
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

(Mark One)

QUARTERLY REPORT UNDER SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2000

TRANSITION REPORT UNDER SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

COMMISSION FILE NUMBER 0-20928

VAALCO Energy, Inc.

(Exact name of small business issuer as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

76-0274813
(I.R.S. Employer
Identification No.)

4600 POST OAK PLACE
SUITE 309
HOUSTON, TEXAS
(Address of principal executive offices)

77027
(Zip Code)

Issuer's telephone number: (713) 623-0801

Check whether the issuer (1) filed all reports required to be filed by
Section 13 or 15(d) of the Exchange Act during the past 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, 2000 there were outstanding 20,744,569 shares of Common
Stock, \$.10 par value per share, of the registrant.

VAALCO ENERGY, INC. AND SUBSIDIARIES

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VAALCO ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)
(in thousands of dollars, except par value amounts)

JUNE 30,

DECEMBER 31,

2000

1999

-----		-----	
<S>			
<C>	<C>		
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents		\$	10,486
2,925			
Funds in escrow			31
108			
Receivables:			
Trade			703
411			
Other			1,443
131			
Materials and supplies, net of allowance for inventory obsolescence of \$9			331
332			
Prepaid expenses and other			65
24			
-----		-----	-----
Total current assets			13,059
3,931		-----	-----

PROPERTY AND EQUIPMENT-SUCCESSFUL EFFORTS METHOD			
Wells, platforms and other production facilities			1,226
1,331			
Undeveloped acreage			676
703			
Work in progress			2,294
2,331			
Equipment and other			67
64			
-----		-----	-----
			4,263
4,429			
Accumulated depreciation, depletion and amortization			(848)
(840)		-----	-----

Net property and equipment			3,415
3,589		-----	-----

OTHER ASSETS:			
Funds in escrow			--
9,966			
Investment in unconsolidated entities			1,640
4,197			
Deferred tax asset			370
370			
Other long-term assets			61
35			
-----		-----	-----
TOTAL		\$	18,545
22,088			\$
=====		=====	

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:			
Accounts payable and accrued liabilities		\$	548
609			
Accounts with partners			519
403			
-----		-----	-----
Total current liabilities			1,067
1,012		-----	-----

MINORITY INTEREST			12
12			
FUTURE ABANDONMENT COSTS			3,297

3,297			

Total liabilities		4,376	
4,321		-----	

COMMITMENTS AND CONTINGENCIES			
STOCKHOLDERS' EQUITY:			
Preferred stock, \$25 par value, 500,000 shares authorized; 10,000 shares issued and outstanding in 2000 and 1999		250	
250			
Common stock, \$.10 par value, 100,000,000 authorized shares 20,749,964 shares issued of which 5,395 are in the treasury in 2000 and 1999		2,075	
2,075			
Additional paid-in capital		41,215	
41,215			
Accumulated deficit		(29,359)	
(25,761)			
Less treasury stock, at cost		(12)	
(12)			

Total stockholders' equity		14,169	
17,767		-----	

TOTAL		\$ 18,545	\$
22,088		=====	
=====			

</TABLE>

See notes to consolidated financial statements.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED OPERATIONS
(Unaudited)
(in thousands of dollars, except per share amounts)

June 30,	Three Months Ended June 30,		Six Months Ended	
	2000	1999	2000	

1999				

<S>	<C>	<C>	<C>	
<C>				
REVENUES:				
Oil and gas sales	\$ 486	\$ 146	\$ 775	\$
272				

	486	146	775	
272				

OPERATING COSTS AND EXPENSES:				
Production expenses	153	164	227	
222				
Depreciation, depletion and amortization	4	3	8	
5				
Exploration costs	36	281	590	
281				
General and administrative expenses	452	511	860	
1,002				

Total operating costs and expenses	645	959	1,685	
1,510				

OPERATING LOSS (1,238)	(159)	(813)	(910)	
OTHER INCOME (EXPENSE):				
Interest income 457	135	198	290	
Equity loss in unconsolidated entities (762)	(562)	(251)	(2,955)	
Other, net 25	(20)	--	(20)	

Total other income (expense) (280)	(447)	(53)	(2,685)	

LOSS BEFORE INCOME TAXES (1,518)	(606)	(866)	(3,595)	
INCOME TAXES --	3	--	3	
LOSS ATTRIBUTABLE TO COMMON SHAREHOLDERS (1,518)	\$ (609)	\$ (866)	\$ (3,598)	\$
=====				
LOSS PER COMMON SHARE: BASIC AND DILUTED (0.07)	\$ (0.03)	\$ (0.04)	\$ (0.17)	\$
=====				
WEIGHTED AVERAGE COMMON SHARES:				
BASIC 20,755	20,745	20,755	20,745	
=====				
DILUTED 20,882	20,745	20,820	20,834	
=====				

</TABLE>

See notes to consolidated financial statements.

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<TABLE>
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VAALCO ENERGY, INC. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)
(in thousands of dollars)

	Six Months Ended June 30,	
	2000	1999
	-----	-----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	\$ (3,598)	\$ (1,518)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation, depletion and amortization	8	5
Equity loss in unconsolidated entities	2,955	762
Exploration expense	590	281
Change in assets and liabilities that provided (used) cash:		
Funds in escrow	10,043	5,452
Trade receivables	(292)	85
Accounts with partners	116	(5,369)
Other receivables	(1,312)	15
Materials and supplies	1	(19)
Prepaid expenses and other	(41)	(50)
Accounts payable and accrued liabilities	(61)	(146)
	-----	-----
Net cash provided by (used in) operating activities	8,409	(502)

CASH FLOWS FROM INVESTING ACTIVITIES:		
Disposals of property and equipment	27	--
Additions to property and equipment	(451)	(851)
Exploration Expense	--	(281)
Investment in unconsolidated entities	(398)	(1,002)
Other	(26)	(224)
Net cash used in investing activities	(848)	(2,358)
NET CHANGE IN CASH AND CASH EQUIVALENTS	7,561	(2,860)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,925	6,671
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 10,486	\$ 3,811

</TABLE>

See notes to consolidated financial statements.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2000
(Unaudited)

1. UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of VAALCO Energy, Inc. and Subsidiaries (collectively, "VAALCO" or the "Company"), included herein are unaudited, but include all adjustments consisting of normal recurring accruals which the Company deems necessary for a fair presentation of its financial position, results of operations and cash flows for the interim period. Such results are not necessarily indicative of results to be expected for the full year. These financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Form 10-KSB for the year ended December 31, 1999.

VAALCO Energy, Inc., a Delaware corporation, is a Houston-based independent energy company principally engaged in the acquisition, exploration, development and production of crude oil and natural gas. VAALCO owns producing properties and conducts exploration activities as operator of consortiums internationally in the Philippines and Gabon. Domestically, the Company has interests in the Texas Gulf Coast area.

VAALCO's Philippine subsidiaries include Alcorn (Philippines) Inc., Alcorn (Production) Philippines Inc. and Altisima Energy, Inc. VAALCO's Gabon subsidiaries are VAALCO Gabon (Etame), Inc., VAALCO Production (Gabon), Inc. and VAALCO Energy (Gabon), Inc. VAALCO Energy (USA), Inc. holds interests in certain properties in the United States.

2. RECENT DEVELOPMENTS

Effective June 30, 2000 the Company elected to withdraw from Hunt Overseas Exploration Company L.P. ("Hunt"). The Company formerly held a 7.5% limited partnership interest in Hunt. The Company's obligations under the partnership were to contribute up to \$22.5 million for its share of the exploration phase of the partnership, \$22.3 million of which had been funded as of June 30, 2000. In addition, if Hunt discovered oil, the Company may have been required to contribute an additional \$7.5 million to fund the appraisal of the discovery. As a result of withdrawing from the Hunt venture, Hunt released certain funds in escrow totaling \$8.2 million, which have been reclassified as cash on the June 30, 2000 consolidated balance sheet. In addition, during the third quarter, Hunt will reimburse the Company for its share of net working capital in the partnership as of June 30, 2000. This reimbursement is expected to be approximately \$1.3 million dollars and has been reclassified from investment in unconsolidated entities to other receivables on the June 30, 2000 consolidated balance sheet.

The Company has also elected to terminate its joint venture with Paramount Petroleum, Inc., which focused on domestic onshore prospects in Mississippi, Alabama and Louisiana. The Company will receive its proportionate 93.75% interest in kind in all remaining prospects within the joint venture on December 1, 2000, unless the prospects are sold to industry for drilling prior to that time.

VAALCO ENERGY, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL
 FOR THE SIX MONTHS ENDED JUNE 30, 2000
 (Unaudited)

During the second quarter of 2000 the company engaged an investment banking firm to assist it in identifying potential prudent business opportunities for the benefit of the Company's shareholders.

The Company is the operator of a 3,073 square kilometer concession known as the Etame Block offshore Gabon, West Africa, with a working interest ownership of 17.9%. The Company made a Gamba sandstone discovery on the concession in 1998, which tested approximately 3,700 barrels of oil per day on a 32/64's inch choke. In January 1999, the Company completed the drilling of the Etame 2V delineation well on its concession offshore Gabon. The well logged oil pay in the Gamba Sandstone, however, the reservoir was encountered at a lower depth than expected. During the second quarter of 1999, a seismic reprocessing effort was commenced to better delineate the Gamba reservoir, which lies below a layer of salt. In February 2000, the Company completed the seismic reprocessing activities and has recommended to the consortium a third drilling location. A majority partner in the venture desires to defer the drilling of the well to the first quarter of 2001.

3. EARNINGS PER SHARE

The weighted average common shares outstanding represent those of historical VAALCO for the applicable periods.

The Company accounts for earnings per share in accordance with the Statement of Financial Accounting Standard No. 128 - "Earnings per Share." ("SFAS No. 128") which establishes the requirements for presenting earnings per share ("EPS"). SFAS No. 128 requires the presentation of "basic" and "diluted" EPS on the face of the income statement. Basic earnings per common share amounts are calculated using the average number of common shares outstanding during each period. Diluted earnings per share assumes the conversion of preferred stock to common stock and the exercise of all stock options having exercise prices less than the average market price of the common stock using the treasury stock method.

4. RECENT ACCOUNTING PRONOUNCEMENTS

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 133. "Accounting for Derivative Instruments and Hedging Activities" SFAS No. 133, as amended, is effective for derivative instruments and hedging activities that require an entity to recognize all derivatives as an asset or liability measured at its fair value. Depending on the intended use of the derivative, changes in its fair value will be reported in the period of change as either a component of earnings or a component of comprehensive income. Retroactive application to periods prior to adoption is not allowed. The Company is not affected by adoption of FASB No. 133, as amended, in this reporting period as it has no current hedging activities.

VAALCO ENERGY, INC. AND SUBSIDIARIES
 MANAGEMENT'S DISCUSSION AND ANALYSIS OF
 FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

This report includes "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended ("Exchange Act"). All statements other than statements of historical fact included in this Report (and the exhibits hereto), including without limitation, statements regarding the Company's financial position and estimated quantities and net present values of reserves, are forward looking statements. The Company can give no assurances that the assumptions upon which such statements are based will prove to have been correct. Important factors that could cause actual results to differ materially from the Company's expectations ("Cautionary Statements") are disclosed in the section "Risk Factors" included in the Company's Forms 10-KSB and other periodic reports filed under the Exchange Act, which are herein incorporated by reference. All subsequent written and oral forward looking statements attributable to the Company or persons acting on its behalf are expressly qualified by the Cautionary Statements.

The Company's results of operations are dependent upon the difference between prices received for its oil and gas production and the costs to find and produce such oil and gas. Oil and gas prices have been and are expected in the future to be volatile and subject to fluctuations based on a number of factors beyond the control of the Company. The Company's production in the Philippines (representing substantially all of the Company's oil production since 1994) is from mature offshore fields with high production costs. Since 1996, the Company has produced into barges, which transport the oil to market. Due to weather and other factors, the Company's production is generally highest during the first and fourth quarters of the year. The Company's margin on sales from these fields (the price received for oil less the production costs for the oil) is lower than the margin on oil production from many other areas. As a result, the profitability of the Company's production in the Philippines is affected more by changes in oil prices than production located in other areas.

The Company uses the successful efforts method to account for its investment in oil and gas properties whereby costs of productive wells, developmental dry holes and productive leases are capitalized and amortized using the units-of-production method based on estimated net proved reserves. The costs of development wells are capitalized but charged to expense if and when the well is determined to be unsuccessful. Geological and geophysical costs and the costs of carrying and retaining undeveloped properties are expensed as incurred.

CAPITAL RESOURCES AND LIQUIDITY

The Company's primary source of capital resources is derived predominantly from the private placement of Common Stock, Preferred Stock and debt financing to fund its exploration operations.

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VAALCO ENERGY, INC. AND SUBSIDIARIES MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The Company produces oil from the Matinloc and Nido fields in the South China Sea, located in the Philippines. During the year ended December 31, 1999, total production from the fields was approximately 313,000 gross barrels of oil. Production for the six months ending June 30, 2000 was approximately 231,000 gross barrels of oil. Substantially all of the Company's crude oil and natural gas is sold at the well head at posted or index prices under short-term contracts, as is customary in the industry. The Company markets its share of crude oil under an agreement with Seoil, a local Philippines refiner. While the loss of this buyer might have a material effect on the Company in the near term, management believes that the Company would be able to obtain other customers for its crude oil.

The Company has recommended the drilling of an additional delineation well on the Etame Block offshore Gabon during 2000, however a majority partner seeks to defer the well to the first quarter of 2001. The Company's share of the cost of the well is estimated to be \$1.1 million.

The Company participates in a joint venture with Paramount Petroleum, Inc. to conduct exploration activities primarily in the onshore Gulf Coast area, including Alabama, Mississippi and Louisiana, wherein the Company receives one half of all interests earned by the joint venture. The Company invested \$3.0 million in the Paramount joint venture, \$1.4 million of which has been impaired to date. The Company has agreed with Paramount Petroleum to wind up the joint venture by year end 2000. There can be no assurance that the Company will realize a return on this investment or that the Company's investment in the Paramount joint venture will be successful.

The Company will rely on cash in hand, the issuance of equity and debt securities, assets sales and cash flow from operations to provide the required capital for funding future operations. During 2000, the Company anticipates that it will make capital expenditures on oil and gas properties of approximately \$3.5 million, including Hunt partnership expenditures. Approximately \$2.2 million of the projected capital expenditure amount had been spent as of June 30, 2000.

RESULTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30, 2000 COMPARED TO THREE MONTHS ENDED JUNE 30, 1999

Revenues

Total revenues were \$486 thousand for the three months ended June 30, 2000 compared to \$146 thousand for the comparable period in 1999. Both higher crude prices and oil production volumes in 2000 accounted for the increase in revenues.

Operating Costs and Expenses
- -----

Total production expenses for the three months ended June 30, 2000 were \$153 thousand compared to \$164 thousand in 1999. Exploration expense was \$36 thousand for the three months ended June 30, 2000, compared to \$281 thousand in 1999. The 1999 exploration costs

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VAALCO ENERGY, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

included dry hole costs associated with onshore domestic wells in which the Company participated. General and administrative expenses for the three months ended 2000 and 1999 were \$452 thousand and \$511 thousands, respectively a reduction of \$59 thousand for the quarter due to lower personnel costs.

Other Income (Expense)
- -----

Interest income of \$135 thousand was received from amounts on deposit in 2000 compared to \$198 thousand in the quarter ended June 30, 1999. Smaller balances on deposit in 2000 compared to 1999 caused the difference. The equity loss in unconsolidated entities in the quarter ended June 30, 2000 of \$562 thousand included partnership expenses of \$580 thousand associated with the Hunt partnership. The partnership expenses consisted primarily of exploration expense for dry holes in Ghana and Niger, and expenses for partnership general and administrative costs. As stated previously, the Company has withdrawn from the partnership effective June 30, 2000. In addition, \$18 thousand of equity gain was realized associated with the Paramount joint venture during the second quarter 2000. The gain resulted from the sale of a prospect in Alabama. The 1999 period losses of \$251 thousand consisted of \$218 thousand associated with Hunt partnership exploration expenses and \$33 thousand associated with the Paramount joint venture.

Net Loss
- -----

Net loss attributable to common stockholders for the three months ended June 30, 2000 was \$609 thousand, compared to a net loss attributable to common stockholders of \$866 thousand for the same period in 1999. The net loss for the 2000 period was primarily due to exploration costs and losses from the Hunt Partnership.

SIX MONTHS ENDED JUNE 30, 2000 COMPARED TO SIX MONTHS ENDED JUNE 30, 1999

Revenues
- -----

Total revenues were \$775 thousand for the six months ended June 30, 2000 compared to \$272 thousand for the comparable period in 1999. Higher crude prices and production volumes in 2000 accounted for the increase in revenues.

Operating Costs and Expenses
- -----

Total production expenses for the six months ended June 30, 2000 were \$227 thousand compared to \$222 thousand in 1999. Exploration expense of \$590 thousand included \$428 thousand for dry hole expense associated with a well drilled in Demmit County, Texas and \$162 thousands for costs associated with lease expirations in Brazos County, Texas. The 1999 exploration costs were \$281 thousand. General and administrative expenses for the six months ended June 30, 2000 and 1999 were \$860 thousand and \$1,002 thousand, respectively, a reduction of \$142 thousand for the period due to lower personnel costs.

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VAALCO ENERGY, INC. AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Other Income (Expense)
- -----

Interest income of \$290 thousand was received from amounts on deposit in 2000 compared to \$457 thousand in the quarter ended June 30, 1999. Smaller balances on deposit in 2000 compared to 1999 caused the difference. The equity loss in unconsolidated entities in the quarter ended June 30, 2000 of \$2,955 thousand included partnership expenses of \$2,837 thousand associated with the Hunt partnership. Exploration expenses were incurred for dry holes in Ghana and

Niger, and expenses for partnership general and administrative costs. In addition, \$118 thousand of equity loss was incurred associated with the Paramount joint venture during the first and second quarters of 2000. The 1999 period losses consisted of \$762 thousand associated with Hunt partnership exploration expenses and the Paramount joint venture.

Net Loss
- -----

Net loss attributable to common stockholders for the six months ended June 30, 2000 was \$3,598 thousand, compared to a net loss attributable to common stockholders of \$1,518 thousand for the same period in 1999. The net loss for both periods was primarily due to exploration costs and losses from Hunt and the Paramount joint venture.

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PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS
- -----

The Company is not presently a party to any material legal proceedings.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

At the annual meeting of stockholders held on June 7, 2000 the Common and Preferred Stockholders elected one Class II Director and the Preferred Stockholders, voting as a class, elected one additional Class II Director to serve on the Company's Board of Directors. The stockholders also approved the appointment of Deloitte & Touche as auditors of the Company.

<TABLE>
<CAPTION>

Directors Elected by Common and Preferred Stockholders -----	Votes Cast For -----	Votes Cast Against -----	Abstentions -----
<S> Virgil A. Walston, Jr.	<C> 39,050,543	<C> 0	<C> 0
Directors Elected by Preferred Stockholders -----	Votes Cast For -----	Votes Cast Against -----	Abstentions -----
T. Michael Long	10,000	0	0

</TABLE>

Regarding the proposal to approve the appointment of Deloitte & Touche as the Company's auditors, 39,050,543 votes were cast for the proposal, 0 votes were cast against the proposal and 0 votes abstained from voting.

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ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

3. Articles of Incorporation and Bylaws
 - 3.1(b) Restated Certificate of Incorporation
 - 3.2(b) Certificate of Amendment to Restated Certificate of Incorporation
 - 3.3(b) Bylaws
 - 3.4(b) Amendment to Bylaws
 - 3.5(c) Designation of Convertible Preferred Stock, Series A
27. Financial Data Schedule

-
- (a) Filed as an exhibit to the Company's report on Form 8-K filed with the Commission on March 4, 1998 (file no. 000-20928) and hereby incorporated by reference herein.
 - (b) Filed as an exhibit to the Company's Registration Statement on Form S-3 filed with the Commission on July 15, 1998 and hereby incorporated by reference herein.
 - (c) Filed as an exhibit to the Company's Report on Form 8-K filed with the Commission on May 6, 1998 and hereby incorporated by reference herein.

(b) Reports on Form 8-K.
None

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SIGNATURES

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

VAALCO ENERGY, INC.
(Registrant)

By /s/W. RUSSELL SCHEIRMAN

W. RUSSELL SCHEIRMAN, PRESIDENT,
Chief Financial Officer and Director
(on behalf of the Registrant and as the
principal financial officer)

Dated August 11, 2000

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