Dynasil Corporation of America Reports First Quarter Fiscal 2013 Financial Results

The Associated Press

WATERTOWN, Mass.--(BUSINESS WIRE)--Feb 13, 2013--Dynasil Corporation of America (NASDAQ: DYSL), a leading developer of sensing, detection and analysis technology for homeland security, medical and industrial applications, today announced financial results for the fiscal 2013 first quarter ended December 31, 2012.

“Our first-quarter results underscore our focus on right-sizing the cost structure of our various businesses as we work to conserve cash, work through our debt issues and achieve profitability,” said Dynasil Chairman and Interim CEO Peter Sulick. “In the first quarter of fiscal 2013 we were able to reduce operating expenses to their lowest level in five quarters,” said Dynasil Chairman and Interim CEO Peter Sulick. “Total operating expenses decreased from the first quarter of 2012 and were down 5.5% on a sequential basis. General and administrative expenses, which represent a significant component of our total operating expenses, have declined by over $300,000 as compared to the first quarter of fiscal year 2012.” Net revenue for the first quarter of fiscal 2013 was $10.6 million, compared with $12.1 million for the first quarter of fiscal 2012. Contract Research revenues declined to $4.9 million from $6.2 million in the first quarter of fiscal 2012, primarily due to lower billable material and subcontractor costs in the 2013 period. The Company’s Contract Research backlog has remained consistent at nearly 18 months. Instruments segment revenues were $1.3 million in the first quarter of fiscal 2013 compared with $2.0 million for the 2012 comparable period. The Company attributes this result to customers delaying the purchase of two existing products, a lead paint analyzer and gamma medical probe, in anticipation of the availability of new versions of these products. Dynasil has completed development work on both refreshed products, which are awaiting required regulatory approvals. Offsetting these revenue decreases were increases in the Company’s Optics business of approximately $300,000.

Gross profit for the first quarter of 2013 totaled $4.6 million, or 43.8% of net revenue, compared with $5.1 million, or 42.3% of revenue for the first quarter of fiscal 2012.

Total operating expenses for the first quarter of fiscal 2013 declined to $4.8 million from $4.9 million for the same period of 2012.

Dynasil reported a net loss for the fiscal 2013 first quarter of $0.4 million, or $0.03 per share, compared with net income of $0.4 million, or $0.02 per diluted share, for the same period of 2012.

On December 31, 2012, the Company announced it is in default of certain financial

covenants set forth in the terms of its outstanding indebtedness with respect to its fiscal year ended September 30, 2012. The Company continues to be current with all principal and interest payments due on all its outstanding indebtedness and management expects to continue discussions with its lenders to address the financial covenant situation. However, the Company cannot predict when or whether a resolution of this situation will be achieved.

Recent Highlights: Delivery of Pilot Production Order to Thermo Fisher Scientific In January 2013, Dynasil announced that Thermo Fisher Scientific Inc. (NYSE: TMO) is integrating the Company's proprietary gamma and neutron scintillator detection technology, known as CLYC, into the Thermo Fisher Scientific RadEye® GN+ Personal Radiation Detector. The device is being deployed to homeland security, defense and law enforcement agencies worldwide.

"We are excited about the prospects of our CLYC dual mode scintillator crystals for homeland security applications as well as other large market opportunities," Sulick said. "In addition to being able to identify illicit nuclear materials and other threats, our CLYC crystals have broad applicability in industries such as well-logging, where they are used to determine the presence of rocks, minerals, oil, gas and other substances of value. Our Hilger Crystals business unit, which is commercializing this program with support from our RMD business, continues to significantly enhance the CLYC production processes. We have received expressions of interest in CLYC from several prospective customers, and are engaged in design activity on a number of fronts." Conference Call Information Dynasil will host a conference call for investors and analysts at 5:00 p.m. ET today. The call will be hosted by Chairman and Interim CEO and President Peter Sulick and Chief Financial Officer Thomas Leonard. Those who wish to listen to the conference call should visit the Investor Information section of the Company's website at www.dynasil.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 (NASDAQ: DYSL) develops and manufactures detection 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. The Company is building a relationship with the Mayo Clinic to develop early-stage opportunities such as advanced biomedical technologies. 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.dynasil.com.

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