 million, up from \$19.9 million a year earlier.

Net income for the 12 months ended September 30, 2011 was \$1.4 million, or \$0.08 per diluted share, compared with \$3.2 million, or \$0.22 per diluted share, in fiscal 2010. Lower net income in the 2011 period resulted from higher selling, general and administrative expenses and increased investment in corporate growth initiatives, partially offset by Research & Experimentation (R&E) Tax Credits. For fiscal year 2011, the Company had an income tax expense of \$293,198 compared with an income tax expense of \$929,661 for fiscal year 2010. The significant difference primarily resulted from state and federal R&E tax credits of approximately \$1.5 million in fiscal 2011, partially offset by the required deferred tax liability recorded for the tax effects of book/tax differences related to Property, Plant and Equipment, Goodwill, and Intangible Assets.

"Dynasil delivered 9 percent revenue growth in 2011, with gains in both business segments despite a challenging economic environment," said Steven Ruggieri, the Company's president and chief executive officer. "Our Contract Research segment grew \$1.8 million, or nearly 8 percent, from fiscal 2010, reflecting robust business with key federal customers including the U.S. Department of Homeland Security and the U.S. Department of Energy. Our Products & Technology segment grew more than \$2 million, or 11 percent, from the year-earlier period, primarily as a result of our acquisition of Hilger Crystals in the fourth quarter of fiscal 2010."

Product Pipeline

“During the fourth quarter of 2011 we began shipping our dual-mode radiation detectors to OEM customers for beta testing, and we remain on track to begin generating revenue from this program in 2012,” Ruggieri said. “Our dual-mode technology represents the first in a planned pipeline of scintillation crystal products capable of advanced radiation detection for markets including homeland security, baggage screening and energy.”

“Our product pipeline also includes sensors for non destructive testing, radiation dosimeters based on technologies developed at our RMD Research business unit and thin film digital X-rays,” Ruggieri continued. “In addition, we are testing and evaluating three of the biomedical technologies acquired earlier this year from Dr. Daniel Ericson. While development is still in the early stages, we believe that these technologies have commercial potential.”

Recent Highlights

- Dynasil promoted Kanai S. Shah, Ph.D., Vice President of Research and leader of the Materials Science Group, to President of RMD Research, the Company’s research business unit, beginning in December. Dr. Shah, 50, joined RMD in 1985 as a Staff Scientist. He became Director of Research in 2002 and Vice President of Research in 2009. He has been responsible for new semiconductor and scintillator development at RMD for more than a decade.
- RMD Research received contracts totaling \$3.65 million from the Department of Homeland Security’s Domestic Nuclear Detection Office (DNDO). These contracts provide funded research and development of gamma and neutron radiation detectors capable of identifying illicit nuclear materials. The contracts consist of \$2.15 million under the DNDO’s Exploratory Research Program (ERP) and \$1.5 million under the Small Business Innovation Research (SBIR) program. Earlier this month, the U.S. House and Senate negotiated a deal to reauthorize the SBIR program for an additional six years.

“In fiscal 2011 we made good progress in expanding our product pipeline and diversifying our contract research business,” Ruggieri said. “In the coming quarters, we expect to have a product realization process in place designed to support the evaluation, assessment, development and commercialization of our technologies. We have a number of exciting milestones to look forward to in 2012, and we believe that we are well positioned for continued growth.”

Conference Call Information

As previously announced, [Dynasil Corporation](#) will host a conference call for investors and analysts Thursday, December 29, 2011 at 5:00 p.m. ET. On the call will be Dynasil President and Chief Executive Officer Steven Ruggieri and Chief Financial Officer Richard Johnson. Those who wish to listen to the conference call and view presentation slides should visit the [Investor Information](#) section of the Company’s website at www.dynasilcorp.com. The call also may be accessed by dialing (877) 407-5790 or (201) 689-8328. For interested individuals unable to join the live conference call, a webcast replay will be available on the Company’s website for one year.

About Dynasil

[Dynasil Corporation of America](http://www.dynasilcorp.com) (NASDAQ: DYSL) develops and manufactures detection, sensing and analysis technology, precision instruments and optical components for the homeland security, medical and industrial markets. Combining world-class technology with expertise in research and materials science, Dynasil is commercializing products including dual-mode radiation detection solutions for Homeland Security and commercial applications, probes for medical imaging and sensors for non-destructive testing. Dynasil has an impressive and growing portfolio of issued and pending U.S. patents. The Company is based in Watertown, Massachusetts, with additional operations in Mass., Minn., NY, NJ and the United Kingdom. More information about the Company is available at www.dynasilcorp.com.

Forward-looking Statements

This news release may contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements regarding future events and our future results are based on current expectations, estimates, forecasts, and projections and the beliefs and assumptions of our management, including, without limitation, our expectations regarding results of operations, the commercialization of our products including our dual mode detectors, our development of new technologies including at Dynasil Biomedical, the adequacy of our current financing sources, our capital expenditures and the strength of our intellectual property portfolio. These forward-looking statements may be identified by the use of words such as "may," "could," "expect," "estimate," "anticipate," "continue" or similar terms, though not all forward-looking statements contain such words. The actual results of the future events described in such forward-looking statements could differ materially from those stated in such forward-looking statements due to a number of important factors. These factors that could cause actual results to differ from those anticipated or predicted include, without limitation, our ability to develop and commercialize our products, the size and growth of the potential markets for our products and our ability to serve those markets, the rate and degree of market acceptance of any of our products, general economic conditions, costs and availability of raw materials and management information systems, our ability to obtain and maintain intellectual property protection for our products, competition, the loss of key management personnel, litigation, the effect of governmental regulatory developments, the availability of financing sources, our ability to identify and execute on acquisition opportunities and integrate such acquisitions into our business, and seasonality, as well as the uncertainties set forth in the Company's Annual Report on Form 10-K and from time to time in the Company's other filings with the Securities and Exchange Commission. The Company disclaims any intention or obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

**DYNASIL CORPORATION OF AMERICA AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET**

ASSETS

	2011	2010
Current assets		
Cash and cash equivalents	\$4,479,840	\$4,111,966
Accounts receivable, net of allowance for doubtful accounts of \$182,634 and \$132,584 and sales returns allowance of \$18,356 and \$24,168 for September 30, 2011 and September 30, 2010, respectively.	5,837,139	6,360,583
Inventories	3,250,539	3,097,219
Costs in excess of billings	408,240	135,157
Deferred tax asset	1,119,800	1,196,735
Prepaid income taxes	341,825	166,231
Prepaid expenses and other current assets	453,738	453,418
Total current assets	<u>15,891,121</u>	<u>15,521,309</u>
Property, Plant and Equipment, net	4,860,328	3,953,319
Other Assets		
Intangibles, net	6,374,329	6,671,149
Goodwill	13,330,182	13,775,087
Deferred tax asset - non current	694,800	-0-
Deferred financing costs, net	150,656	190,568
Total other assets	<u>20,549,967</u>	<u>20,636,804</u>
Total Assets	<u><u>\$41,301,416</u></u>	<u><u>\$40,111,432</u></u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Current portion of long-term debt	\$1,859,728	\$1,870,779
Accounts payable	2,088,395	1,482,250
Accrued expenses and other liabilities	2,322,459	2,177,743
Contingent consideration	183,713	-0-
Dividends payable	-0-	131,400
Total current liabilities	<u>6,454,295</u>	<u>5,662,172</u>
Long-term Liabilities		
Long-term debt, net	8,985,442	10,833,334
Deferred tax liability	1,619,637	873,300
Contingent consideration	-0-	750,000
Total long-term liabilities	<u>10,605,079</u>	<u>12,456,634</u>
Temporary Equity	2,000,000	2,000,000
Stockholders' Equity	22,242,042	19,992,626
Total Liabilities and Stockholders' Equity	<u><u>\$41,301,416</u></u>	<u><u>\$40,111,432</u></u>

**DYNASIL CORPORATION OF AMERICA
CONSOLIDATED STATEMENTS OF OPERATIONS**

	<u>2011</u>	<u>2010</u>
Net revenue	\$46,951,666	\$42,969,762
Cost of revenue	27,683,729	25,205,960
Gross profit	19,267,937	17,763,802
Selling, general and administrative expenses	17,021,191	12,971,640
Income from operations	2,246,746	4,792,162
Interest expense, net	601,903	628,120
Income before income taxes	1,644,843	4,164,042
Income taxes	293,198	929,661
Net income	<u>\$1,351,645</u>	<u>\$3,234,381</u>
Net Income	\$1,351,645	\$3,234,381
Other comprehensive income:		
Foreign currency translation, net of \$83,318 and \$77,400 income taxes in 2011 and 2010	147,404	150,162
Total comprehensive income	<u>\$1,499,049</u>	<u>\$3,384,543</u>
Net income	\$1,351,645	\$3,234,381
Dividends on preferred stock	116,646	537,433
Net income applicable to common stockholders	1,234,999	2,696,948
Dividend add back due to preferred stock conversion	-0-	537,433
Net income for diluted income per common share	<u>\$1,234,999</u>	<u>\$3,234,381</u>
Basic net income per common share	\$0.08	\$0.22
Diluted net income per common share	\$0.08	\$0.22
Weighted average shares outstanding		
Basic	14,932,226	12,404,701
Diluted	15,127,004	14,937,575