U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

Quarterly Report under Section 13 or 15(d)
of the Securities and Exchange Act of 1934

For quarterly period ended March 31, 1998

Commission file number 10039

DYNAMICWEB ENTERPRISES, INC.
(Exact name of registrant as specified in this charter)

New Jersey	22-2267658
(State or other Jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

271 Route 46 West, Building F
Suite 209, Fairfield, New Jersey 07004
(Address of Principal Executive Offices)

(973) 244-1000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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 [X] NO [ ]

As of March 31, 1998, there were 2,874,704 shares of Common stock, $0.0001 par value, of the registrant outstanding.
PART I

FINANCIAL INFORMATION

Item 1. Condensed Financial Statements

Condensed Consolidated Balance Sheets as at March 31, 1998 (unaudited) and September 30, 1997.

Condensed Consolidated Statements of Operations for the three months and six months ended March 31, 1998 and 1997 (unaudited).

Condensed Consolidated Statements of Cash Flows for the six months ended March 31, 1998 and 1997 (unaudited).

Notes to Condensed Financial Statements

DYNAMICWEB ENTERPRISES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(unaudited)

March 31, September 30,

	1998	1997
ASSETS		
Current assets:		
Cash and cash equivalents	$1,061,928	$ 188,270
Accounts receivable, less allowance for doubtful accounts	89,659	100,425
Prepaid expenses and other current assets	35,979	20,738
Total current assets	1,187,566	309,433
Property and equipment, less accumulated depreciation	283,500	284,512
Patents and trademarks, less accumulated amortization	29,661	21,808
Customer list, less accumulated amortization	73,333	83,333
Software development costs, less accumulated amortization	58,925	
Deferred financing fees, less accumulated amortization		51,373
Deferred registration costs		128,169
Other assets	9,088	9,088
Total Assets	$1,642,073	$ 887,716
LIABILITIES AND STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)		
Current liabilities:		
Accounts payable	$ 212,907	$ 182,340
Accrued expenses	15,428	165,941
Current maturities of long-term debt	7,720	7,925
Loan payable - banks		24,049
Loans from stockholders		117,163
Deferred revenue	15,761	15,065
Subordinated loans payable - interim less unamortized debt discount of $259,127		840,873
Total current liabilities	25,816	1,353,356
Long term debt, less current maturities	180,883	185,811
Total liabilities	432,699	1,539,167
Commitments, contingencies and other		
STOCKHOLDERS' EQUITY (CAPITAL DEFICIENCY)		
Common stock, $.00001 par value, 50,000,000 shares authorized; 2,874,704 shares issued and outstanding at March 31, 1998 and 2,141,740 shares issued and outstanding at September 30, 1997	287	214
Additional paid-in capital	10,326,516	3,530,324
Unearned portion of compensatory stock options	(146,500)	(204,000)
Accumulated deficit	(4,964,100)	(3,577,989)
Total	5,216,203	(251,451)
Less treasury stock, at cost 721,257 at March 31, 1998 and 66,660 shares at September 30, 1997	(4,006,829)	(400,000)
Total stockholders' equity (capital deficiency)	1,209,374	(651,451)
Total liabilities and stockholders) equity (capital deficiency)	$ 1,642,073	$ 887,716

The accompanying notes are an integral part of these financial statements.

DYNAMICWEB ENTERPRISES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(unaudited)

<TABLE>
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	Three Months Ended March 31, 1998	Three Months Ended March 31, 1997	Six Months Ended March 31, 1998	Six Months Ended March 31, 1997
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Net sales:				
Transaction processing	$ 84,833	$ 79,052	$ 178,583	$ 107,818
Professional services	84,589	60,181	140,392	108,693
Other - systems	33,412	41,322	50,510	58,941
Total	202,834	180,554	369,486	275,451
Cost of sales:				
Transaction processing	76,030	27,921	143,691	48,548
Professional services	38,215	15,716	67,036	19,960
Other - systems	5,447	16,975	14,668	30,318
Total	119,692	60,612	225,396	98,826
Gross profit	83,143	119,942	144,090	176,626
Expenses:				
Marketing and sales	190,008	154,305	331,463	250,628
General and administrative	337,271	206,182	656,235	393,176
Research and development	128,525	66,199	190,308	93,424
Total	655,804	426,686	1,178,006	737,228
Operating (loss)	(572,661)	(306,744)	(1,033,916)	(560,602)
Purchased research and development				(738,710)
Interest expense (including $310,500 amortization of deferred financing fee and debt discount for six months ended March 31, 1998	(18,922)	(6,230)	(363,628)	(10,275)
Interest income	10,776	670	11,433	2,428
Net (loss) before income tax benefit	(580,807)	(312,304)	(1,386,111)	(1,307,159)
Benefit for income taxes		21,700		21,700
NET (LOSS)	$(580,807)	$ (290,604)	$(1,386,111)	$(1,285,459)
Net (loss) per common share - basic and diluted	$ (.31)	$ (.14)	$ (.72)	$ (.67)
Weighted average number of shares	1,851,965	1,997,716	1,935,288	1,904,254

</TABLE>

The accompanying notes are an integral part of these financial statements.

DYNAMICWEB ENTERPRISES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

<TABLE>
<CAPTION>

Six Months Ended
March 31,

	1998	1997
<S>	<C>	<C>
Cash flows from operating activities:		
Net (loss)	$(1,386,111)	$(1,283,971)
Adjustments to reconcile net (loss) to net cash (used in) operating activities		
Depreciation and amortization	35,020	21,038
Purchased research and development		738,710
Common stock issued for services	57,500	
Deferred income taxes		(21,700)
Changes in operating assets and liabilities:		
Amortization of deferred financing fee and debt discount	310,500	
Decrease in accounts receivable	10,766	27,369
(Increase) decrease in prepaid expenses and other current assets	(19,921)	2,984
Increase in accounts payable	30,502	148,488
(Decrease) increase in accrued expenses	(150,512)	3,362
Increase in deferred revenue	696	7,965
Net cash (used in) operating activities:	(1,111,560)	(355,755)
Cash flows from investing activities:		
Acquisition of property and equipment	(16,019)	(52,576)
Proceeds from sale of equipment		1,954
Acquisition of patents and trademarks	(10,757)	(3,893)
Cash acquired upon acquisition		15,235
Increase in software development costs	(60,848)	
Net cash (used in) investing activities:	(87,624)	(39,280)
Cash flows from financing activities:		
Payment of long-term debt	(3,551)	(5,120)
Net proceeds from issuance of common stock	3,189,436	250,000
Proceeds from loan - bank	74,557	4,750
Proceeds from loan - officer/ shareholder	117,800	50,000
Payment of loan - Bank	(98,606)	
Due to officer/stockholder	(234,963)	
Payment of subordinated debt	(1,100,000)	
Decrease of deferred registration costs	128,169	
Net cash provided by financing activities	2,072,842	269,630
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	873,658	(125,405)
Cash and cash equivalents - beginning of period	188,270	174,403
CASH AND CASH EQUIVALENTS - END OF PERIOD	$1,061,928	$ 48,998

</TABLE>

The accompanying notes are an integral part of these financial statements.

DYNAMICWEB ENTERPRISES, INC. and SUBSIDIARIES

NOTES TO CONDENSED FINANCIAL STATEMENTS
(Unaudited)

(NOTE A) -- Basis of Presentation and the Company:

Basis of presentation:

The accompanying unaudited condensed financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-QSB and Article 3 of Regulations S-B. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for fair presentation have been included. Operating results of the six-month period ended March 31, 1998 are not necessarily indicative of the results that may be expected for the year ending September 30, 1998.

The balance sheet at September 30, 1997 has been derived from the audited financial statements at the date but does not include all the information and footnotes required by generally accepted accounting principles for complete financial statements. For further information, refer to the audited financial statements and footnotes thereto included in the annual report on Form 10-KSB.

The accompanying financial statements include the accounts of DynamicWeb Enterprises, Inc. ("DWEB") and its wholly owned subsidiaries, Megascore, Inc., DynamicWeb Transactions Systems, Inc. ("DWTS") and Software Associates, from the date of its acquisition (November 30, 1996) (collectively the "Company"). All significant inter-company balances and transactions have been eliminated.

The Company:

DWEB is in the business of facilitating electronic commerce transactions between business entities, developing, marketing and supporting software products and other services that enable business entities to engage in electronic commerce utilizing the Internet and traditional Electronic Data Interchange ("EDI"). DWEB offers electronic commerce solutions in EDI and Internet-based transactions processing.

Megascore, Inc. is a full-service systems integrator specializing in distribution, accounting and point-of-sale computer software consulting services for suppliers and retailers.

Software Associates, Inc. is a service bureau engaged in the business of helping companies realize the benefits of expanding their data processing and electronic communications infrastructures through the use of EDI.

[1] Basic loss per share of common stock:

The Company adopted Statement of Financial Accounting Standards No. 128 (SFAS No. 128). Basic loss per share of common stock is based on the weighted average number of shares outstanding and shares issuable. Contingent shares issuable in connection with the acquisition of Software Associates, Inc. are excluded from the weighted average shares outstanding. The adoption of SFAS No. 128, which requires a retroactive adjustment did not have a material effect on the Company's financial statement.

[2] Software development costs:

Costs relating to the conceptual formulation and design of software are expensed as research and development. Costs incurred subsequent to establishment of technological feasibility to produce the finished product are generally capitalized. Technological feasibility was established when a product design and a working model were completed. Capitalized software costs are amortized by the straight-line method over a maximum of five years or the expected life of the product, whichever is less.

(NOTE B) -- Contribution of Stock By Certain Shareholders

On December 23, 1997, certain of the Company's existing shareholders, who in the aggregate held approximately 79% of the issued and outstanding common stock of the Company, contributed 40% of their common stock to the capital of the Company in exchange for warrants to purchase an aggregate of 125,000 shares of the Company's common stock (the Contribution of Stock). The total number of shares contributed was 654,597 shares, representing approximately 32% of the issued and outstanding common stock at the time of contribution. The effect of the Contribution of Stock transaction was to reduce the outstanding number of shares of common stock from 2,074,710 to 1,420,113. The Company valued such transactions, based upon the market value of the Company's common stock which aggregated $3,606,829.

(NOTE C) -- Public Offering:

On February 6, 1998 the Company completed a public offering of 733,334 shares of its common stocks at $6.00 a share and received net proceeds of approximately $3,179,000.

(NOTE D) -- Reverse Stock Split

At the Company's Annual Meeting held on June 12, 1997, the Company's shareholders approved an amendment and restatement of the Company's Certificate of Incorporation (the Amendment and Restatement) which, among other things, effected a 0.2608491 - for-one reverse stock split of the Company's common stock (the Reverse Stock Split). The Amendment and Restatement was filed with the New Jersey Secretary of State and took effect on January 9, 1998. Pursuant to the reverse stock split, each share of the Company's common stock outstanding on the effective date was converted into 0.2608491 of one share, except that no fractional shares were issued and shareholders who would otherwise receive a fractional share as a result of the reverse stock split will receive cash in lieu thereof.

(NOTE E) -- Acquisition of Design Crafting, Inc

On May 1, 1998, the Company purchased the outstanding stock of Design Crafting Inc, an information technology professional services company which was financed through the issuance of 92,500 shares of the Company's stock, and up to 10,000 additional shares. The Company will audit the balance sheet of Design Crafting and will be obligated to issue one additional share for each $5.00 of (i) cash in the bank of Design and (ii) accounts receivable collected within 120 days of closing, less $5,000. All of the Company's shares will be restricted within the meaning of Rule 144 under the Securities Act of 1933 (the Act), and will not be registered under the Act. In addition, the Company's shares will be subject to a restriction on sale for a period of two years from the Closing Date, pursuant to a lock up agreement.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis should be read in conjunction with the financial statements included in this report and in conjunction with the description of the Company's business included in the Company's Form 10-KSB for the year ended September 30, 1997. It is intended to assist the reader in understanding and evaluating the financial position of the Company.

This discussion contains, in addition to historical information, forward looking statements that involve risks and uncertainty. The Company's actual results could differ materially from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include those discussed in the Company's Form 10-KSB for the year ended September 30, 1997.

The financial statements included in this report are consolidated for the Company and its three subsidiaries, DynamicWeb Transaction Services, Inc., (DWTS)., Megascore, Inc. (Megascore) and Software Associates, Inc. (Software Associates).

Financial Condition

As of March 31, 1998, the Company had cash of approximately $1,062,000 and total current assets of approximately $1,188,000.

The Company had a net loss of approximately $1,386,000 for the six months ended March 31, 1998 and negative operating cash flow of $1,111,000. The Company's negative cash flow for the six months was funded by proceeds from an issuance of common shares of stock in February.

On March 31, 1998, the capital resources available to the Company were not adequate to finance the Company's activities for the full year ended September 30, 1998. The Company will require substantial additional financing during the 1998 calendar year to continue its operations. There is no assurance that the Company will receive additional financing.

Results of Operations

Beginning with the Company's filing of Form 10-QSB for the reporting period ending December 31, 1997, the format of the Company's financial reports has been changed to better reflect its goals and objectives as an electronic commerce company. As such, revenues will be presented for the Company's two principal segments: transaction processing and professional services. Similarly, expenses for marketing and sales have been separated from expenses of general and administration to more accurately reflect the Company's increased focus on marketing and sales. Management believes that continuous investments in marketing and sales are necessary to grow the Company's business, and that a similar commitment to research and development will allow the Company's technology to achieve and to maintain a value added proposition in the marketplace.

The Company recognized net sales of approximately $203,000 for the quarter ended March 31, 1998, compared to approximately $181,000 for the same period in 1997, and approximately $369,000 for the six month period ending March 31 1998 as compared to approximately $ 275,000 for the same period in 1997. The increase in revenue was attributable to new sales of the Company's EDI/ Internet services and products particularly its transaction processing service, and sales of the Company's consulting services provided through the Company's Professional Services Group.

The increase in revenue for the Company's transaction processing services, from approximately $79,000 for the three months ended March 31, 1997 to approximately $ 85,000 for the same period in 1998, is the result of a decline in sales to new customers. This decline was offset by an increase in the number of trading partners of existing customers accessing the Company's service bureau, and by $7,000 in revenues from the sale of preliminary services for the Company's new EDIxchangeConnect. Also, the increase in revenue for the Company's transaction processing services, from approximately $108,000 for the six months ended March 31, 1997 to approximately $179,000 for the same period in 1998, is largely attributable to an increase in sales of EDI/Internet products and services, including the addition of new transaction processing customers.

The increase in revenue of the Company's professional services, from approximately $60,000 for the three months ended March 31, 1997 to approximately $84,000 for the same period in 1998, is attributable to an increase in sales of consulting services related to the sale and installation of annual software updates. The increase in revenue for these services, from approximately $109,000 for the six months ending March 31, 1997 to approximately $140,000 for the same period in 1998, is attributable to the shift in the Company's core business from its system integration services to electronic commerce services.

The decrease in revenue of the Company's other products, from approximately $41,000 for the three months ended March 31, 1997 to approximately $33,000 for the same period in 1998, is attributable to the shift in the Company's core business, from its system integration services, particularly the sale of computer hardware and software, to electronic commerce services. The decrease in revenue from approximately $59,000 for the six months ending March 31, 1997 to approximately $50,000 for same period in 1998 is also attributable to this change.

Cost of transaction processing was approximately $76,000 for the three months ended March 31, 1998 for a gross profit of 10%. This compares approximately to $51,000 or 65% in 1997. The decrease in profitability is attributable to a one time charges of $2,500, which include installation and set up fees for new equipment and reflects $7,000 of delayed billing for rental of floor space for the Company's scalable network infrastructure. Without these fees, the gross profit for transaction processing would have been 22% for the three months ending March 31, 1998 and 25% for the six months ending March 31, 1998. A portion of the increase is also attributable to the higher fixed cost of operating the scalable network infrastructure and the first phase of salary increases that took effect on March 1, 1998. In order to remain competitive, the Company has committed to compensate its employees at prevailing market rates. The second phase of these salary increases will take effect during the quarter ending June 30, 1998.

Cost of professional services was approximately $38,000 for the three months ended March 31, 1998 or a gross profit of 55%. This compares to approximately $44,000 or 74% for the same period for 1997. The decrease is attributable to the ongoing transition, including a redeployment of personnel from services related to system integration to services related to EDI/Internet solution. A portion of the increase is also attributable to the first phase of salary increases that took effect on March 1, 1998.

Cost of other products was approximately $5,000 in 1998, or a gross profit of 84, as compared to approximately $17,000, or a gross profit of 59% in 1997. This increase is attributable to the transition from sales of low margin computer products ancillary to system integration services and a redeployment of resources despite the continued demand for computer products.

Quarterly marketing and sales expenses increased by approximately $36,000 from approximately $154,000 for the three months ending March 31, 1997 to approximately $190,000 in 1997. The increase is attributable to attendance at trade shows by more Company personnel. A portion of the increase is also attributable to the first phase of salary increases that took effect on March 1, 1998. The increase in marketing and sales expenses, from approximately $251,000 for the six months ending March 31, 1997 to approximately $331,000 for the same period in 1998, is attributable to the costs of increased attendance at trade shows, salaries for new hires and the phase-in of salary increases.

General and administration expenses increased by approximately $129,000 from approximately $206,000 for the three months ending March 31, 1997 to approximately $335,000 in 1998. The increase is attributable to the cost of new hires in general and administrative, the cost of legal and financial consulting services, the cost of administrative support for new hires in other departments, the cost of insurance coverage for the Company's directors, the addition of a senior executive and compensation expense for the 1997 Employee Stock Ownership plan. A portion of the increase is also attributable to the cost of recruiting the new hires, and first phase of salary increases that took effect on March 1, 1998. The increase in general and administration expenses, from approximately $393,000 for the six months ending March 31, 1997 to approximately $656,000 for the same period in 1998, is attributable to the costs of new hires in general and administrative and other departments, the cost of insurance coverage for the Company's directors, the addition of a senior executive, compensation expense for the 1997 Employee Stock Ownership plan and the phase-in of salary increases.

Research and development expenses increased by approximately $62,000 for the quarter, from approximately $66,000 for the three months ending March 31, 1997 to approximately $128,000 in 1998. The increase is attributable to expanded development of existing services, and ongoing development of new services such as EDIxchangeConnect, EDIxchangeEnabler, EDIxchangeASN. A portion of the increase is also attributable to new hires and the first phase of salary increases that took effect on March 1, 1998.

Interest expense increased by approximately $13,000 from approximately $6,000 for the three months ended March 31, 1997 to approximately $19,000 in 1998, and by approximately $353,000 from $10,000 for the six months ended March 31, 1997, to approximately $364,000 in 1998. The increase is attributable to amortization of debt discount and deferred financing fees of approximately $310,000 and interest on bridge related financings of $43,000.

PART II

OTHER INFORMATION

Item 1. Legal Proceedings

Not applicable

Item 2. Changes in Securities

Not applicable

Item 3. Defaults Upon Senior Securities

Not applicable

Item 4. Submission of Matters to a Vote of Securities Holders

Not applicable

Item 5. Other Information

(a) Public Offering Completed

On February 6, 1998 the Company completed a public offering of 733,334 shares of its common stock at $6.00 a share. The Company received net proceeds of approximately $3,179,000.

(b) Acquisition of Design Crafting, Inc

On May 1, 1998, the Company purchased the outstanding stock of Design Crafting Inc, an information technology professional services company, in a stock-for-stock exchange. The Company issued 92,500 shares of the Company's common stock, and may be obligated to issue up to 10,000 additional shares of common stock. The Company will audit the balance sheet of Design Crafting and will be obligated to issue one additional share for each $ 5.00 of (1) cash in the bank of Design Crafting, Inc. and (2) accounts receivable of Design Crafting, Inc. collected within 120 days of closing, less $5,000. All of those shares will be restricted within the meaning of Rule 144 under the Securities Act of 1933 (the Act), and will not be registered under the Act. In addition, the Company's shares will be subject to a restriction on sale for a period of two years from the Closing Date, pursuant to a lock up agreement.

Item 6. Exhibits and Reports on Form 8 -K

Not applicable

SIGNATURES

In accordance with the requirements of the Securities Exchange of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

May 15, 1998

DynamicWeb Enterprises, Inc.
(Registrant)

By:/s/ Steve Vanechanos, Jr.
Chief Executive Officer

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<ARTICLE> 5

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This schedule contains summary information extracted from the Consolidation Statements of Operations and Consolidated Balance Sheets of DynamicWeb Enterprises, Inc. and is qualified in its entirety by reference to such financial statements.

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