UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

(Mark One)

(X) ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2000

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

For the transition period from to

Commission file number 0-8328

DYNAMIC MATERIALS CORPORATION

(Exact name of Registrant as specified in its charter)

Delaware	84-0608431
(State or Incorporation or Organization)	(I.R.S. Employer Identification No.)

551 Aspen Ridge Drive, Lafayette, Colorado 80026
(Address of principal executive offices, including zip code)

(303) 665-5700
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:
Common Stock, $.05 Par Value

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 by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained in this form, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The approximate aggregate market value of the voting stock held by non-affiliates of the registrant was $3,984,879 as of March 15, 2001.

The number of shares of Common Stock outstanding was 4,990,331 as of March 15, 2001.

PART II

ITEM 8. Financial Statements

DYNAMIC MATERIALS CORPORATION

INDEX TO FINANCIAL STATEMENTS

As of December 31, 2000 and 1999 and for the Three Years Ended

December 2000, 1999 and 1998

The financial statement schedules required by Regulation S-X are filed under Item 14 "Exhibits, Financial Statement Schedules and Reports on Form 8-K".

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Dynamic Materials Corporation:

We have audited the accompanying balance sheets of DYNAMIC MATERIALS CORPORATION (a Delaware corporation) as of December 31, 2000 and 1999, and the related statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Dynamic Materials Corporation as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

ARTHUR ANDERSEN LLP

Denver, Colorado
February 28, 2001

(Except with respect to the matter discussed in Note 12, as to which the date is March 15, 2001)

DYNAMIC MATERIALS CORPORATION

BALANCE SHEETS

AS OF DECEMBER 31, 2000 AND 1999

<TABLE>
<CAPTION>

ASSETS	2000	1999
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents	$186,530	
Accounts receivable, net of allowance for doubtful accounts of $130,000 and $112,000, respectively	4,632,123	3,816,879
Inventories	3,881,155	3,410,828
Prepaid expenses and other	258,493	310,477
Income tax receivable	-	1,360,000
Total current assets	8,958,301	8,898,184
PROPERTY, PLANT AND EQUIPMENT	17,769,509	18,867,796
Less- Accumulated depreciation	(4,492,850)	(4,538,838)

	2000	1999
Property, plant and equipment--net	13,276,659	14,328,958
CONSTRUCTION IN PROCESS	-	389,795
RESTRICTED CASH AND INVESTMENTS	179,394	424,312
RECEIVABLE FROM RELATED PARTY	-	354,588
INTANGIBLE ASSETS, net of accumulated amortization of $1,094,870 and $786,077, respectively	4,992,750	5,281,543
OTHER ASSETS, net	260,351	409,938
	$27,667,455	$30,087,318

</TABLE>

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

DYNAMIC MATERIALS CORPORATION

BALANCE SHEETS

AS OF DECEMBER 31, 2000 AND 1999

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	2000	1999
<S>	<C>	<C>
CURRENT LIABILITIES:		
Bank overdraft	-	$ 193,471
Accounts payable	2,051,301	1,810,577
Accrued expenses	1,275,579	1,096,796
Current maturities on long-term debt	725,000	16,785,000
Current portion of capital lease obligation	3,394	35,230
Total current liabilities	4,055,274	19,921,074
LONG-TERM DEBT	10,230,000	-
CAPITAL LEASE OBLIGATION	-	3,069
DEFERRED GAIN ON SWAP TERMINATION	77,887	133,192
Total liabilities	14,363,161	20,057,335
COMMITMENTS AND CONTINGENCIES (Note 10)		
STOCKHOLDERS' EQUITY:		
Preferred stock, $.05 par value; 4,000,000 shares authorized; no issued and	-	

-		
outstanding shares		
Common stock, $.05 par value; 15,000,000 shares authorized; 4,990,331 and 2,842,429 shares issued and outstanding, respectively	249,517	142,122
Additional paid-in capital	12,262,109	7,122,553
Deferred compensation	-	(37,970)
Retained earnings	792,668	2,803,278
	13,304,294	10,029,983
	$27,667,455	$30,087,318

</TABLE>

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

DYNAMIC MATERIALS CORPORATION

STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
NET SALES	$27,862,581	$29,131,289	$38,212,051
COST OF PRODUCTS SOLD	23,822,815	25,419,287	30,372,600
Gross profit	4,039,766	3,712,002	7,839,451
COSTS AND EXPENSES:			
General and administrative expenses	3,622,403	3,536,450	3,262,993
Selling expenses	1,483,476	1,424,774	1,850,973
New facility start up costs	-	334,372	189,529
Plant closing costs	-	812,197	-
Impairment of long-lived assets	-	179,004	-
Costs related to attempted asset disposition	-	322,098	-
Total costs and expenses	5,105,879	6,608,895	5,303,495
(LOSS) INCOME FROM OPERATIONS	(1,066,113)	(2,896,893)	2,535,956
OTHER INCOME (EXPENSE):			
Other income	198,290	14,784	8,921
Interest expense, net of amounts capitalized	(1,094,181)	(1,009,911)	(283,706)
Interest income	31,505	19,912	11,585

(Loss) income before income taxes	(1,930,499)	(3,872,108)	2,272,756
INCOME TAX BENEFIT (EXPENSE)	-	1,154,000	(887,000)
NET (LOSS) INCOME BEFORE EXTRAORDINARY ITEM	(1,930,499)	(2,718,108)	1,385,756
EXTRAORDINARY ITEM - LOSS FROM EARLY EXTINGUISHMENT OF DEBT	(80,111)	-	-
NET (LOSS) INCOME	$(2,010,610)	$(2,718,108)	$ 1,385,756
NET (LOSS) INCOME PER SHARE - BASIC			
Net (loss) income before extraordinary item	$ (0.48)	$ (0.96)	$ 0.50
Extraordinary item	(0.02)	-	-
Net (loss) income	$ (0.50)	$ (0.96)	$ 0.50
NET (LOSS) INCOME PER SHARE - DILUTED			
Net (loss) income before extraordinary item	$ (0.48)	$ (0.96)	$ 0.49
Extraordinary item	(0.02)	-	-
Net (loss) income	$ (0.50)	$	$ 0.49
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING			
Basic	4,004,873	2,822,184	2,770,139
Diluted	4,004,873	2,822,184	2,852,547

</TABLE>

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

Page 1 of 2

DYNAMIC MATERIALS CORPORATION

STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

<TABLE>
<CAPTION>

	Common Stock		Additional Paid-In	Deferred	Retained
	Shares	Amount	Capital	Compensation	Earnings
<S>	<C>	<C>	<C>	<C>	<C>
BALANCES, December 31, 1997	2,718,708	$ 135,936	$ 6,587,911	$ -	$ 4,135,630
Common stock issued for stock option exercises	57,115	2,856	139,865	-	-

	Shares	Amount	Additional Paid-In Capital	Deferred Compensation	Retained Earnings
Common stock issued in connection with the Employee Stock Purchase Plan	23,068	1,153	111,271	-	-
Tax benefit related to non-statutory options	-	-	20,021	-	-
Shares issued in connection with the purchase of Spin Forge	50,000	2,500	447,300	-	-
Restricted stock grant related to the purchase of Spin Forge	7,500	375	67,125	(67,500)	-
Shares issued in connection with the purchase of PMP	40,000	2,000	213,680	-	-
Amortization of deferred compensation	-	-	-	12,655	-
Shares repurchased from related party	(73,168)	(3,658)	(421,627)	-	-
Shares received from related party in partial satisfaction of related party receivable	(24,832)	(1,242)	(143,096)	-	-
Net income	-	-	-	-	1,385,756
BALANCES, December 31, 1998	2,798,391	139,920	7,022,450	(54,845)	5,521,386

</TABLE>

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

DYNAMIC MATERIALS CORPORATION

STATEMENTS OF STOCKHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

<TABLE>
<CAPTION>

	Common Stock		Additional Paid-In	Deferred	Retained
	Shares	Amount	Capital	Compensation	Earnings
<S>	<C>	<C>	<C>	<C>	<C>
BALANCES, December 31, 1998	2,798,391	$ 139,920	$ 7,022,450	$ (54,845)	$ 5,521,386
Common stock issued for stock option exercises	19,500	975	52,150	-	-
Common stock issued in connection with the Employee Stock Purchase Plan	24,538	1,227	47,953	-	-
Amortization of deferred compensation	-	-	-	16,875	-
Net loss	-	-	-	-	(2,718,108)
BALANCES, December 31, 1999	2,842,429	142,122	7,122,553	(37,970)	2,803,278
Common stock issued to SNPE, Inc.,					

net $563,748 in of issuance costs	2,109,091	105,455	5,130,797	-	-
Common stock issued in connection with the Employee Stock Purchase Plan	42,561	2,128	42,322	-	-
Amortization of deferred compensation	-	-	-	4,219	-
Forfeiture of restricted stock grant	(3,750)	(188)	(33,563)	33,751	-
Net loss	-	-	-	-	(2,010,610)
BALANCES, December 31, 2000	4,990,331	$ 249,517	$12,262,109	$ -	$ 792,668

</TABLE>

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

Page 1 of 2

DYNAMIC MATERIALS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net (loss) income	$ (2,010,610)	$(2,718,108)	$ 1,385,756
Adjustments to reconcile net (loss) income to net cash flows from operating activities-			
Depreciation	1,311,417	1,187,785	942,688
Amortization	308,793	326,318	152,308
Amortization of deferred compensation	4,219	16,875	12,655
Amortization of deferred gain on swap termination	(55,305)	(17,708)	-
Provision for deferred income taxes	-	66,300	119,900
Impairment of long-lived assets	-	179,004	-
Gain on sale of property, plant and equipment	(185,570)	-	-
Change in (excluding acquisitions)-			
Accounts receivable, net	(815,244)	1,015,779	578,209
Inventories	(470,327)	1,963,001	18,090
Prepaid expenses and other	(1,582)	(95,701)	(34,235)
Income tax receivable	1,360,000	(860,068)	(204,938)
Accounts payable	240,724	(537,513)	(786,769)
Accrued expenses	178,783	(637,486)	602,883
Net cash flows from operating activities	(134,702)	(111,522)	2,786,547
CASH FLOWS FROM INVESTING ACTIVITIES:			
Investment and earnings on bond proceeds	(10,090)	(110,693)	(6,550,707)
Release of bond proceeds by trustee	255,008	4,735,362	1,501,726
Cash paid in connection with the construction of the new facility	(336,347)	(5,082,680)	

	2000	1999	1998
			(1,853,723)
Purchase of AMK assets	-	-	(939,968)
Purchase of Spin Forge assets	-	-	(2,615,691)
Purchase of PMP assets	-	-	(6,869,920)
Acquisition of property, plant and equipment	(233,876)	(351,425)	(961,092)
Loan to related party	-	(74,588)	(280,000)
Proceeds from repayment of loan to related party	354,588	-	-
Change in other noncurrent assets	245,971	57,366	34,036
Proceeds on sale of property, plant and equipment	940,036	-	-
Net cash flows from investing activities	1,215,290	(826,658)	(18,535,339)

</TABLE>

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

DYNAMIC MATERIALS CORPORATION

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Industrial development revenue bond proceeds	$ -	$ -	$ 6,850,000
Bond issue costs paid	-	-	(195,720)
Borrowings/(payments) on bank line of credit, net	155,000	1,500,000	8,600,000
Repayment on bank line of credit	(10,255,000)	-	-
Payment on industrial development revenue bonds	(680,000)	(165,000)	-
Proceeds from issuance of common stock to SNPE, Inc., net of issuance costs	5,236,252	-	-
Borrowings on SNPE, Inc. line of credit	3,750,000	-	-
Borrowings on SNPE, Inc. convertible subordinated note	1,200,000	-	-
Payments on long-term debt	-	(5,742)	(84,378)
Payments on capital lease obligation	(34,905)	(32,450)	(29,888)
Payment of deferred financing costs	(116,384)	-	(100,216)
Cash received upon termination of swap agreements	-	150,900	-
Repayment of bank overdraft	(193,471)	(611,833)	-
Bank overdraft	-	-	805,304
Cash paid in connection with the shares repurchased from related party	-	-	(425,285)
Net proceeds from issuance of common stock	44,450	102,305	255,145
Tax benefit related to non-statutory options	-	-	20,021
Net cash flows from financing activities	(894,058)	938,180	15,694,983
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	186,530	-	(53,809)
CASH AND CASH EQUIVALENTS, beginning of the year	-	-	53,809

	2000	1999	1998
CASH AND CASH EQUIVALENTS, end of the year	$ 186,530	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for-			
Interest, net of amounts capitalized	$ 850,717	$ 951,507	$ 138,677
Income taxes	$ -	$ 145,307	$ 952,017

NON-CASH INVESTING ACTIVITIES:
During 1998, $144,338 of the shares acquired from a related party were in satisfaction of a receivable from that party.

Acquisitions:

	2000	1999	1998
Accounts receivable	$ -	$ -	$ 474,517
Inventories	-	-	1,362,360
Prepaids and other	-	-	31,500
Property, plant and equipment	-	-	5,617,460
Intangible assets	-	-	4,529,705
Liabilities assumed	-	-	(924,483)
Common stock issued	-	-	(665,480)
Net cash paid	$ -	$ -	$10,425,579

</TABLE>

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

DYNAMIC MATERIALS CORPORATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000, 1999 AND 1998

(1) ORGANIZATION AND BUSINESS

Dynamic Materials Corporation (the "Company") was incorporated in the state of Colorado in 1971, and reincorporated in the state of Delaware during 1997, to provide products and services requiring explosive metalworking. The Company is based in the United States and has customers throughout North America, Western Europe, Australia and the Far East. The Company currently operates under two business groups - explosion metalworking, in which metals are metallurgically joined or altered by using explosives; and aerospace, in which parts are machined, formed or welded primarily for the commercial aircraft and aerospace industries.

Transaction with SNPE, Inc.

On June 14, 2000 the Company's stockholders approved a Stock Purchase Agreement ("the Agreement") between the Company and SNPE, Inc. ("SNPE"). The closing of the transaction, which was held immediately following stockholder approval, resulted in a payment from SNPE of $5,800,000 to the Company in exchange for 2,109,091 of the Company's common stock at a price of $2.75 per share causing SNPE to become a 50.8% stockholder of the Company on the closing date. In addition, the Company borrowed $1,200,000 under a convertible subordinated note from SNPE and $3,500,000 under a new credit facility with SNPE (see Note 4). Proceeds from the SNPE equity investment, convertible subordinated note issuance and credit facility borrowings enabled the Company to repay all borrowings from its bank under a revolving credit facility on which the Company had been in default since September 30, 1999.

(2) ACQUISITIONS

AMK Welding, Inc. - South Windsor, Connecticut

On January 5, 1998, the Company acquired certain assets of AMK Welding, Inc. ("AMK"). AMK supplies commercial aircraft and aerospace-related automatic and manual, gas tungsten and arc welding services. The total purchase price of approximately $940,000 included a cash payment made to the seller of $900,000 and transaction costs paid of approximately $40,000. Assets acquired consisted primarily of machinery and equipment, land and the building that houses AMK's operations.

Spin Forge, LLC - El Segundo, California

On March 18, 1998, the Company acquired certain assets of Spin Forge, LLC ("Spin Forge") for a purchase price of approximately $3,826,000 that was paid with a combination of approximately $2,616,000 in cash (which includes approximately $146,000 in transaction related costs), assumption of approximately $760,000 in liabilities and 50,000 shares of the Company's stock valued at $449,800. Spin Forge manufactures tactical missile motor cases and titanium pressure vessels for the commercial aerospace and defense industries. Principal assets acquired included machinery and equipment and inventories. The Company leases the land and buildings from Spin Forge, LLC and holds an option to purchase such property for approximately $2,900,000, subject to certain adjustments, exercisable under certain conditions through January 2002. The option may be extended beyond this date under specified conditions provided that the option price must be adjusted upwards in the event that the fair market value of the property at the time of exercise is higher than $2,900,000.

As part of a Personal Services Agreement between the Company and one of the former owners of Spin Forge, the Company granted 7,500 shares of restricted stock to that former owner. In connection with this acquisition, the former owner became an officer of the Company. The restricted stock grant was recorded as deferred compensation and was being amortized to expense over the four year vesting period of the grant. During the third quarter of 2000, the officer resigned from the Company and, consequently, the unvested shares of the restricted stock grant were forfeited.

Precision Machined Products, Inc. - Fort Collins, Colorado

On December 1, 1998, the Company acquired substantially all of the assets of Precision Machined Products, Inc. ("PMP") for a purchase price of approximately $7,073,000 (including approximately $57,000 in transaction related costs) which was paid with a combination of $6,800,000 in cash payments to the seller and the delivery of 40,000 shares of the Company's stock valued at approximately $216,000. PMP is a contract machining shop specializing in high precision, high quality, complex machined parts used in the aerospace, satellite, medical equipment and high technology industries. The Company is leasing the land and building used in the operation of PMP and held an option to purchase such land and building at fair market value that was exercisable through December 2000. Subsequent to the expiration of the option term, the Company has a right of first offer to purchase the land and building at fair market value. This right of first offer is exercisable through December 2008.

(3) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market. Cost elements included in inventory are material, labor, subcontract costs and factory overhead.

Inventories consist of the following at December 31, 2000 and 1999:

	2000	1999
Raw materials	$ 950,632	$ 1,311,345
Work in process	2,878,802	2,001,784
Supplies	51,721	97,699
	$ 3,881,155	$ 3,410,828

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Additions, improvements and betterments are capitalized when incurred. Maintenance and repairs are charged to operations as the costs are incurred. Depreciation is computed using the straight-line method over the estimated useful life of the related asset as follows:

Building and improvements	3-20 years
Manufacturing equipment and tooling	3-15 years
Furniture, fixtures and computer equipment	3-10 years
Other	3-5 years

Property, plant and equipment consists of the following at December 31, 2000 and 1999:

	2000	1999
Land	$ 241,600	$ 387,308
Building and improvements	5,138,626	6,699,198
Manufacturing equipment and tooling	10,220,578	9,736,646
Furniture, fixtures and computer equipment	1,957,948	1,802,751
Other	210,757	241,893
	$17,769,509	$18,867,796

Construction in Process

Building and equipment costs of $726,142 related to the Company's new manufacturing facility were transferred from construction in process to property, plant and equipment during the year ended December 31, 2000. Construction began in September 1998 and was largely completed during the third quarter of 1999. Residual costs incurred on the project in late 1999 and into 2000 related primarily to bringing a few remaining pieces of manufacturing equipment online. The project was financed using proceeds from the issuance of industrial development revenue bonds ("the Bonds") (see Note 4). Total net interest expense incurred on the bonds during 2000, 1999 and 1998 was $388,357, $188,648 and $(10,560), respectively (net of interest earned on the related invested bond proceeds held in trust of $10,089, $110,693 and $89,693 during 2000, 1999 and 1998, respectively). Of the total net bond interest incurred during 1999, $96,222 was incurred prior to the new facility being ready for service and was, therefore, capitalized. No interest was capitalized during 2000.

Intangible Assets and Goodwill

The Company holds numerous United States product and process patents related to the business of explosion metalworking and metallic products produced by various explosive processes. The Company's current patents expire between 2001 and 2010; however, expiration of any single patent is not expected to have a material adverse effect on the Company or its operations.

Patent costs are included in intangible assets in the accompanying balance sheets and include primarily legal and filing fees associated with the patent registration. These costs are amortized over the expected useful life of the issued patent, up to 17 years.

As a result of the Detaclad acquisition in 1996, $1,081,375 of excess cost over assets acquired was recorded. These costs are being amortized over a 25-year period using the straight-line method. The Company also acquired certain tradenames and entered into a non-compete agreement in connection with the Detaclad acquisition, which are included in intangible assets in the accompanying balance sheets. The costs attributed to the tradenames have been fully amortized while the non-compete agreement is being amortized over five years from the date of acquisition.

As a result of the AMK acquisition discussed in Note 2, the Company entered into two non-compete agreements which are valued at $50,000 each and are included in intangible assets and are being amortized over five years.

As a result of the PMP acquisition discussed in Note 2, $4,334,723 of excess cost over assets acquired was recorded and is being amortized over a 25-year period using the straight-line method. In addition, the Company entered into a non-compete agreement related to the acquisition of PMP. The value attributable to the non-compete agreement of $100,000 is also included in intangible assets and is being amortized over four years.

Intangible assets and goodwill are summarized as follows as of December 31, 2000 and 1999:

	2000	1999
Goodwill	$ 5,416,098	$ 5,416,098

Non-compete agreements	400,000	400,000
Other	271,522	251,522
	6,087,620	6,067,620
Accumulated amortization	(1,094,870)	(786,077)
	$ 4,992,750	$ 5,281,543

The Company evaluates the carrying value of its goodwill in accordance with the asset impairment accounting policy discussed below. However, if no events trigger a review under the asset impairment policy, the Company evaluates goodwill recoverability by reviewing whether ongoing events and circumstances throughout the year warrant revised estimates of goodwill useful lives. If estimates are changed and the useful life is shortened, the unamortized goodwill is allocated to the reduced number of remaining periods in the revised useful life, and the excess is expensed as a cost of operations. The Company has recorded no such revision to the carrying value of its goodwill during the years presented.

Asset Impairments

The Company reviews its long-lived assets and certain identifiable intangibles to be held and used by the Company for impairment whenever events or changes in circumstances indicate their carrying amount may not be recoverable. In so doing, the Company estimates the future net cash flows expected to result from the use of the asset and its eventual disposition. If the sum of the expected future net cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, and impairment loss is recognized to reduce the asset to its estimated fair value. Otherwise, an impairment loss is not recognized. Long-lived assets and certain identifiable intangibles to be disposed of, if any, are reported at the lower of carrying amount or fair value less cost to sell.

Plant Closing Costs

On April 22, 1999, the Company announced that it would be closing its Louisville, Colorado-based explosion bonded clad metal plate manufacturing facility in the third quarter of 1999 and consolidating all of its Explosive Metalworking Group operations into the new Pennsylvania-based clad plate manufacturing facility. The Company recorded a total of $812,197 in non-recurring charges during the year ended December 31, 1999 to cover costs associated with this plant closing. Plant closing costs include severance pay to terminated employees, outplacement service fees and certain expenses incurred in connection with final plant shutdown, clean-up and site reclamation work subsequent to the discontinuation of manufacturing activities at this facility.

In connection with the plant closing discussed above, the Company identified certain long-lived assets associated with its Colorado manufacturing operations that were abandoned and had negligible fair market values. Accordingly, the Company recorded asset impairment write-downs of $179,004 during the second and third quarters of 1999. The impaired assets, which after the write-down had no carrying value, have been disposed of.

The Company also identified certain inventory that was determined to have little value as a result of the plant closing. This inventory, which totaled approximately $108,000, was consequently written off in the second quarter of 1999. This charge is included in cost of products sold for the year ended December 31, 1999.

Other Assets

Included in other assets are deferred financing costs of $100,748 and $144,842, net of accumulated amortization of $15,636 and $155,767, as of December 31, 2000 and 1999, respectively. The deferred financing costs outstanding as of December 31, 2000 were incurred in connection with the SNPE subordinated note and credit facility (See Notes 1 and 4). These costs are being amortized over the applicable terms of the debt agreements. The deferred financing costs outstanding at December 31, 1999 related to the Company's previous lines of credit (see Note 4). As these lines of credit were extinguished in connection with the SNPE transaction on June 14, 2000, the unamortized deferred finance costs, net of the deferred gain on the termination of the related swap agreement of $80,111, was written off and recorded as extraordinary item - loss from extinguishment of debt. Also included in other assets at December 31, 2000 and 1999 are bond issue costs of $127,140 and $156,194, respectively, associated with the industrial development revenue bonds used to finance the Company's new manufacturing facility (Note 4). These costs, which originally totaled $195,720, are being amortized over the life of the bonds. As of December 31, 1999, other assets included $75,359 of costs related to the issuance of stock to SNPE, Inc. These costs consisted primarily of professional fees associated with the SNPE transaction and during 2000, were offset against additional paid-in capital or included in deferred finance costs in proportion to the equity and subordinated debt components of the SNPE transaction (Note 1).

Revenue Recognition

The Company's contracts with its customers generally require the production and delivery of multiple units or products. The Company records revenue from its contracts using the completed contract method as products are completed and shipped to the customer. If, as a contract proceeds toward completion, projected total cost on an individual contract indicates a potential loss, the Company provides currently for such anticipated loss.

Net (Loss) Income Per Share

Basic earnings per share ("EPS") is computed by dividing net (loss) income by the weighted average number of shares of common stock outstanding during the period. Diluted EPS recognizes the potential dilutive effects of dilutive securities. The following represents a reconciliation of the numerator and denominator used in the calculation of basic and diluted EPS:

<TABLE>
<CAPTION>

	For the year ended December 31, 1998		
	Income	Shares	Per share Amount
<S>	<C>	<C>	<C>
Net income	$1,385,756		
Basic earnings per share:			
Income available to common shareholders	$1,385,756	2,770,139	$ 0.50
Dilutive effect of options to purchase common stock	-	82,408	
Dilutive earnings per share:			
Income available to common shareholders	$1,385,756	2,852,547	$ 0.49

</TABLE>

During the years ended December 31, 2000 and 1999, the Company incurred a net loss, therefore, there is no difference in basic and diluted loss per share because the effect of options to purchase common stock and the conversion of the convertible subordinated debt is antidilutive.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, trade accounts receivable and payable, accrued expenses and notes receivable are considered to approximate fair value due to the short-term nature of these instruments. The fair value of the Company's long-term debt is estimated to approximate carrying value based on the borrowing rates currently available to the Company for bank loans with similar terms and average maturities.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the expected future income tax consequences based on enacted tax laws of temporary differences between the financial reporting and tax bases of assets and liabilities. The Company recognizes deferred tax assets for the expected future effects of all deductible temporary differences. Deferred tax assets are then reduced, if deemed necessary, by a valuation allowance for the amount of any tax benefits which, more likely than not based on current circumstances, are not expected to be realized (see Note 6).

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Company considers highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Start-up Costs

AICPA Statement of Position 98-5, "Reporting on the Costs of Start-up Activities," ("SOP 98-5") provides for guidance on the financial reporting for start-up and organization costs. It requires costs of start-up activities and organization costs to be expensed as incurred. SOP 98-5 was effective for financial statements for fiscal years beginning after December 15, 1998, however, the Company elected to adopt SOP 98-5 in 1998.

Concentration of Credit Risk

Financial instruments, which potentially subject the Company to a concentration of credit risk, consist primarily of cash, restricted cash, cash equivalents and accounts receivable. Generally, the Company does not require collateral to secure receivables. The Company currently has no significant financial instruments with off-balance sheet risk of accounting losses, such as foreign exchange contracts, options contracts, or other foreign currency hedging arrangements.

Reclassifications

Certain prior period amounts have been reclassified to conform to the current period presentation.

New Accounting Principles

The FASB recently issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"), which requires that companies recognize all derivatives as either assets or liabilities in the balance sheet at fair value. Under SFAS 133, accounting for changes in fair value of a derivative depends on its intended use and designation. SFAS 133 is effective for fiscal years beginning after June 15, 2000. The Company has implemented SFAS 133 effective January 1, 2001 with no impact.

In December 1999, the staff of the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101") "Views on Selected Revenue Recognition Issues" which provides the staff's views in applying generally accepted accounting principles to selected revenue recognition issues. The Company was required to implement SAB 101 during the year ended December 31, 2000. The Company has implemented SAB 101 with no impact.

(4) LONG-TERM DEBT

Long-term debt consists of the following at December 31, 2000 and 1999:

	2000	1999
Line of Credit - SNPE, Inc.	$ 3,750,000	$ -
Convertible Subordinated Note - SNPE, Inc.	1,200,000	-
Bank lines of credit	-	10,100,000
Industrial development revenue bonds	6,005,000	6,685,000
	10,955,000	16,785,000
Less- Current maturities	(725,000)	(16,785,000)
	$ 10,230,000	$ -

SNPE, Inc. Line of Credit

In connection with the SNPE transaction (see Note 1), the Company borrowed $3,500,000 on June 14, 2000 under a new credit facility with SNPE. The SNPE credit facility, which bears interest at the Federal Funds Rate plus 1.5%, may be increased to a maximum of $4,500,000 in total borrowings subject to certain approvals by SNPE. The interest rate at December 31, 2000 was 8.18%. The credit facility was originally scheduled to mature on June 14, 2001. However, SNPE subsequently agreed to amend the maturity date to March 31, 2002. During September 2000, the Company obtained the required approvals from SNPE and borrowed an additional $250,000 resulting in a $3,750,000 balance outstanding under the credit facility as of December 31, 2000. The credit facility is secured by the Company's accounts receivable, inventory and property, plant and equipment, except such assets that relate to the Company's Explosive Metalworking Group.

SNPE, Inc. Convertible Subordinated Note

In connection with the SNPE transaction (see Note 1), a cash payment was made by SNPE to the Company to purchase a five-year, 5% Convertible Subordinated Note ("Subordinated Note"). SNPE may convert the Subordinated Note into common stock of the Company at a conversion price of $6 at any time up to, and including the maturity date (June 14, 2005).

Bank Lines of Credit

The bank lines of credit were paid in their entirety in connection with the SNPE transaction discussed in Note 1. The weighted average interest rate on all line of credit borrowings at December 31, 1999 was 8.94%. The Company was in default on these lines of credit at December 31, 1999 and, as the corresponding waiver extended only through March 30, 2000, and certain covenant violations were likely to continue beyond this date, the subject debt was classified as a current liability in the December 31, 1999 financial statements.

In December 1998, the Company entered into an interest rate swap agreement with its bank related to the bank lines of credit. The Company terminated this swap agreement in the third quarter of 1999 resulting in a deferred gain of $45,600 that was being amortized over the terms of the acquisition line of credit. Once the bank lines of credit were extinguished as part of the SNPE transaction, the unamortized deferred gain of $31,388 was offset against the unamortized deferred finance charges of $111,499 related to the lines of credit and recorded as a extraordinary loss on extinguishment.

Industrial Development Revenue Bonds

During September 1998, the Company began construction on a new manufacturing facility in Fayette County, Pennsylvania. This project was being financed with proceeds from industrial development revenue bonds issued by the Fayette County Industrial Development Authority. The loan bears interest at a variable rate which is set weekly based on the current weekly market rate for tax-exempt bonds. The interest rate at December 31, 2000 and 1999 was 5.1% and 5.7%, respectively. The Company has established a bank letter of credit in the trustee's favor for the principal amount of outstanding bonds plus 98 days accrued interest on the bonds. The letter of credit was secured by the Company's accounts receivable, inventory, property, plant and equipment and the bond proceeds not yet expended for construction. On June 14, 2000, in conjunction with the line of credit entered into with SNPE, the collateral securing the letter of credit was reduced to include only those assets described above that relate to the Explosive Metalworking Group. The portion of the borrowings not yet expended for construction was $179,394 as of December 31, 2000 and was classified as restricted cash and investments in the accompanying balance sheet. The proceeds are held by a trustee until qualified expenditures are made and reimbursed to the Company. The Company may redeem the bonds prior to maturity at an amount equal to the outstanding principal plus any accrued interest. The bonds mature on September 1, 2013 at which time all amounts become due and payable. The three-year bank letter of credit that supports the Company's industrial development revenue bonds expires in September 2001. Company management believes that the Company will be able to obtain a replacement letter of credit arrangement on terms similar to those of the existing letter of credit and underlying reimbursement agreement.

In September 1998, the Company entered into an interest rate swap agreement with its bank under which the Company converted the variable interest rate on the bonds to a rate that is largely fixed. The Company terminated this swap agreement during the third quarter of 1999 resulting in a deferred gain of $105,300 which is being amortized over the term of the bonds.

Loan Covenants and Restrictions

The Company's existing loan agreements include various covenants and restrictions, certain of which relate to the payment of dividends or other distributions to stockholders, redemption of capital stock, incurrence of additional indebtedness, mortgaging, pledging or disposition of major assets and maintenance of specified financial ratios.

Scheduled Debt Maturity

The Company's long-term debt matures based on the following:

Year ended December 31-	
2001	$ 725,000
2002	4,545,000
2003	855,000
2004	930,000
2005	1,990,000
Thereafter	1,910,000
	$10,955,000

(5) COMMON STOCK OPTIONS AND BENEFIT PLAN

Stock Option Plans

The Company maintains stock option plans that provide for grants of both incentive stock options and non-statutory stock options. During 1997, the 1992 Incentive Stock Option Plan and the 1994 Nonemployee Director Stock Option Plan were both amended and restated in the form of the 1997 Equity Incentive Plan, which was approved by the Company's stockholders in May of 1997. Incentive stock options are granted at exercise prices that equal the fair market value at date of grant based upon the closing sales price of the Company's common stock on that date. Incentive stock options generally vest 25% annually and expire ten years from the date of grant. Non-statutory stock options are granted at exercise prices that range from 85% to 100% of the fair market value of the stock at date of grant. These options vest over periods ranging from one to four years and have expiration dates that range from five to ten years from the date of grant. Under the 1997 Equity Incentive Plan, there are 1,075,000 shares of common stock authorized to be granted, of which 497,999 remain available for future grants.

Statement of Financial Accounting Standards No. 123 ("SFAS 123")

SFAS 123, "Accounting for Stock-Based Compensation," defines a fair value based method of accounting for employee stock options or similar equity instruments. However, SFAS 123 allows the continued measurement of compensation cost for such plans using the intrinsic value based method prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25"), provided that pro forma disclosures are made of net income and net income per share, assuming the fair value based method of SFAS 123 had been applied. The Company has elected to account for its stock-based compensation plans under APB 25; accordingly, for purposes of the pro forma disclosures presented below, the Company has computed the fair values of all options granted during 2000, 1999 and 1998, using an acceptable option pricing model and the following weighted average assumptions:

	2000	1999	1998
Risk-free interest rate	6.4%	4.8%	5.4%
Expected lives	4.0 years	4.0 years	4.0 years
Expected volatility	97.2%	82.2%	68.0%
Expected dividend yield	0%	0%	0%

To estimate expected lives of options for this valuation, it was assumed options will be exercised upon becoming fully vested at the end of four years. All options are initially assumed to vest. Cumulative compensation cost recognized in pro forma net income with respect to options that are forfeited prior to vesting is adjusted as a reduction of pro forma compensation expense in the period of forfeiture.

The total fair value of options granted was computed to be approximately $153,705, $260,900 and $2,211,800 for the years ended December 31, 2000, 1999 and 1998, respectively. These amounts are amortized on a straight-line basis over the vesting periods of the options. Pro forma stock-based compensation (including the effects of its Employee Stock Purchase Plan), net of the effect of forfeitures, was $311,459, $597,200 and $520,200 for 2000, 1999 and 1998, respectively.

If the Company had accounted for its stock-based compensation plans in accordance with SFAS 123, the Company's net (loss) income and pro forma net (loss) income per common share would have been reported as follows:

<TABLE>
<CAPTION>

	Year Ended December 31, 2000	1999	1998
<S>	<C>	<C>	<C>
Net (loss) income:			
As reported	$(2,010,610)	$(2,718,108)	$1,385,756
Pro forma	$(2,322,069)	$(3,315,308)	$865,556
Pro forma basic earnings per common share:			
As reported	$(.50)	$(.96)	$.50
Pro forma	$(.58)	$(1.17)	$.31
Pro forma diluted earnings per common share:			
As reported	$(.50)	$(.96)	$.49
Pro forma	$(.58)	$(1.17)	$.31

</TABLE>

Weighted average shares used to calculate pro forma diluted earnings per share were determined as described in Note 3, except in applying the treasury stock method to outstanding options, net proceeds assumed received upon exercise were increased by the amount of compensation cost attributable to future service periods and not yet recognized as pro forma expense and the amount of any tax benefits upon assumed exercise that would be credited to additional paid-in capital.

A summary of stock option activity for the years ended December 31, 2000, 1999 and 1998 is as follows:

<TABLE>
<CAPTION>

	2000		1999		1998	
	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Outstanding at beginning of year	540,334	$6.66	540,625	$6.94	349,115	$5.62
Granted	127,500	$1.59	102,500	$4.27	490,000	$7.41
Cancelled	(313,583)	$5.62	(83,291)	$6.49	(241,375)	$7.07
Exercised	-	-	(19,500)	$2.72	(57,115)	$2.50
Outstanding at end of year	354,251	$5.75	540,334	$6.66	540,625	$6.94
Exercisable at end of year	212,376	$7.22	262,962	$7.04	178,462	$6.16

</TABLE>

The weighted average fair values and weighted average exercise prices of options granted are as follows:

<TABLE>
<CAPTION>

	For the Year Ended December 31, 2000			For the Year Ended December 31, 1999			For the Year Ended December 31, 1998		
	Number	Fair Value	Exercise Price	Number	Fair Value	Exercise Price	Number	Fair Value	Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Exercise Price									
Less than market Price	47,500	$1.14	$1.33	20,000	$2.90	$3.72	197,500	$4.83	$6.91
Equal to market price	80,000	$1.24	$1.75	82,500	$2.62	$4.19	280,500	$4.36	$7.83
Greater than market Price	-	-	-	-	-	-	12,000	$0.13	$5.44
Total	127,500	$1.21	$1.59	102,500	$2.67	$4.10	490,000	$4.51	$7.41

</TABLE>

The following table summarizes information about employee stock options outstanding and exercisable at December 31, 2000:

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number of Options Outstanding at December 31, 2000	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Number Exercisable at December 31, 2000	Weighted Average Exercise Price

<S>	<C>	<C>	<C>	<C>	<C>
$1.33 - 2.00	89,750	9.14	$1.54	4,500	$2.00
$3.72 - 4.19	36,000	8.09	$4.01	19,875	$3.91
$5.31 - 7.63	78,501	6.67	$6.83	71,251	$6.90
$7.88 - 7.92	83,000	6.84	$7.88	58,250	$7.88
$8.00 - 9.63	67,000	6.34	$8.42	58,500	$8.46
	----------	------	---------	----------	---------
	354,251	7.42	$5.75	212,376	$7.22
	==========	======	=========	==========	=========

</TABLE>

Employee Stock Purchase Plan

During 1998, the Company adopted an Employee Stock Purchase Plan ("ESPP") which was approved by the Company's stockholders in May of 1998. The Company is authorized to issue up to 175,000 shares under the ESPP. The initial offering under the ESPP was January 1, 1998 and ended June 30, 1998. Subsequent offerings begin on the first day following each previous offering ("Offering Date") and end six months from the offering date ("Purchase Date"). The ESPP provides that full time employees may authorize the Company to withhold up to 15% of their earnings, subject to certain limitations, to be used to purchase common stock of the Company at the lesser of 85% of the fair market value of the Company's common stock on the Offering Date or the Purchase Date. In connection with the ESPP, 42,561, 24,538 and 23,068 shares of the Company's stock were purchased during the years ended December 31, 2000, 1999 and 1998, respectively.

The pro forma net income calculation above reflects $29,124 and $29,200 and $46,800 in compensation expense associated with the ESPP for 2000, 1999 and 1998, respectively. The compensation expense represents the fair value of the employees' purchase rights which was estimated using an acceptable pricing model with the following weighted average assumptions:

<TABLE>
<CAPTION>

	Year Ended December 31,		
	2000	1999	1998
<S>	<C>	<C>	<C>
Risk-free interest rate	6.3%	4.5%	5.24%
Expected lives	0.5 year	0.5 year	0.5 year
Expected volatility	149.3%	131.0%	71.0%
Expected dividend yield	0%	0%	0%

</TABLE>

401(k) Plan

The Company offers a contributory 401(k) plan (the "Plan") to its employees. The Company made matching contributions to the Plan at 50% of the employees' contribution for the first 8% of the employees' compensation for 2000, 1999 and 1998. Total Company contributions were $169,535, $185,747 and $158,890 for the years ended December 31, 2000, 1999 and 1998, respectively.

(6) INCOME TAXES

The components of the (benefit) provision for income taxes are as follows:

<TABLE>
<CAPTION>

	2000	1999	1998
<S>	<C>	<C>	<C>
Current -- Federal	$ -	$(1,061,660)	$ 662,000
Current - State	-	(158,640)	85,079
Deferred - Federal	-	57,680	107,280
Deferred - State	-	8,620	12,620

Tax effect of deduction for exercised stock options credited to paid-in capital	-	-	20,021
Income tax (benefit) provision	$ -	$(1,154,000)	$ 887,000

</TABLE>

The Company's deferred tax assets and liabilities at December 31, 2000 and 1999 consist of the following:

	2000	1999
Deferred tax assets-		
Federal net operating loss carry-forward	$1,332,000	$ 270,000
Federal AMT tax credit carry-forward	169,000	102,000
State net operating loss carry-forward	414,000	248,000
Inventory	15,500	14,000
Allowance for doubtful accounts	50,500	43,700
Repair reserve	31,500	59,600
Vacation accrual	121,500	43,100
Accrual for unbilled services	4,000	3,900
Other	-	29,100
	2,138,000	813,400
Deferred tax liability-		
Depreciation	(1,085,500)	(556,400)
Other	(20,500)	-
Valuation allowance	(1,032,000)	(257,000)
Net deferred tax assets	$ -	$ -
Net current deferred tax assets	$ 261,000	$ 189,000
Net long-term deferred tax assets	771,000	68,000
Valuation allowance	(1,032,000)	(257,000)
	$ -	$ -

A reconciliation of the Company's income tax provision (benefit) computed by applying the federal statutory income tax rate of 34% to income before taxes is as follows:

<TABLE>
<CAPTION>

<S>	<C> 2000	<C> 1999	<C> 1998
Federal income tax at statutory rate	$ (683,600)	$(1,316,500)	$772,700
State tax items, net	(99,500)	(3,800)	93,400
Nondeductible expenses	8,100	4,300	20,900
Federal tax net operating loss in excess of book net operating loss	-	(121,000)	-
Federal AMT tax credit carry-forward - not recognized	-	26,000	-
Change in valuation allowance	775,000	257,000	-
(Benefit) provision for income taxes	$ -	$(1,154,000)	$887,000

</TABLE>

The income tax receivable of $1,360,000 outstanding at December 31, 1999, related to Federal and State tax refunds due to the Company as a result of its 1999 tax loss carryback. The refunds were received during 2000. The available tax loss carrybacks were fully utilized in 1999 and, were therefore, not available for any of the 2000 tax loss. The Company has $4,092,000 in NOL carryforwards that expire through 2020.

(7) CAPITAL LEASE

In February 1996, the Company entered into an agreement to lease a phone system. The lease has been capitalized using an implicit interest rate of 8.25%. Future minimum lease payments under the lease as of December 31, 2000 totaled $3,394.

(8) RECEIVABLE FROM RELATED PARTY

In connection with the acquisition of Spin Forge, the Company advanced $280,000 to the seller. Prior to the acquisition, Spin Forge was owned and controlled by an individual and his spouse. Later in 1998, this individual was named President and CEO of the Company and served in that capacity until his resignation in the third quarter of 2000. The advance was made to allow the seller to retire certain debt that was outstanding on land and buildings that the Company currently leases from the seller and on which the Company holds a purchase option as discussed in Note 2. The Company also agreed to make additional advances to the seller in connection with future principal payments that the seller was required to make to satisfy debt obligations relating to the property. The Company made additional advances totaling $74,588 during 1999, bringing the balance outstanding to $354,588 as of December 31, 1999. No additional advances were made during 2000. The outstanding balance was paid in full during the first quarter of 2000. The Company's promissory note from the seller, which was to mature on January 1, 2002, earned no interest, was secured by a pledge of 50,000 shares of the Company's common stock held by the seller and was personally guaranteed by the seller's two owners.

(9) BUSINESS SEGMENTS

The Company is organized in the following two segments: the Explosive Metalworking Group ("Explosive Manufacturing") and the Aerospace Group ("Aerospace"). Explosive Manufacturing uses explosives to perform metal cladding and shock synthesis. The most significant product of this group is clad metal which is used in the fabrication of pressure vessels, heat exchangers and transition joints used in the hydrocarbon processing, chemical processing, power generation, petrochemical, pulp and paper, mining, shipbuilding and heat, ventilation and air conditioning industries. Aerospace machines, forms and welds parts for the commercial aircraft, aerospace and defense industries.

The accounting policies of both segments are the same as those described in the summary of significant accounting policies.

The Company's reportable segments are strategic business units that offer different products and services and are separately managed. Each segment is marketed to different customer types and requires different manufacturing processes and technologies.

Aerospace was formed in 1998 as a result of the Company's acquisitions of AMK, Spin Forge and PMP during the year ended December 31, 1998. Explosive Manufacturing was the Company's only segment prior to 1998. Segment information is presented for the years ended December 31, 2000, 1999 and 1998 as follows:

<TABLE>
<CAPTION>

	Explosive Manufacturing	Aerospace	Total
<S>	<C>	<C>	<C>
As of and for the year ended December 31, 2000:			
Net sales	$16,965,677	$10,896,904	$27,862,581
Depreciation and amortization	$ 820,953	$ 799,257	$ 1,620,210
Income (loss) from operations	$ 82,149	$(1,148,262)	$(1,066,113)
Unallocated amounts:			
Other income			198,290
Interest expense			(1,094,181)
Interest income			31,505
Consolidated loss before income taxes and extraordinary item			$(1,930,499)
Segment assets	$14,488,880	$12,539,505	$27,028,385
Assets not allocated to segments:			
Cash			

	Explosive Manufacturing	Aerospace	Total
			186,530
Prepaid expenses and other			193,966
Other long-term corporate assets			258,574
Consolidated total assets			$27,667,455
Capital expenditures	$ 483,443	$ 86,780	$ 570,223
As of and for the year ended December 31, 1999:			
Net sales	$17,014,639	$ 12,116,650	$29,131,289
Depreciation and amortization	$ 785,958	$ 728,145	$ 1,514,103
Segment (loss) income from operations	$(3,437,118)	$ 862,323	$(2,574,795)
Corporate non-recurring charge			(322,098)
Loss from operations			$(2,896,893)
Unallocated amounts:			
Other income			14,784
Interest expense			(1,009,911)
Interest income			19,912
Consolidated loss before income taxes			$(3,872,108)
Segment assets	$15,250,163	$ 12,561,020	$27,811,183
Assets not allocated to segments:			
Prepaid expenses and other			151,609
Income tax receivable			1,360,000
Other long-term corporate assets			764,526
Consolidated total assets			$30,087,318
Capital expenditures	$ 5,244,292	$ 189,813	$ 5,434,105

	Explosive Manufacturing	Aerospace	Total
As of and for the year ended December 31, 1998:			

Net sales	$29,727,273	$ 8,484,778	$ 38,212,051
Depreciation and amortization	$ 861,769	$ 233,227	$ 1,094,996
Income from operations	$ 1,252,618	$ 1,283,338	$ 2,535,956
Unallocated amounts:			
Other income			8,921
Interest expense			(283,706)
Interest income			11,585
Consolidated income before income taxes			$ 2,272,756
Segment assets	$18,086,015	$ 13,428,751	$ 31,514,766
Assets not allocated to segments:			
Prepaid expenses and other			214,776
Income tax receivable			499,932
Current deferred tax asset			224,800
Other long-term corporate assets			747,304
Consolidated total assets			$ 33,201,578
Capital expenditures	$ 2,442,041	$ 372,774	$ 2,814,815

</TABLE>

Capital expenditures for the Explosive Manufacturing segment included $336,347, $5,082,680 and $1,853,723 of costs incurred related to the construction of the Company's new manufacturing facility and the acquisition of related manufacturing equipment during the years ended December 31, 2000, 1999 and 1998, respectively.

All of the Company's sales are shipped from domestic locations and all of the Company's assets are located within the United States. The following represents the Company's net sales based on the geographic location of the customer:

<TABLE>
<CAPTION>

	For the years ended December 31,		
	2000	1999	1998
<S>	<C>	<C>	<C>
United States	$25,115,688	$26,563,764	$32,478,791
Canada 986,508	1,516,580	3,818,968	
Australia	9,600	149,626	38,428
Mexico 300,537	449,405	305,398	
South Korea	1,022,285	11,390	-
Other foreign countries	427,963	440,524	1,570,466
Total consolidated net sales	$27,862,581	$29,131,289	$38,212,051

</TABLE>

All of the Company's sales are made in U.S. dollars and as a result the Company is not exposed to foreign exchange risks.

During the years ended December 31, 2000 and December 31, 1998, no one customer accounted for more than 10% of total net sales. During the year ended

December 31, 1999, sales to one customer represented approximately $2,968,000 (10%) of total net sales.

(10) COMMITMENTS AND CONTINGENCIES

The Company leases certain office space, storage space, vehicles and other equipment under various operating lease agreements. Future minimum rental commitments under noncancelable operating leases are as follows:

Year ended December 31-	
2001	$ 596,206
2002	369,069
2003	337,863
2004	237,673
2005	139,339
Thereafter	49,880
	$1,730,030

Total rental expense included in operations was $885,726, $843,690 and $713,731 in the years ended December 31, 2000, 1999 and 1998, respectively.

In the normal course of business, the Company is a party to various contractual disputes and claims. After considering the Company's insurance coverage and evaluations by legal counsel regarding pending actions, management is of the opinion that the outcome of such actions will not have a material adverse effect on the financial position or results of operations of the Company.

(11) STOCKHOLDERS' EQUITY

The Company's authorized capital consists of 15,000,000 shares of common stock, $.05 par value, of which 4,990,331 shares are outstanding as of December 31, 2000 and 4,000,000 shares of preferred stock, $.05 par value, of which no shares are issued and outstanding.

On January 8, 1999, the Board of Directors of the Company declared a dividend of one preferred share purchase right for each outstanding share of common stock of the Company to record holders of common stock at the close of business on January 15, 1999. The rights were exercisable following the occurrence of certain specified events and each right would have entitled the holder, within certain limitations, to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock for $22.50 subject to certain anti-dilution adjustments. If a person or group were to have acquired 15 percent of the Company's common stock, every other holder of a right would have been entitled to buy at the right's then-exercise price a number of shares of the Company's common stock having a value of twice such exercise price. After the threshold was crossed, the rights would have become non-redeemable, except that, prior to the time a person or group acquired 50% or more of the common stock, the rights other than those held by such person or group could be exchanged at a ratio of one share of common stock for each right. In the event of certain extraordinary transactions, including mergers, the rights entitle holders to buy at the right's then-exercise price equity in the acquiring company having a value of twice such exercise price. The rights did not have any voting rights nor were they entitled to dividends. The rights were redeemed by the Company at $.001 each on June 20, 2000.

(12) SUBSEQUENT EVENTS

On March 15, 2000, the Company announced that it has reached an agreement to acquire 100% of the stock of Nobelclad Europe S.A. ("Nobelclad") and Nitro Metall Aktiebolag ("Nitro Metall") from Nobel Explosifs France ("NEF"). Nobelclad and Nitro Metall operate cladding businesses located in Rivesaltes, France and Likenas, Sweden, respectively, which generated combined revenues of approximately $10.5 million during the year ended December 31, 2000. NEF is wholly owned by Groupe SNPE and is a sister company to SNPE, which owns 55% of the Company's common stock.

The acquisition, which is expected to close in the third quarter of 2001, is subject to the customary due diligence reviews and the finalization of a definitive stock purchase agreement. The purchase price of approximately $5.4 million will be financed through a $4.0 million intercompany note agreement between the Company and SNPE and the assumption of approximately $1.4 million in third party bank debt associated with Nobelclad's planned acquisition of Nitro Metall from NEF prior to the Company's purchase of Nobelclad stock.

SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the Company has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

DYNAMIC MATERIALS CORPORATION

March 30, 2001 By: /s/ Richard A. Santa

Richard A. Santa
Vice President and Chief Financial Officer

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

<TABLE>
<CAPTION>

SIGNATURE	TITLE	DATE
<S>	<C>	<C>
/s/ Yvon Pierre Cariou - -------------------------------- Yvon Pierre Cariou	President and Chief Executive Officer (Principal Executive Officer)	March 30, 2001
/s/ Richard A. Santa - -------------------------------- Richard A. Santa	Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	March 30, 2001
/s/ Bernard Hueber - -------------------------------- Bernard Hueber	Chairman and Director	March 30, 2001
/s/ Dean K. Allen - -------------------------------- Dean K. Allen	Director	March 30, 2001
/s/ Bernard Fontana - -------------------------------- Bernard Fontana	Director	March 30, 2001
/s/ George W. Morgenthaler - -------------------------------- George W. Morgenthaler	Director	March 30, 2001
/s/ Gerard Munera - -------------------------------- Gerard Munera	Director	March 30, 2001
/s/ Michel Philippe - -------------------------------- Michel Philippe	Director	March 30, 2001
/s/ Bernard Riviere - -------------------------------- Bernard Riviere	Director	March 30, 2001

</TABLE>