SECURITIES & EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2000

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OF 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from __________ to __________

Commission File No. 1-106

LYNCH CORPORATION

(Exact name of Registrant as specified in its charter)

Indiana	38-1799862
(State or other jurisdiction of incorporation or organization)	I.R.S. Employer Identification No.)

401 Theodore Fremd Avenue, Rye, New York	10580
(Address of principal executive offices)	(Zip Code)

(914) 921-7601

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

Indicate the number of shares outstanding of each of the Registrant’s classes of Common Stock, as of the latest practical date.

Class	Outstanding at July 31, 2000
Common Stock, no par value	1,510,183

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LYNCH CORPORATION AND SUBSIDIARIES

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Item 1 - Financial Statements

LYNCH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In Thousands)

	June 30 2000 (unaudited)	December 31 1999 (A)
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 19,742	$ 13,106
Receivables, less allowances of $423 and $361	31,237	24,642
Inventories	33,364	31,680
Deferred income tax benefits	9,010	8,943
Other current assets	1,063	1,303
TOTAL CURRENT ASSETS	94,416	79,674
Restricted Cash	-	56,026
PROPRTY, PLANT AND EQUIPMENT		
Land	672	672
Buildings and improvements	11,028	11,015
Machinery and equipment	55,758	54,529
	67,458	66,216
Accumulated Depreciation	(24,964)	(22,137)
	42,494	44,079
EXCESS OF COST OVER FAIR VALUE OF NET ASSETS ACQUIRED, NET	22,118	22,020
OTHER ASSETS	7,483	9,393
TOTAL ASSETS	$166,511	$211,192
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Notes payable to banks	$ 23,974	$ 23,178
Trade accounts payable	19,375	14,404
Accrued liabilities	16,862	16,382
Customer advances	3,327	860
Current maturities of long-term debt	1,554	1,636
TOTAL CURRENT LIABILITIES	65,092	56,460
LONG TERM DEBT	58,952	116,765
DEFERRED INCOME TAXES	6,229	6,225
OTHER LONG TERM LIABILITIES	4,156	4,866
MINORITY INTERESTS	11,464	10,885
SHAREHOLDERS' EQUITY		
COMMON STOCK, NO PAR VALUE – 10,000,000 SHARES AUTHORIZED; 1,513,191 and 1,471,191 shares issued respectively (at stated value)	5,139	5,139
ADDITIONAL PAID-IN CAPITAL	10,111	8,302
RETAINED EARNINGS	5,470	3,843
ACCUMULATED OTHER COMPREHENSIVE INCOME	(40)	(40)
TREASURY STOCK OF 3,008 and 61,008 SHARES, AT COST	(62)	(1,253)
TOTAL SHAREHOLDERS' EQUITY	20,618	15,991
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$166,511	$211,192

(A) The Balance Sheet at December 31, 1999 has been derived from the Audited Financial Statements at that date, but does not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements.

See accompanying notes

LYNCH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS
(In thousands, except share amounts)

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
SALES AND REVENUES	$53,008	$47,363	$105,482	$93,774
Costs and expenses:				
Manufacturing cost of sales	45,448	41,014	91,775	82,785
Selling and administrative	6,028	5,642	11,790	10,144
Restructuring charge	-	-	527	450
OPERATING PROFIT	1,532	707	1,390	395
Other income (expense):				
Investment Income	273	(4)	961	7
Interest expense	(2,491)	(2,328)	(5,941)	(4,529)
	(2,218)	(2,332)	(4,980)	(4,522)
LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, MINORITY INTERESTS, DISCONTINUED OPERATIONS AND EXTRAORDINARY ITEM	(686)	(1,625)	(3,590)	(4,127)
Benefit from income taxes	15	671	1,079	1,637
Minority interests	811	454	1,893	1,015
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE DISCONTINUED OPERATIONS AND EXTRAORDINARY ITEM	140	(500)	(618)	(1,475)
DISCONTINUED OPERATIONS:				
Income (loss) from operations of Lynch Interactive Corporation distributed to shareholders (less income tax (provision) benefit of ($776) and $3,871 and minority interests of $232 and $431)	-	948	-	(8,517)
Loss from discontinued operations of industrial tape segment of Spinnaker Industries (less applicable income tax benefit of $106 and $753 and minority interests of $138 and $558)	-	(21)	-	(572)
EXTRAORDINARY ITEM				
Gain on early extinguishment of debt (less income tax provision of $1,035 and $2,612 and minority interest of $1,091and $2,472)	991	-	2,245	
NET INCOME (LOSS)	$1,131	$427	$1,627	($10,564)
Weighted average shares outstanding	1,510,000	1,416,000	1,472,000	1,417,000
Basic and diluted earnings per share:				
Income (Loss) from continuing operations before discontinued Operations and extraordinary item	$0.09	($0.35)	($0.42)	($1.04)
Income (loss) from Lynch Interactive Corporation	-	0.67	-	(6.01)
Income (loss) from discontinued operations	-	(0.01)	-	(0.40)
Extraordinary item	0.66	-	1.53	-
NET INCOME (LOSS)	$0.75	$0.30	$1.11	($7.46)

See accompanying notes

LYNCH CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
(In Thousands)

	Six Months Ended June 30 2000	1999
OPERATING ACTIVITIES		
Net income (loss)	$1,627	($10,564)
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities of continuing operations:		
Loss from operations of Lynch Interactive Corporation	-	8,517
Loss from operations of industrial tape segment	-	572
Extraordinary item	(2,245)	-
Depreciation and amortization	3,263	2,754
Amortization of deferred financing charges	402	435
Deferred taxes	(63)	-
Minority interests	579	(1,015)
Changes in operating assets and liabilities:		
Receivables	(6,595)	1,011
Inventories	(1,684)	(3,081)
Accounts payable and accrued liabilities	7,918	411
Other	240	414
Cash provided by (used in) operating activities of continuing operations	3,442	(546)
INVESTING ACTIVITIES		
Capital expenditures	(1,395)	(1,895)
Other	-	1,958
Cash provided by (used in) investing activities of continuing operations	(1,395)	63
FINANCING ACTIVITIES		
Change in notes payable	796	(11,608)
Repayment & buy back of long-term debt	(54,650)	(4,183)
Deferred financing costs	(69)	(145)
Sale of common stock	3,000	(474)
Other	(514)	968
Cash (used in) financing activities of continuing operations	(51,437)	(15,442)
Net decrease in cash and cash equivalents	(49,390)	(15,925)
Cash provided by Lynch Interactive Corporation	-	9,521
Cash provided by industrial tape segment	-	5,417
Decrease in cash and cash equivalents	(49,390)	(987)
Cash and cash equivalents at beginning of period including $56,026 of Restricted Cash at December 31, 1999	69,132	1,132
Cash and cash equivalents at end of period	$19,742	$145

See accompanying notes

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

A. Subsidiaries of the Registrant

As of June 30, 2000, the Subsidiaries of the Registrant are as follows:

Subsidiary	Owned By Lynch
Lynch Display Technologies, Inc.	100.0%
Lynch Systems, Inc.	92.0%
Lynch International Holding Corporation	92.0%
Lynch-AMAV LLC	69.0%
M-tron Industries, Inc.	100.0%
M-tron Industries, Ltd.	100.0%
Spinnaker Industries, Inc.	47.6%(O/60.4%(V)
Entoleter, Inc.	47.6%(O/60.4%(V)
Spinnaker Coating, Inc.	47.6%(O/60.4%(V)
Spinnaker Coating-Maine, Inc.	47.6%(O/60.4%(V)
Spinnaker Electrical Tape Company	47.6%(0/60.4%(V)

Notes: (V)=Percentage voting control; (O)=Percentage of equity ownership.

B. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. 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 a fair presentation have been included. Operating results for the six month period ended June 30, 2000 are not necessarily indicative of the results that may be expected for the year ended December 31, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in the Registrant’s Annual Report on Form 10-K for the year ended December 31, 1999.

The accompanying unaudited condensed consolidated financial statements reflect the spin off of Lynch Interactive Corporation (“Interactive”) from Lynch Corporation (“Lynch” or “Registrant”) that occurred in the third quarter of 1999 (see Note D) and the sale of the industrial tape segment of Spinnaker Industries, Inc., that occurred in the third quarter of 1999 (see Note C).

C. Discontinued Operations

In the third quarter of 1999, the Company’s 48% owned subsidiary, Spinnaker Industries, Inc. sold its two industrial tape units, Central Products Company and Spinnaker Electrical, which comprised its industrial tape segment, to Intertape Polymer Group, Inc. (“Intertape”). The consideration for the sale was approximately $105 million and 300,000 five-year warrants to purchase shares of Intertape common stock at $29.50 each. Spinnaker recognized a gain on the transactions of $24 million before tax and the Registrant recognized a similar gain before income tax and minority interests. The agreement to sell Spinnaker Electrical was completed on July 30, 1999 and the agreement to sell Central Products was completed on August 10, 1999. As a result, the Company's industrial tape segment is being reported as a discontinued operation in the accompanying condensed consolidated financial statements. Accordingly, operating results of the industrial tape segment have been segregated from continuing operations and reported as a separate line item on the statements of operations. The industrial tape segment's net sales were $29.3 million and $58.8 million, respectively for the three and six month periods ended June 30, 1999.

D. Spin Off

On August 12, 1999, the Board of Directors approved a plan to distribute the stock of Lynch Interactive Corporation on a one for one basis to the shareholders of Lynch ("Spin Off"). Lynch completed the Spin Off on September 1, 1999 to stockholders of record on August 23, 1999. Pursuant to the Spin Off, each Lynch shareholder received one share of Interactive stock for each share of Lynch owned. Lynch had received a private letter ruling from the Internal Revenue Service that the Spin Off would be tax free to Lynch shareholders. Interactive is listed on the American Stock Exchange under the symbol "LIC".

Interactive owns all of what was Lynch's multimedia and service businesses while Lynch retains the manufacturing businesses. Interactive owns the telephone companies, television interests and PCS interests, as well as the 55% equity interest of The Morgan Group, Inc. In addition, Interactive owns a 13.6% equity interest in Spinnaker Industries, Inc. Lynch owns a 47.6% equity interest in Spinnaker (60.4% of voting interest), as well as 100% M-tron Industries, Inc. and 92% of Lynch Systems, Inc.

As a result, the Company's multimedia and services segments are being reported as operations distributed to shareholders in the accompanying condensed consolidated financial statements. Accordingly, operating results of Interactive have been segregated from continuing operations and reported as a separate line item on the statement of operations.

Interactive's net sales for the three and six month periods ended June 30, 1999 were $54.2 million and $102.9 million, respectively.

In the third quarter of 1999, Lynch acquired by merger, all of the stock of Central Scott Telephone Company. This company became part of Interactive and was included in the Spin Off.

Interactive and Lynch have entered into certain agreements governing various ongoing relationships, including the provision of support services and a tax allocation agreement. The tax allocation agreement provides for the allocation of tax attributes to each company as if it had actually filed with the respective tax authority. At the Spin Off, the employees of the corporate office of Lynch became the employees of Interactive and Interactive began providing certain corporate management services to Lynch, which is charged a management fee for these services. This charge was $60,000 and $180,000 for the three and six months ended June 30, 2000, respectively.

Net assets of approximately $23 million were distributed to Interactive at the Spin Off. Such amount was subsequently decreased in the fourth quarter of 1999 by $1.6 million to reflect a revision in the allocation of certain liabilities.

E. Inventories

Inventories are stated at the lower of cost or market value. At June 30, 2000 and December 31, 1999, inventories were valued by three methods: last-in, first-out (LIFO) - 18% specific identification - 80%, and first-in, first-out (FIFO) - 2%. At December 31, 1999, the percentages were 12%, 80%, and 8%, respectively.

(In Thousands)

	June 30, 2000	Dec. 31, 1999
Raw materials	$ 11,042	$ 10,407
Work in process	2,372	2,114
Finished goods	19,950	19,159
Total Inventories	$ 33,364	$ 31,680

F. Indebtedness

Spinnaker Industries, Inc. maintains revolving lines of credit at its subsidiaries which total $40 million, of which $23.4 million was outstanding as of June 30, 2000 and had $9.1 million of available borrowings. These facilities were refinanced in conjunction with the sale of Central Products and Spinnaker Electrical.

In general, the credit facilities are secured by property, plant and equipment, inventory, receivables and common stock of certain subsidiaries and contain certain covenants restricting distributions to the Registrant.

Long term debt consists of:	June 30, 2000	Dec.31, 1999
Spinnaker Industries, Inc. 10.75% Senior Secured Note due 2006	$51,135	$ 108,585
10% Subordinated Note with PIK interest and principal due on January 31, 2002	7,000	7,000
Other	2,371	2,816
	60,506	118,401
Current Maturities	(1,554)	(1,636)
	$58,952	$ 116,765

As of June 30, 2000 proceeds from the sale of Central Products (see Note C above) have been utilized in accordance with the terms of the Senior Secured Notes Indenture to either repay indebtedness or invest in the adhesive-backed paper business. During the second quarter of 2000, Spinnaker purchased $24.1 million (par value) of the outstanding Senior Notes on the open market at an average price of 82.3% of par value recognizing a pre-tax gain of $3.1 million. The Registrant recognized a similar gain before income taxes and minority interest. For the six months ended June 30, 2000 Spinnaker purchased $57.5 million (par value) of these same rates at an average price of 83.1% reflecting a pre-tax gain of $7.5 million after the charge off of applicable deferred financing costs.

The Senior Note purchases to date and capital expenditures in the business have fully utilized the Restricted Proceeds from the above referenced sale.

During the second quarter of 2000, Lynch Systems entered into a project specific line of credit for $800,000 related to a contract to deliver equipment in 2001. The Company has guaranteed the full amount of the credit facility. During the first half of 2000 the Company has guaranteed project specific credit facilities for Lynch Systems totaling approximately $8 million. At June 30, 2000 there are no amounts borrowed on these facilities and it is expected that any amounts borrowed on these facilities in the future will be repaid by the second quarter of 2001.

G. Earnings per share

Basic earnings per common share amounts are based on the average number of common shares outstanding during each period, excluding the dilutive effects of options, warrants, and convertible securities of which there were none.

H. Segment Information

After the distribution to shareholders of the stock of Interactive, the Company is engaged in the manufacture of adhesive-backed label stock, frequency control devices and other manufacturing. The Company measures performance of its segments primarily by revenues, operating profit and EBITDA (operating profit before income taxes, depreciation, amortization and allocated corporate expenses). Except for Spinnaker (the adhesive-backed label stock business) using approximately $56.0 million of restricted cash to repurchase debt and for capital asset purchases. Indentifiable assets of each segment have not changed materially since December 31, 1999.

EBITDA for operating segments is equal to operating profit before interest, taxes, depreciation, amortization. EBITDA is presented because it is a widely accepted financial indicator of value and ability to incur and service debt. EBITDA is not a substitute for operating income or cash flows from operating activities in accordance with generally accepted accounting principles.

Operating profit (loss) is equal to revenues less operating expenses, excluding interest and income taxes. Prior to the Spin Off, Lynch allocated a portion of its general corporate expenses to its operating segments. Subsequent to the Spin Off, Interactive is providing certain corporate management services to the Registrant and charging a corporate overhead management fee while the Registrant still allocates a portion of its general corporate expenses to its operating segments.

General corporate office expenses related to finance and administrative functions including public company compliance reporting, bank and investor relations, taxes and other than income taxes and holding company payroll, historically allocated and charged to the industrial tape segment were reversed and allocated back to continuing operations. These expenses were not considered to be directly attributable to discontinued operations.

	Three Months Ended June 30		Six Months Ended June 30	
	2000	1999	2000	1999
Revenues:				
Adhesive-backed label stock	$37,332	$38,065	$77,618	$76,656
Frequency control devices	10,074	6,946	18,484	12,371
Other Manufacturing	5,602	2,352	9,380	4,747
Consolidated Total	$53,008	$47,363	$105,482	$93,774
EBITDA				
Adhesive-backed label stock	$2,161	$2,341	$3,968	$4,689
Frequency control devices	1,310	567	2,494	1,088
Other manufacturing	766	(600)	615	(1,059)
Corporate manufacturing expenses	(587)	(167)	(1,141)	(838)
Total manufacturing	3,650	2,141	5,936	3,880
Corporate expenses	(379)	(123)	(756)	(240)
Restructuring charge – Spinnaker	-	-	(527)	(450)
Consolidated Total	$3,271	$2,018	$4,653	$3,190
Operating Profit				
Adhesive-backed label stock	$705	$1,399	$1,416	$2,646
Frequency control devices	1,139	484	2,159	842
Other manufacturing	633	(727)	349	(1,318)
Corporate manufacturing expenses	(491)	(268)	(1,101)	(945)
Total manufacturing	1,986	888	2,823	1,225
Unallocated corporate expenses	(454)	(181)	(906)	(380)
Restructuring charge – Spinnaker	-	-	(527)	(450)
Consolidated Total	$1,532	$707	$1,390	$395
Total Operating Profit for reportable segments	$1,532	$707	$1,390	$395
Other profit or loss				
Investment income	273	(4)	961	7
Interest expense	(2,491)	(2,328)	(5,941)	(4,529)
Loss from continuing operations before income taxes, minority interest discontinued operations and extraordinary items	$(686)	$(1,625)	$(3,590)	$(4,127)

I. Acquisitions

In October 1996, Spinnaker acquired all of the approximately 25% minority interest in its Spinnaker Coating subsidiary held by such subsidiary's other shareholders. The terms of the acquisition involved a cash payment of approximately $2.3 million and the issuance of 9,613 shares of Common Stock. As additional consideration for the shares of capital stock of Spinnaker Coating, the minority shareholders received the right to a contingent payment ("Contingent Value Rights" or "CVR's").

On May 4, 2000, Spinnaker Electrical Tape, a Spinnaker subsidiary, acquired all of the CVR's held by the former minority ownership group of Spinnaker Coating for $500,000 in cash. Accordingly, the contingent payment was recorded as an addition to goodwill during the second quarter of 2000.

J. Accounting and Reporting Policies

Securities and Exchange Commission's Staff Accounting Bulletin 101 summarizes certain of the staff's views in applying generally accepted accounting principles to revenue recognition in the financial statements. The Registrant is currently assessing the impact, if any, that SAB will have on its revenue recognition policy when it is adopted in the fourth quarter of 2000.

Item 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Sales and Revenues

Revenues for the second quarter of 2000 increased by $5.6 million or 11.9%, to $53.0 million, from the second quarter of 1999. Revenues for the six months ended June 30, 2000 increased by $11.7 million or 12.5% from the comparable 1999 period reflecting increased order flow.

Revenues from Spinnaker Industries, Inc. continuing operations fell by $1.1 million between the two quarters primarily due to lower volumes in EDP and other general purpose products and the timing of sales of pressure sensitive postage paper stock. The market's rapid transition from EDP to thermal transfer paper stock technologies has exceeded management's expectations and as a result caused Spinnaker to experience lower volumes and average selling prices, as the market balances quality and performance against lower priced solutions. Unit sales of pressure sensitive postage paper stock continue to be impacted by the uneven ordering pattern of the Bureau of Printing and Engraving. Spinnaker's revenue for the six months ended June 30, 2000 were $80.3 million, exceeding the corresponding 1999 period by approximately $.6 million. The increase in net sales for 2000 is attributed to strong sales in pressure sensitive sheet products, in which volumes increased approximately 65% over the comparable 1999 period, and increased sales volume of specialty and general-purpose roll products. These increases were substantially offset by the effects of outsourcing the manufacturing and sales of dry gum and other conventional product lines in the fourth quarter of 1999. Although volumes of pressure sensitive postage material for the fist six months of 2000 declined compared to the corresponding 1999 period, it was substantially offset by an increased average selling price. Revenues at M-tron increased by $3.1 million or 45% to $10.1 million for the three month period due to increased demand from the telecommunications industry and increased sales of new products. Revenues for the six month period increased $6.1 million or 49% to $18.5 million due to the same factors. Lynch Systems' revenues for the second quarter increased by $3.6 million to $4.5 million reflecting increased orders and sales of glass press machines. Lynch Systems revenues for the six month period increased $5.0 million to $6.7 million for the same reasons.

Operating profit for the second quarter 2000 increased by $0.8 million to $1.5 million compared to the prior year. For the six month period operating profit increased by $1.0 million to $1.4 million compared to the 1999 period. Spinnaker's operating profit in the second quarter declined by $.3 million due to lower volumes, and reduction in gross margins as a result of the lower pricing noted above. These factors also affected the six month period where there was an operating loss of $.2 million compared to an operations profit of $1.6 million in 1999. The 1999 period included a $.9 million gain from the sale of operating assets. For the second quarter M-tron's operating profit increased by $0.7 million to $1.3 million due to increased sales volume mentioned above. For the six months, M-tron's operating profits increased by $1.3 million to $2.2 million due to strong order flow and increased sales volume. Lynch Systems had an operating profit of $.7 million compared to an operating loss of $1.0 million in the second quarter of 1999. For the six month period Lynch Systems also had an operating profit of $.3 million compared to an operating loss of $1.7 million in the comparable period in 1999. This turnaround for both periods at Lynch Systems is due to the increased sales mentioned above and better absorption of overhead.

Other Income (Expense), Net

Investment income increased for the quarter and the six months due to the net proceeds of the 1999 sale of Spinnaker's industrial tape units, which were invested in short term instruments during the periods.

Interest expense was $2.5 million for the quarter and increased by $.2 million. During the six-month period ended June 30, 2000, interest expense increased by $1.4 million. These increases were primarily due to allocations during the 1999 periods of a portion of the interest expense to the discontinued industrial tape segment until the time of their sale.

Tax Provision

The income tax benefit includes federal, as well as state and local taxes. The tax benefit for the six months ended June 30, 2000 and 1999, represents effective tax rates of 30% and 40%, respectively. The differences from the federal statutory rate are principally due to the effect of state income taxes and amortization of non-deductible goodwill.

Minority Interest

Minority interests contribution to the net income (loss) increased by $.4 million for the quarter and $0.9 million for the six months, from the respective prior year periods of 1999 due to the increased net losses from continuing operations at Spinnaker for both periods and the increase in the minority interest percentage at this subsidiary.

Discontinued Operations

As a result of the Spin Off (see Note D), the Company’s multimedia and services segments are being reported as operations distributed to shareholders in the accompanying condensed consolidated financial statements for the 1999 periods. Accordingly, operating results of Interactive have been segregated from continuing operations and reported as a separate line item on the statement of operations.

As a result of Spinnaker’s sale of its industrial tape segment (see Note C) in the third quarter of 1999, operating results of the industrial tape segment have been segregated from continuing operations and reported separately in the statement of operations for 1999.

Net Income/Loss

Net income for the six months ended June 30, 2000 was $1.6 million, or $1.11 per share, as compared to a net loss of ($10.6 million), or $7.46 per share in the previous year’s six month period. The absence of the losses in the discontinued operations, the gain on the early extinguishment of debt at Spinnaker and the improved operating results were the primary reasons for this turnabout.

Net income for the three months ended June 30, 2000 was $1.1 million or $.75 per share as compared to a net income of $.4 million or $.30 per share for the 1999 quarter. The same factors mentioned above were the primary reasons for the improvement.

Backlog/New Orders

Total backlog of manufactured products from continuing operations at June 30, 2000 was $41.5 million, which represents an increase of $6.2 million from the backlog of $35.3 million at December 31, 1999. Increased order receipt at M-tron accounted for the significant increase to the backlog at June 30, 2000.

FINANCIAL CONDITION

Liquidity/Capital Resources

As of June 30, 2000, the Company had current assets of $94.4 million and current liabilities of $65.1 million. Working capital was therefore $29.3 million as compared to $23.2 million at December 31, 1999. The increase is primarily due to the improved operating results.

First six months capital expenditures were $1.4 million in 2000 and $1.9 million in 1999. The Company plans to spend approximately $4.8 million on capital expenditures for the year and anticipates that it will have sufficient cash flow from operations and borrowing availability under various credit facilities at its subsidiaries to fund such capital expenditure plans.

At June 30, 2000, total debt was $84.5 million, which was $57.1 million less than the $141.6 million at the end of 1999. The reduction is primarily due to principal repayments and debt repurchases. Long term debt at June 30, 2000 included $60.5 million of fixed interest rate debt, at an average cash interest rate of 10.6% and $24.0 million of variable interest rate debt at an average interest rate of 9.0%. Additionally, the Company had unused lines of credit facilities of which the Spinnaker Credit Facility is a major portion. The Spinnaker Credit Facility is available to fund acquisitions and support periodic fluctuations in working capital. Credit availability under the Spinnaker Credit Facility is subject to certain variables, such as inventory and receivables eligible to be included in the borrowing base. The Company is charged an available credit fee of 0.375% per annum. Outstanding borrowings bear interest at variable rates related to the prime interest rate or LIBOR. At June 30, 2000, the combined effective interest rate was 9.0%. In conjunction with the industrial tape sale, the Spinnaker Credit Facility was refinanced and the aggregate facility was decreased from $60 million to $40 million. The Refinanced Credit Facility will expire December 31, 2001. As of July 26, 2000 aggregate availability under the Refinanced Credit Facility was approximately $32.5 million, of which approximately $23.4 million was outstanding. During the second quarter of 2000, Lynch Systems entered into a project specific line of credit for $800,000 related to a contract to deliver equipment in 2001. The Company has guaranteed the full amount of the credit facility. During the first half of 2000 the Company has guaranteed project specific credit facilities for Lynch Systems totaling approximately $8 million. At June 30, 2000 there are no amounts borrowed on these facilities used for Lynch Corporation and it is expected that any amounts borrowed on these facilities in the future will be repaid by the second quarter of 2001.

The Company does not at present have credit facilities at the parent company level. Management believes it has adequate working capital at this level to fund current operations into the near future.

Lynch Corporation may make additional acquisitions which would probably be financed with a significant component of debt. This acquisition debt as well as current debt outstanding would contain restrictions on the amount of readily available funds that can be transferred to Lynch Corporation from its subsidiaries.

Accounting and Reporting Policies

Securities and Exchange Commission’s Staff Accounting Bulletin 101 summarizes certain of the staff’s views in applying generally accepted accounting principles to revenue recognition in the financial statements. The Registrant is currently assessing the impact, if any, that SAB will have on its revenue recognition policy when it is adopted in the fourth quarter of 2000.

MARKET RISK

The Company is exposed to market risk relating to changes in the general level of U.S. interest rates. Changes in interest rates affect the amounts of interest earned on the Company's cash equivalents and short-term investments (approximately $19.5 million at June 30, 2000). The Company generally finances the debt portion of the acquisition of long-term assets with fixed rate, long-term debt. The Company generally maintains the majority of its debt as fixed rate in nature by borrowing on a fixed long-term basis. The Company does not use derivative financial instruments for trading or speculative purposes. Management does not foresee any significant changes in the strategies used to manage interest rate risk in the near future, although the strategies may be reevaluated as market conditions dictate.

At June 30, 2000, approximately $24.0 million, or 28% of the Company's long-term debt and notes payable bears interest at variable rates. Accordingly, the Company's earnings and cash flows are affected by changes in interest rates. Assuming the current level of borrowings for variable rate debt and assuming a one percentage point change in the 2000 average interest rate under these borrowings, it is estimated that the Company's six months 2000 interest expense would have changed by less than $.15 million. In the event of an adverse change in interest rates, management would likely take actions to further mitigate its exposure. However, due to the uncertainty of the actions that would be taken and their possible effects, the analysis assumes no such actions. Further, the analysis does not consider the effects of the change in the level of overall economic activity that could exist in such an environment.

Included in this Management Discussion and Analysis of Financial Condition and Results of Operations are certain forward looking financial and other information, including without limitation matters relating to Spinnaker, Year 2000 matters and Market Risk. It should be recognized that such information are projections, estimates or forecasts based on various assumptions, including without limitation, meeting its assumptions regarding expected operating performance and other matters specifically set forth, as well as the expected performance of the economy as it impacts the Registrant's businesses, government and regulatory actions and approvals, and tax consequences, and the risk factors and cautionary statements set forth in reports filed by Registrant and Spinnaker with the Securities and Exchange Commission. As a result, such information is subject to uncertainties, risks and inaccuracies, which could be material.

Item 3. Quantitative and Qualitative Disclosure About Market Risk

See "Market Risk" under Item 2 above.

PART II OTHER INFORMATION

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

At the Annual Meeting of Stockholders of the Registrant held on May 11, 2000 the following persons were elected as Directors with the following votes:

Name	Votes For	Votes Withheld
E. Val Cerutti	1,397,809	4,886
Robert E. Dolan	1,397,704	4,991
Mario J. Gabelli	1,397,764	4,931
Avrum Gray	1,397,709	4,986
Louis A. Guzzetti, Jr.	1,397,649	5,046
Ralph R. Papitto	1,397,809	4,886

In addition, the sale of 100,000 shares of Registrant's Common Stock to Mario J. Gabelli, Registrant's Chairman and Chief Executive Officer, was ratified as follows:

For:	582,619
Against:	3,954
Abstain:	403,092*
Broker Nonvotes:	413,092

*Mr. Gabelli abstained with respect to shares of Registrant's Common Stock beneficially owned by him.

Also, Amendments to Registrant's Principal Executive Bonus Plan were approved as follows:

For:	1,383,790
Against:	12,159
Abstain:	6,746

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits
27 - Financial Data Schedule

(b) Reports on Form 8-K
None

SIGNATURES

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

LYNCH CORPORATION
(Registrant)

By: s/Roger J. Dexter
Roger J. Dexter
Chief Financial Officer

August 14, 2000