

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

SCHEDULE 13D  
(RULE 13d-101)

(AMENDMENT NO. 1)

INFORMATION TO BE INCLUDED IN STATEMENTS FILED PURSUANT  
TO RULE 13d-1(a) AND AMENDMENTS THERETO FILED PURSUANT TO  
RULE 13d-2(a)

Nanophase Technologies Corporation  
(Name of Issuer)

Common Stock, no par value per share  
(Title of Class of Securities)

630079101  
(CUSIP Number)

Rachel M. Pernia  
Vice President and Controller  
Harris & Harris Group, Inc.  
One Rockefeller Plaza  
Suite 1430  
New York, New York 10020  
(212) 332-3600

(Name, Address and Telephone Number of Person Authorized  
to Receive Notices and Communications)

Copy to:

Daniel E. Stoller, Esq.  
Skadden, Arps, Slate, Meagher & Flom LLP  
919 Third Avenue  
New York, New York 10022  
(212) 735-3000

October 5, 1998  
(Date of Event which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G  
to report the acquisition which is the subject of this Schedule 13D, and is  
filing this schedule because of Rule 13d-1(e), 13d-1(f) or 13d-1(g), check  
the following box: [x]

CUSIP No. 630079101

1. NAME OF REPORTING PERSONS  
I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Harris & Harris Group, Inc.  
13-3119827

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a) \_\_\_\_  
(b) \_\_\_\_

3. SEC USE ONLY

4. SOURCE OF FUNDS

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSU

ANT TO ITEMS 2(d) or 2(e)

-----

6. CITIZENSHIP OR PLACE OF ORGANIZATION

New York

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON WITH

- 7. SOLE VOTING POWER            730,916 shares
- 8. SHARED VOTING POWER        0 shares
- 9. SOLE DISPOSITIVE POWER     730,916 shares
- 10. SHARED DISPOSITIVE POWER  0 shares

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

730,916 shares

12. CHECK BOX IF THE AGGREGATE AMOUNT IN ROW (11) EXCLUDES CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.9 %

14. TYPE OF REPORTING PERSON

CO

This statement amends and supplements the Schedule 13D relating to the beneficial ownership of common stock, no par value per share, of Nanophase Technologies Corporation, a corporation originally incorporated in Illinois and reincorporated in Delaware (the "Issuer"), filed by Harris & Harris Group, Inc., a New York corporation ("Harris & Harris"). Except as disclosed herein there has been no change in the information previously reported on Schedule 13D.

ITEM 4. PURPOSE OF TRANSACTION.

Item 4 of this Schedule 13D is hereby amended as follows:

Harris & Harris, which previously expressed concerns in this Item 4 regarding the Issuer's senior management, views as a very positive development the fact that Joseph Cross has joined the Issuer as President and Chief Operating Officer and as a member of the Issuer's Board of Directors. Harris & Harris also is pleased that the Issuer's Chief Executive Officer stated in a press release, dated October 5, 1998, that Joseph Cross joined the Issuer as part of the Issuer's succession plan.

SIGNATURES

After reasonable inquiry and to the best knowledge and belief of the entity set forth below, such entity certifies that the information set forth in this Statement is true, complete, and correct.

October 7, 1998

HARRIS & HARRIS GROUP, INC.

By: /s/ Rachel M. Pernia

-----

Rachel M. Pernia  
Vice President and Controller

