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

FORM 10-QSB

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

For quarterly period ended June 30, 1999

Commission file number 10039

DYNAMICWEB ENTERPRISES, INC.

(Exact name of registrant as specified in its charter)

<TABLE>

<S>	<C>
NEW JERSEY	22-2267658
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)

</TABLE>

271 ROUTE 46 WEST, BUILDING F
SUITE 209, FAIRFIELD, NEW JERSEY 07004

(Address of Principal Executive Offices)

(973) 276-3100

(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 August 11, 1999, there were 2,603,769 shares of Common stock, $0.001 par value, of the registrant outstanding.

PART I

FINANCIAL INFORMATION

ITEM 1. CONDENSED FINANCIAL STATEMENTS

Condensed Consolidated Balance Sheets as at June 30, 1999 (unaudited) and September 30, 1998.

Condensed Consolidated Statements of Operations for the three months and nine months ended June 30, 1999 and 1998 (unaudited).

Condensed Consolidated Statement of Cash Flows for the nine months ended June 30, 1999 and 1998 (unaudited).

Notes to Condensed Financial Statements.

DYNAMICWEB ENTERPRISES, INC.

CONDENSED CONSOLIDATED
BALANCE SHEETS
(UNAUDITED)

<TABLE>
<CAPTION>

	June 30, 1999 (Unaudited)	September 30, 1998
<S>	<C>	<C>
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 1,092,000	$ 290,000
Accounts receivable, less allowance for doubtful accounts $61,000 and $41,000	516,000	271,000
Prepaid expenses and other current assets	40,000	26,000
Total Current Assets	1,648,000	587,000
Property and equipment, less depreciation Of $175,000 and $157,000	393,000	450,000
Patents and trademarks, less accumulated Amortization of $23,000 and $11,000	28,000	31,000
Customer list, less accumulated amortization Of $52,000 and $37,000	48,000	63,000
Software development cost, less accumulated amortization of $65,000 and $27,000	96,000	123,000
Cost in excess of fair value of net assets Acquired net of accumulated amortization Of $59,000 and $21,000	449,000	487,000
Other assets	9,000	9,000
Total Assets	$ 2,671,000	$ 1,750,000
LIABILITIES AND CAPITAL DEFICIENCY		
Current Liabilities:		
Accounts payable	$ 356,000	$ 239,000
Accrued expenses	268,000	118,000
Current maturities of long-term debt		6,000
Deferred revenue	177,000	17,000
Total current liabilities	801,000	380,000
Long term debt, less current liabilities		181,000
Total liabilities	801,000	561,000
STOCK HOLDERS EQUITY		
Preferred Stock- par value to be determined with Each issue; 5,000,000 shares authorized:		

Series A - 6% cumulative, convertible preferred Stock - aggregate liquidation value $1,787,500 and $1,137,500, respectively; $.001 par value; 1375 and 875 shares issued and outstanding, respectively	988,000	402,000
Series B - 6% cumulative convertible Preferred Stock - aggregate liquidation value $650,000 And $0, respectively; $.001 par value; 1500 and 0 shares issued and outstanding, respectively	559,000	
Common stock, $.0001 par value, 50,000,000 shares authorized; 2,587,032 and 2,255,947 shares issued and outstanding respectively		
Additional paid-in capital	8,803,000	7,408,000
Unearned portion of compensatory stock options	(113,000)	(89,000)
Accumulated deficit	(8,367,000)	(6,532,000)
Total Stock Holders Equity	1,870,000	1,189,000
Total liabilities and stock holders equity	$ 2,671,000	$ 1,750,000

</TABLE>

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

DYNAMICWEB ENTERPRISES, INC.

CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998*	Nine Months Ended June 30, 1999	Nine Months Ended June 30, 1998*
<S>	<C>	<C>	<C>	<C>
Net sales:				
Transaction/Subscription processing	$ 253,000	$ 104,000	$ 598,000	$ 296,000
Consulting services	421,000	191,000	1,118,000	338,000
Network Development	170,000	55,000	369,000	94,000
Total	844,000	350,000	2,085,000	720,000
Cost of sales:				
Transaction/Subscription Processing Revenues	148,000	96,000	408,000	225,000
Consulting services	224,000	146,000	640,000	214,000
Network development Revenues	78,000	22,000	218,000	51,000
Total	450,000	264,000	1,266,000	490,000
Gross profit	394,000	86,000	819,000	230,000

Expenses:				
Marketing and selling	423,000	211,000	1,144,000	543,000
General and administrative	347,000	441,000	1,145,000	1,088,000
Research and development	152,000	70,000	344,000	260,000
Customer satisfaction	33,000		33,000	
Total	955,000	722,000	2,666,000	1,891,000
Operating (loss)	(561,000)	(636,000)	(1,847,000)	(1,661,000)
Interest expense (including $310,500 of amortization of deferred financing fees and debt discount for 1998)	1,000	(5,000)	1,000	(369,000)
Interest income	7,000	8,000	10,000	20,000
Other Income Sale of Real Estate			15,000	
Net (loss) before (provision) Benefit For income taxes	$ (555,000)	$ (633,000)	$(1,823,000)	$(2,010,000)
(Provision) benefit for income taxes		(1,000)		(7,000)
Net (loss)	$ (555,000)	$ (634,000)	$(1,823,000)	$(2,017,000)
Adjustment; Dividends on cumulative Preferred stock, including imputed dividends of $733,000 for the three months ended June 30,1999 and $877,000 for Nine months ended June 30,1999	(931,000)		(1,095,000)	
Net loss attributed to common Stockholders	$(1,486,000)	$(634,000)	$(2,918,000)	$(2,017,000)
Net loss per common share Basic and diluted	$ (0.59)	$ (0.29)	$ (1.17)	$ (0.99)
Weighted average number of shares Outstanding basic and diluted	2,523,203	2,215,114	2,501,750	2,028,897

</TABLE>

* Reclassified to conform to current period presentation.

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

DYNAMICWEB ENTERPRISES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
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Nine Months Ended

	June 30, 1999	June 30, 1998
<S>	<C>	<C>
Cash flows from operating activities:		
Net (loss)	$(1,823,000)	$(2,017,000)
Adjustments to reconcile net (loss) to net cash used in operating activities:		
Gain on sale of office condominium	(15,000)	
Depreciation and amortization	111,000	65,000
Stock options issued for compensation	120,000	86,000
Amortization of debt discount and deferred financing fees		311,000
Deferred income taxes		
Changes in operating assets and liabilities:		
(Increase) in accounts receivable	(245,000)	(66,000)
(Increase) in prepaid expenses and other current assets	(14,000)	(81,000)
Increase in accounts payable	117,000	29,000
Increase (decrease) in accrued expenses	57,000	(151,000)
Increase in income taxes payable		
Increase in deferred revenue	160,000	6,000
Net cash (used in) operating activities	$(1,532,000)	$(1,818,000)
Cash flows from investing activities:		
Acquisition of property and equipment	(73,000)	(26,000)
Acquisition of patents and trademarks	(9,000)	(11,000)
Proceeds from sale of property net of Selling expense	189,000	
Increase in software development cost	(71,000)	(184,000)
Cash acquired upon acquisition of subsidiary		3,000
Net cash provided by (used in) investing activities	36,000	(218,000)
Cash flows from financing activities:		
Principal payment of long-term debt	(187,000)	(7,000)
Proceeds from issuance of stock	940,000	3,180,000
Proceeds from issuance of preferred stock And warrants	1,545,000	
Proceeds from loans - banks		75,000
Loans from stockholders/officers		118,000
Principal payment of loan - bank		(99,000)
Payment due to stockholders/officers loans		(235,000)
Payment of subordinated debt		(1,100,000)
Decrease of deferred registration costs		128,000
Net cash provided by financing activities	2,298,000	2,060,000
NET INCREASE IN CASH AND CASH EQUIVALENTS	802,000	25,000
Cash and cash equivalents, beginning of period	290,000	188,000
CASH AND CASH EQUIVALENTS, END OF PERIOD	$1,092,000	$ 213,000

</TABLE>

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

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 Regulation 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 nine-month period ended June 30, 1999 are not necessarily indicative of the results that may be expected for the year ending September 30, 1999.

The balance sheet at September 30, 1998 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 Company:

The Company is involved in the business of electronic commerce. The term electronic commerce is a shorthand expression for how businesses use computers to electronically send and receive business documents. Primarily the Company provides electronic commerce services, including computer equipment and software for customers who want to engage in electronic commerce. The Company 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"). The Company offers electronic commerce solutions in EDI and Internet-based transactions processing. Second the Company provides consulting services in the area of electronic commerce.

(NOTE B) -- Summary of Significant Accounting Policies:

[1] Basic loss per share of common stock:

The Company adopted Statement of Financial Accounting Standards No. 128 Earnings Per Share ("SFAS No. 128") for the year ended September 30, 1998. SFAS No. 128 replaced the calculation of primary and fully diluted earnings per share with basic and diluted earnings per share. Unlike primary earnings per share, basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. In addition, contigently issuable shares are included in basic earnings per share when all necessary conditions have been satisfied. Diluted earnings per share is very similar to fully diluted earnings per share and gives effect to all dilutive earnings per share and gives all dilutive potential common shares outstanding during the reporting period.

The Company adopted SFAS No. 128 and has retroactively applied the effects thereof for all periods presented. The impact on the per share amounts previously reported was not significant. The effects of potential common shares such as warrants, options, and convertible preferred stock has not been included, if the effect will be antidilutive.

[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.

[3] Issuance of common and preferred stock:

In April 1999 the Company sold 235,295 shares of its common stock for $1,000,000 in a private placement transaction with net proceeds of $940,000.

On May 13,1999, the Company sold 1,000 shares of Series B 6% convertible preferred stock and 90,000 common stock purchase warrants for $1,000,000 in a private placement transaction with net proceeds of $750,000.

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, 1998. 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, 1998.

LIQUIDITY AND CAPITAL RESOURCES

As of June 30, 1999, the Company had cash of approximately $1,092,000 and total current assets of approximately $1,648,000.

The Company had a net loss of approximately $1,823,000 for the nine months ended June 30, 1999 and negative operating cash flow of approximately $1,532,000. The Company's negative cash flow for the nine months was funded by proceeds from two private placement transactions with the Shaar Fund, Ltd. (Shaar Fund) and Cranshire Capital L.P. and Keeway Investments LTD.

On April 26, 1999, the Company closed a private placement with Cranshire Capital L.P. and Keeway Investments, LTD. It issued an aggregate of 235,295 shares of Common Stock, par value $0.0001 per share, for an aggregate price of $1,000,000. It received net proceeds of approximately $940,000.

On May 12, 1999, the Company closed a private placement with The Shaar Fund, LTD. It issued to the Shaar Fund 1,000 shares of Series B 6% Convertible Preferred Stock, par value $0.001 per share, and 90,000 Common Stock Purchase Warrants for an aggregate price of $1,000,000. It received net proceeds of approximately $750,000.

On June 30, 1999, the capital resources available to the Company were adequate to finance the Company's activities for the fiscal year ending September 30, 1999. The Company is presently experiencing operating cash flow deficiencies of approximately $200,000 per month. Management expects that the Company's cash flow deficiency will continue through the calendar year ending 1999. The Company will require substantial additional financing prior to the end of the 1999 calendar year to continue its operations. There is no assurance that the Company will receive additional financing.

RESULTS OF OPERATIONS

Our revenue is now classified into three categories Transaction/Subscription Processing Revenues, Consulting Revenues and Network Development Revenues. Previously, we classified revenues as Transaction Processing, Professional Services and Other. Accordingly, some revenues from prior periods have been reclassified to where they are now reflected. The Company had net sales of $844,000 for the quarter ended June 30, 1999, compared to $350,000 for the same period in 1998, an increase of approximately $494,000, or 141%. It had net sales of $2,085,000 the nine month period ending June 30, 1999 compared to $720,000 for the same period in 1998, an increase of approximately $1,365,000 or 189%. The increase in sales was attributable to increased sales of the Company's new EDI/Internet products and services, particularly transaction processing services offered through the Company's EDI service bureau and sales of the Company's consulting services.

Transaction/subscription processing revenues include initial subscription fees, and monthly transaction fees. These revenues for the quarter ended June 30, 1999 were $253,000, as

compared to $104,000 in the same period in 1998, an increase of $149,000 or 143%. Transaction/subscription revenues recognized for the nine month period ending June 30, 1999 were $598,000 as compared to $296,000 in the same period in 1998, an increase of $302,000 or 102%.

Consulting service revenues represent fees from contract computer programming. These revenues for the quarter ended June 30, 1999 were $421,000 as compared to $191,000 for the same period in 1998, an increase of $230,000 or 120%. Revenues for the nine month period ended June 30, 1999 were $1,118,000 as compared to $338,000 for the same period in 1998, an increase of $780,000 or 231%. Approximately $528,000 or 68% of the increase is attributable to Design Crafting, Inc, which was acquired on May 1, 1998. The remaining increase resulted from additional customers coupled with an increase in the average amount billed per programmer.

Network development revenues primarily relate to the development of EDI maps and to the custom development of EDIxchange, of EDIxchangeBuy and EDIxchangeSell (extranets) from which the Transaction/Subscription Processing revenues are derived. Network development revenues for the quarter ended June 30, 1999 were $170,000 as compared to $55,000 for the same period in 1998, resulting in an increase of $115,000 or 209%. This increase is attributable to the increased development of maps for customers using the EDIxchange Suite of Services and also the new customer setup of the EDIxchange Suite of products. The revenues for the nine month period ending June 30, 1999 were $369,000 as compared to $94,000 for the same period in 1998, an increase of $275,000 or 293%.

Total cost of sales for the quarter ending June 30, 1999 increased to $450,000 from $264,000 in the preceding year's quarter, an increase of $186,000 or 71%. Cost of sales for the nine month period ending June 30, 1999 increased

$776,000 or 158% from $490,000 for the prior period ending June 30, 1998 to $1,266,000 for the nine months ended June 30, 1999. A portion of the increase in Cost of Sales is attributable to salary increases that took effect in the second and third quarters of fiscal 1998. The aggregate salary increase consists of the salary expense of the addition of three new employees and the normal course of business pay raises for all other employees at prevailing market rates. The increase is also attributable to increased costs for maintaining and upgrading equipment and communications for better

service to our customers. In addition, certain amounts previously recorded as operating expenses in the quarter ending June 30, 1998 have been reclassified as Cost of Sales.

Cost of transaction/subscription processing was $148,000 for the quarter ended June 30, 1999 compared to $96,000 for the same period ending June 30, 1998, resulting in gross margins of 42% and 8% respectively. Cost of transaction/subscription processing for the nine month period ending June 30, 1999 was $408,000 for a gross profit of $190,000 or 32% as compared to a gross profit of $71,000 or 24% for the prior period ending June 30, 1998.

Cost of consulting service revenues provided by the Company was $224,000, for the quarter ended June 30, 1999 or a gross profit of 47%. This compares to a gross profit of $45,000 or 24% for the same period in 1998. Cost of consulting service revenues provided by the Company for the nine months ended June 30, 1999 was $640,000 for a gross profit of $478,000 or 43%. This compares to a gross profit of $124,000 or 37% for the same period in 1998.

Cost of network development revenues was $78,000 for the quarter ended June 30, 1999, or a gross profit of $92,000 or 54%, as compared to $33,000, or a gross profit of 60% in 1998. This increase is attributable to the development of additional staff and the higher compensation noted above. Cost of network development revenues was $218,000 for the nine months ended June 30, 1999, for a gross profit of $151,000 or 41%, as compared to gross profit of $43,000, or a gross margin of 46% in 1998.

Quarterly marketing and sales expenses increased approximately $212,000 from approximately $211,000 for the quarter ended June 30, 1998 to approximately $423,000 in the same period in 1999. For the nine month period ending June 30, 1999, marketing and sales expenses increased $601,000 from $543,000 to $1,144,000 in the same period in 1998. The increase is attributable to salaries for new hires and the costs of attendance at trade shows associated with the Company's efforts to market its EDI/Internet services. The increase is also a result of additional advertising expenses.

General and administrative expenses decreased by approximately $94,000 from approximately $441,000 for the quarter ended June 30, 1998 to approximately $347,000 for the same period in 1999. For the nine month period ending June 30, 1999, general and administrative expenses increased $57,000 from $1,088,000 to $1,145,000. The increase is attributable to new hiring of employees, professional services, the cost of benefits and administrative support for new hires in other departments,

and compensation expense for options issued.

Research and development expenses increased by approximately $82,000 for the three months, from approximately $70,000 for the three months ending June 30, 1998 to approximately $152,000 in 1999. For the nine month period ending

June 30, 1999, research and development expenses increased $84,000 from $260,000 to $344,000.

During the quarter ending June 30,1999 a new department was formed, Customer Satisfaction, to provide support for DynamicWeb's Suite of products, EDIxchange, EDIxchangeConnect, EDIxchangeBuy, EDIxchangeSell. This department handles the idenification, documentation and resolution of issues with customers. Personnel from the Operations and Telesales departments were moved into this area along with the hiring of an additional employee.Expenses for the department for the quarter ending June 30,1999 were approximately $33,000. Since this is a new department there is no prior period comparison.

YEAR 2000 COMPLIANCE

The "Year 2000" issue is the result of computer programs being written using two digits rather than four digits to define the applicable year. Accordingly, computer programs that have date sensitive software might recognize a date using "00" as the year 1900 rather than the year 2000. This circumstance could result in a program failure or miscalculation causing disruptions of operations including, among other things, a temporary inability to process transactions, send invoices, operate equipment or engage in similar normal business activities. The Company has reviewed its internal computer systems, as well as its products and services, that could be affected by the Year 2000 issue and has identified certain systems, products and services that could be affected. The Company presently believes that, with modification to existing software and conversion to new software, the Year 2000 issues relating to such systems, products and services will not cause significant operational or customer problems. The Company is addressing these issues and intends to complete these efforts, including testing phases, by October 31, 1999. The Company does not anticipate that the cost of implementing these solutions will be material to its business, financial condition and results of operations. However, if such modifications and conversions are not made or not completed in a timely manner, then resulting Year 2000 issues could have a material adverse effect on the Company's business, financial condition and results of operations.

The Company believes that the purchasing patterns of customers and potential customers may be affected by Year 2000 issues in a variety of ways. Many companies are expending significant resources to correct or patch their current software systems for Year 2000 compliance. These expenditures may result in reduced funds available to implement new eCommerce initiatives such as those offered by the Company. In addition, Year 2000 issues could cause some number of companies, including current Company customers, to reevaluate the goals, objectives and timelines of on-going eCommerce initiatives, and as a result delay the construction by the Company of its customers procuring extranet and subsequent supplier trading communities. Any of the foregoing could result in a material adverse effect on the Company's business, operating results and financial condition.

In addition, the Company has initiated communications with its significant suppliers and customers in order to (i) determine the extent to which the Company is vulnerable to such third parties' failure to remedy their own Year 2000 issues and (ii) assess whether the Company has adequate resources for required supplies, components and complementary offerings. As part of its contingency planning efforts, the Company is preparing to identify alternate sources or strategies where necessary if significant Year 2000 exposure is identified. The Company is addressing these issues and intends to complete these efforts by October 31, 1999. In addition, the Year 2000 issues present a number of other risks and uncertainties that could affect adversely the Company, including, without limitation, utilities failures, competition for personnel skilled in the resolution of Year 2000 issues and the nature of government responses to these issues. Although the Company believes that the Year 2000 matters discussed above will not have a material adverse effect on its business, financial condition or results of operations, the Company remains uncertain whether or to what extent that it may be affected. Accordingly, the Company's expenses to identify and address such risks and uncertainties, as well as the expenses and liabilities to which the Company may become subject as a result of such risks and uncertainties, could have a material adverse effect on the Company's business, financial condition and results of operations.

PART II

OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
Not applicable

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

Private placement

On April 26, 1999, the Company completed a private placement to Cranshire Capital L.P. and Keeway Investments, LTD. of 235,295 shares of Common Stock, par value $0.0001 per share.

The total offering price was $1,000,000, and the Company received net proceeds of approximately $940,000. This private placement transaction did not involve an underwriter, although PGN acted as placement agent and received a fee of $53,750 and 5,000 shares of common stock.

This transaction was deemed to be exempt from registration under the Securities Act of 1933, as amended, by virtue of Section 4(2) or Regulation D promulgated thereunder, including Rule 506 of Regulation D. Cranshire Capital, L.P. and Keeway Investments, Ltd. is are "accredited investors" within the meaning of Rule 501 of Regulation D under the Securities Act. The purchaser represented its intention to acquire the securities for investment only and not with a view to the distribution thereof. Required disclosure was provided, or access to information in lieu of disclosure was present. Required legends are affixed to the securities issued in such transaction.

On May 12, 1999, the Company completed a private placement to the Shaar Fund, Ltd. of 1,000 shares of Series B 6% Convertible Preferred Stock par value $0.001 per share (the "Preferred Stock") and 90,000 Common Stock Purchase Warrants (the "Common Stock Purchase Warrants").

The total offering price was $1,000,000, and the Company received net proceeds of approximately $750,000. This private placement transaction did not involve an underwriter, although Trautman Kramer & Company Inc. acted as placement agent and received a fee of $75,000.

This transaction was deemed to be exempt from registration under the Securities Act of 1933, as amended, by virtue of Section 4(2) or Regulation D promuglated thereunder, including Rule 506 of Regulation D. The Shaar Fund, Ltd. is an "accredited investor" within the meaning of Rule 501 of Regulation D under the Securities Act. The purchaser represented its intention to acquire the securities for investment only and not with a view to

the distribution thereof. Required disclosure was provided, or access to information in lieu of disclosure was present. Required legends are affixed to the securities issued in such transaction.

The terms of exercise and conversion are as follows: The Warrants have a term of five years and an exercisable price of $8.93 per share. The Series B Preferred Stock has a conversion value of $1,000 per share. That conversion value is credited towards the purchase of shares of common stock at an agreed-upon purchase or conversion price. The applicable purchase or conversion price is a discount to the "market price" of the common stock at the time of conversion. For these purposes, the "market price" is the average of the lowest 7 days closing bid prices of the common stock for the 20 trading days immediately preceding the conversion.

The applicable purchase or conversion prices are the lesser of $9.75 per share, or the following:

(1) For the preferred stock converted up to 180 days after purchase, 85% of the market price of DynamicWeb common stock.

(2) For preferred stock converted after 180 days after purchase, 80% of the market price of DynamicWeb common stock.

The Shaar Fund may elect when to convert the Series B Preferred Stock, except that all the remaining shares will be converted automatically on February 12, 2002.

The company used the net proceeds for general purposes.

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

Not applicable

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

27 Financial Data Schedule

(b) 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.

DynamicWeb Enterprises, Inc.
(Registrant)

August 14, 1999

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

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