SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 10-Q

(Mark One)

/ X / QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2001

OR

/ / 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 of Incorporation or Organization)	(I.R.S. Employer Identification No.)

5405 Spine Road, Boulder, Colorado 80301
(Address of principal executive offices, including zip code)

(303) 665-5700
(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 / /

The number of shares of Common Stock outstanding was 4,990,331 as of April 30, 2001.

ITEM 1. Financial Statements

DYNAMIC MATERIALS CORPORATION

CONDENSED BALANCE SHEETS

(unaudited)

<TABLE>
<CAPTION>

ASSETS	March 31, 2001	December 31, 2000
<S>	<C>	<C>
CURRENT ASSETS:		
Cash and cash equivalents	$ -	$ 186,530
Accounts receivable, net of allowance for doubtful accounts of $140,000 and $130,000, respectively	4,516,646	4,632,123
Inventories	4,394,249	3,881,155
Prepaid expenses and other	393,318	258,493
Total current assets	9,304,213	8,958,301
PROPERTY, PLANT AND EQUIPMENT	17,987,965	17,769,509
Less- Accumulated depreciation	(4,833,680)	(4,492,850)
Property, plant and equipment-net	13,154,285	13,276,659
RESTRICTED CASH AND INVESTMENTS	179,394	179,394

INTANGIBLE ASSETS, net of accumulated amortization of $1,171,280 and $1,094,870, respectively	4,916,340	4,992,750
OTHER ASSETS-net	302,255	260,351
TOTAL ASSETS	$ 27,856,487	$ 27,667,455

</TABLE>

See Notes to Condensed Financial Statements

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	March 31, 2001	December 31, 2000
<S>	<C>	<C>
CURRENT LIABILITIES:		
Bank overdraft	$ 98,098	$ -
Accounts payable	2,058,888	2,051,301
Accrued expenses	1,131,362	1,275,579
Current maturities on long-term debt	4,795,000	725,000
Current portion of capital lease obligation	-	3,394
Total current liabilities	8,083,348	4,055,274
LONG-TERM DEBT	6,285,000	10,230,000
DEFERRED GAIN	73,744	77,887
Total liabilities	14,442,092	14,363,161
STOCKHOLDERS' EQUITY:		
Convertible 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 shares issued and outstanding as of both dates	249,517	249,517
Additional paid-in capital	12,262,109	12,262,109
Retained earnings	902,769	792,668
	13,414,395	13,304,294
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 27,856,487	$ 27,667,455

</TABLE>

See Notes to Condensed Financial Statements

DYNAMIC MATERIALS CORPORATION

CONDENSED STATEMENTS OF OPERATIONS

(unaudited)

<TABLE>
<CAPTION>

	For the three months ended March 31, 2001	2000

<S> <C> <C>

NET SALES	$ 6,938,168	$ 6,386,623
COST OF PRODUCTS SOLD	5,544,457	5,551,787
Gross profit	1,393,711	834,836
COSTS AND EXPENSES:		
General and administrative expenses	760,201	867,531
Selling expenses	359,227	367,029
	1,119,428	1,234,560
INCOME (LOSS) FROM OPERATIONS	274,283	(399,724)
OTHER INCOME (EXPENSE):		
Gain on sale of property and other income	555	185,610
Interest expense, net	(164,737)	(362,697)
Income (loss) before income taxes	110,101	(576,811)
INCOME TAX PROVISION	-	-
NET INCOME (LOSS)	$ 110,101	$ (576,811)
NET INCOME (LOSS) PER SHARE		
Basic	$ 0.02	$ (0.20)
Diluted	$ 0.02	$ (0.20)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING		
Basic	4,990,331	2,842,429
Diluted	4,990,331	2,842,429

</TABLE>

See Notes to Condensed Financial Statements

DYNAMIC MATERIALS CORPORATION

STATEMENT OF STOCKHOLDERS' EQUITY

FOR THE THREE MONTHS ENDED MARCH 31, 2001

(unaudited)

<TABLE>
<CAPTION>

	Common Stock		Additional	
	Shares	Amount	Paid-In Capital	Retained Earnings
<S>	<C>	<C>	<C>	<C>
Balances, December 31, 2000	4,990,331	$ 249,517	$ 12,262,109	$ 792,668
Net income	-	-	-	110,101
Balances, March 31, 2001	4,990,331	$ 249,517	$ 12,262,109	$ 902,769

</TABLE>

See Notes to Condensed Financial Statements

DYNAMIC MATERIALS CORPORATION

STATEMENTS OF CASH FLOWS

(unaudited)

<TABLE>
<CAPTION>

	For the three months ended March 31, 2001	2000
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	$ 110,101	$ (576,811)
Adjustments to reconcile net income (loss) to net cash from operating activities-		
Depreciation	340,830	296,339
Amortization	76,410	80,231
Amortization of deferred gain	(4,143)	(8,382)
Amortization of deferred compensation	-	4,219
Gain on sale of property, plant and equipment	-	(185,570)
Change in -		
Accounts receivable, net	115,477	(490,118)
Inventories	(513,094)	(1,242,550)
Prepaid expenses and other	(134,825)	(49,976)
Income tax receivable	-	33,238
Accounts payable	7,587	439,385
Accrued expenses	(144,217)	(17,495)
Net cash flows from operating activities	(145,874)	(1,717,490)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Release of restricted cash and investments	-	87,493
Cash paid in connection with the construction of the Pennsylvania facility	-	(228,836)
Acquisition of property, plant and equipment	(218,456)	(55,035)
Proceeds from repayment of loan to related party	-	354,588
Change in other non-current assets	(41,904)	(203,415)
Proceeds from sale of property, plant and equipment	-	940,036
Net cash flows from investing activities	(260,360)	894,831

</TABLE>

See Notes to Condensed Financial Statements

<TABLE>
<CAPTION>

	For the three months ended March 31, 2001	2000
<S>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Borrowings on bank line of credit, net	-	455,000
Borrowings on SNPE, Inc. line of credit	300,000	-
Payment on industrial development revenue bonds	(175,000)	(165,000)
Payments on capital lease obligation	(3,394)	(8,559)
Bank overdraft	98,098	541,218
Net cash flows from financing activities	219,704	822,659
NET DECREASE IN CASH AND CASH EQUIVALENTS	(186,530)	-

CASH AND CASH EQUIVALENTS, beginning of the period	186,530	-
CASH AND CASH EQUIVALENTS, end of the period	$ -	$ -
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the period for-		
Interest	$ 150,770	$ 305,657
Income taxes	$ -	$ -

</TABLE>

See Notes to Condensed Financial Statements

DYNAMIC MATERIALS CORPORATION

NOTES TO CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PRESENTATION

The information included in the Condensed Financial Statements is unaudited but includes all normal and recurring adjustments which, in the opinion of management, are necessary for a fair presentation of the interim periods presented. These Condensed Financial Statements should be read in conjunction with the financial statements that are included in the Company's Annual Report filed on Form 10-K for the year ended December 31, 2000.

2. NEW ACCOUNTING PRINCIPLE

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.

3. INVENTORIES

This caption on the Condensed Balance Sheet includes the following:

	March 31, 2001	December 31, 2000
Raw Materials	$ 1,110,701	$ 950,632
Work-in-Process	3,231,520	2,878,802
Supplies	52,028	51,721
	$ 4,394,249	$ 3,881,155

4. LONG-TERM DEBT

Long-term debt consists of the following at March 31, 2001 and December 31, 2000:

	March 31, 2001	December 31, 2000
Line of credit, SNPE, Inc.	$ 4,050,000	$ 3,750,000
Convertible subordinated note, SNPE, Inc.	1,200,000	1,200,000
Industrial development revenue bonds	5,830,000	6,005,000
Total long-term debt	11,080,000	10,955,000
Less current maturities	(4,795,000)	(725,000)
	$ 6,285,000	$ 10,230,000

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Loan Covenants and Restrictions

The Company's 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. As of March 31, 2001, the Company is in compliance with all financial covenants and other provisions of its debt agreements.

5. INCOME TAXES

No tax provision has been recorded for the quarter ended March 31, 2001 as any provision necessary would be offset by the recognition of tax benefits not recorded on fiscal year 2000 losses. The Company did not record tax benefits for either the quarter ended March 31, 2000 or the year ended December 31, 2000, since it had utilized all of its tax loss carry-backs in 1999 and the Company's financial position and near-term operations outlook made the future realization of tax benefits associated with tax loss carry-forwards uncertain.

6. BUSINESS SEGMENTS

The Company is organized in the following two segments: the Explosive Metalworking Group and the Aerospace Group. The Explosive Metalworking Group uses explosives to perform metal cladding, metal forming 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. The Aerospace Group machines, forms and welds parts for the commercial aircraft, aerospace and defense industries.

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. Segment information is presented for the three months ended March 31, 2001 and 2000 as follows:

<TABLE>
<CAPTION>

	Explosive Manufacturing	Aerospace	Total
<S>	<C>	<C>	<C>
For the three months ended March 31, 2001:			
Net sales	$ 4,168,837	$ 2,769,331	$ 6,938,168
Depreciation and amortization	$ 209,737	$ 207,503	$ 417,240
Income (loss) from operations	$ 305,303	$ (31,020)	$ 274,283
Unallocated amounts:			
Other income			555
Interest expense, net			(164,737)
Total income before income taxes			$ 110,101

	Explosive Manufacturing	Aerospace	Total
For the three months ended March 31, 2000:			
Net sales	$ 3,305,345	$ 3,081,278	$ 6,386,623
Depreciation and amortization	$ 163,539	$ 213,031	$ 376,570
Loss from operations	$ (388,437)	$ (11,287)	$ (399,724)

Unallocated amounts:	
Other income	185,610
Interest expense, net	(362,697)
Total loss before income taxes	$ (576,811)

</TABLE>

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:

	For the three months ended March 31,	
	2001	2000
United States	$6,315,260	$5,624,234
Canada	325,567	202,957
Australia	204,212	-
South Korea	10,139	380,244
Other foreign countries	82,990	179,188
Total net sales	$6,938,168	$6,386,623

During the three month periods ended March 31, 2001 and March 31, 2000, no single customer accounted for more than 10% of total net sales.

ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

Dynamic Materials Corporation ("DMC" or the "Company") is a worldwide leader in explosive metalworking and, through its Aerospace Group, is involved in a variety of metal forming, machining, welding, and assembly activities. The explosive metalworking business includes the use of explosives to perform metallurgical bonding, or "metal cladding" and shock synthesis of synthetic diamonds. The Company performs metal cladding using its proprietary technologies. The Company's revenues from its explosive metalworking businesses, as a proportion of total Company revenues, have declined in the past two years as a result of a significant slowdown in global market demand for explosion bonded clad metal products and the 1998 acquisitions of AMK Welding ("AMK"), Spin Forge and Precision Machined Products ("PMP"). The Company's Aerospace Group was formed from these three acquisitions and accounted for 22%, 42% and 39% of the Company's 1998, 1999 and 2000 revenues, respectively.

Explosive Metalworking. Clad metal products are used in manufacturing processes or environments that involve highly corrosive chemicals, high temperatures and/or high pressure conditions. For example, the Company fabricates clad metal tube sheets for heat exchangers. Heat exchangers are used in a variety of high temperature, high pressure, highly corrosive chemical processes, such as processing crude oil in the petrochemical industry and processing chemicals used in the manufacture of synthetic fibers. In addition, the Company has produced titanium clad plates used in the fabrication of metal autoclaves to replace autoclaves made of brick and lead for two customers in the mining industry. The Company believes that its clad metal products are an economical, high-performance alternative to the use of solid corrosion-resistant alloys. In addition to clad metal products, the explosive metalworking business includes shock synthesis of synthetic diamonds.

Aerospace Manufacturing. Products manufactured by the Aerospace Group are typically made from sheet metal and forgings that are subsequently machined or formed into precise, three-dimensional shapes that are held to tight tolerances. Metal machining and forming is accomplished through traditional technologies, including spinning, machining, rolling and hydraulic expansion. DMC also performs welding services utilizing a variety of manual and automatic welding techniques that include electron beam and gas tungsten arc welding processes. The Company's forming and welding operations are often performed to support the manufacture of completed assemblies and sub-assemblies required by its customers. Fabrication and assembly services are performed utilizing the Company's close-tolerance machining, forming, welding, inspection and other special service capabilities. The Company's forming, machining, welding and assembly operations serve a variety of product applications in the commercial aircraft, aerospace, defense and power generation industries. Product applications include tactical missile motor cases, titanium pressure tanks for launch vehicles, and complex, high precision component parts for satellites.

On March 16, 2001, the Company announced that it has reached agreement to acquire 100% of the stock of Nobleclad Europe S.A. ("Nobleclad") 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 unaudited revenues of approximately $10.5 million in calendar year 2000. NEF is wholly owned by Groupe SNPE and is a sister company to SNPE, Inc., which owns 55% of the Company's common stock. The acquisition is expected to close in the third quarter of 2001. The purchase price of approximately $5.4 million will be financed through a $4.0 million intercompany note agreement between the Company and SNPE, Inc. and the assumption of approximately $1.4 million in third party bank debt associated with Nobleclad's planned acquisition of Nitro Metall from NEF prior to the Company's purchase of Nobleclad stock.

In 2000, the Company experienced significant operating losses as a result of a significant decline in sales revenue and gross margin levels within its Aerospace Group. The Company's Explosive Metalworking Group generated a small operating income in 2000 after incurring significant operating losses in 1999. The Company also experienced, and expects to continue to experience, quarterly fluctuations in operating results caused by various factors, including the timing and size of orders from major customers, customer inventory levels, shifts in product mix, the occurrence of acquisition and divestiture-related costs, and general economic conditions. The Company typically does not obtain long-term volume purchase contracts from its customers. Quarterly sales and operating results therefore depend on the volume and timing of backlog as well as bookings received during the quarter. A significant portion of the Company's operating expenses are fixed, and planned expenditures are based primarily on sales forecasts and product development programs. If sales do not meet the Company's expectations in any given period, the adverse impact on operating results may be magnified by the Company's inability to adjust operating expenses sufficiently or quickly enough to compensate for such a shortfall. In addition, the Company uses numerous suppliers of alloys, steels and other materials for its operations. The Company typically bears a short-term risk of alloy, steel and other component price increases, which could adversely affect the Company's gross profit margins. Although the Company will work with customers and suppliers to minimize the impact of any component shortages, component shortages have had, and are expected from time to time to have, short-term adverse effects on the Company's business. Results of operations in any period should not be considered indicative of the results to be expected for any future period. Fluctuations in operating results may also result in fluctuations in the price of the Company's common stock.

Quarter Ended March 31, 2001 Compared to March 31, 2000

The following table sets forth for the periods indicated the percentage relationship to net sales of certain income statement data:

	Percentage of Net Sales Three Months Ended March 31,	
	2001	2000
Net sales	100.0	100.0
Cost of products sold Manufactured	79.9	86.9
Gross margin	20.1	13.1
General & administrative	11.0	13.6
Selling expenses	5.2	5.7
Income (loss) from operations	4.0	(6.3)
Interest expense	2.4	5.7

Net income (loss)	1.6	(9.0)

Net Sales. Net sales for the quarter ended March 31, 2001 increased 8.6% to $6,938,168 from $6,386,623 in the first quarter of 2000. The Company's Aerospace Group, which was formed in 1998 as a result of the acquisitions of AMK, Spin Forge and PMP, contributed $2,769,331 (39.9% of total sales) to 2001 first quarter sales versus sales of $3,081,278 (48.2% of total sales) in the first quarter of 2000. Sales by the Company's Explosive Metalworking Group, which includes explosion bonding of clad metal and shock synthesis of synthetic diamonds, increased 26.1% from $3,305,345 in the first quarter of 2000 to $4,168,837 in the first quarter of 2001. The increase in Explosive Metalworking Group sales reflects what management believes is an increase in global market demand for clad metal as supported by first quarter 2001 new order bookings that were at their highest quarterly level in more than two years.

Gross Profit. The Company's gross profit for the quarter ended March 31, 2001 increased by 66.9% to $1,393,711 from $834,836 in the first quarter of 2000. The gross profit margin for the quarter ended March 31, 2001 was 20.1%, representing a 53.4% increase from the gross profit margin of 13.1% for the first quarter of 2000. The gross profit margin for the Company's Explosive Metalworking Group increased from 7.8% in the first quarter of 2000 to 23.0% in the first quarter of 2001. The increase in the gross profit margin for the Explosive Metalworking Group is due to improvements in product pricing and a more favorable absorption of fixed manufacturing overhead cost into cost of products sold as a result of the 26.1% increase in Explosive Metalworking Group net sales. The gross profit margin for the Aerospace Group was 15.7% for the quarter ended March 31, 2001 as compared to 18.8% in the first quarter of 2000. This decrease relates principally to product mix differences between the two quarters and unfavorable absorption of fixed manufacturing expenses into cost of products sold at Spin Forge due to year-to-year sales decreases at this location.

General and Administrative. General and administrative expenses for the quarter ended March 31, 2001 decreased 12.4% to $760,201 from $867,531 in the first quarter of 2000. The decrease in general and administrative expenses is largely due to reductions in salaries, payroll taxes and benefits as well as reductions in legal expenses. General and administrative expenses as a percentage of net sales decreased from 13.6% in the first quarter of 2000 to 11.0% for the quarter ended March 31, 2001.

Selling Expenses. Selling expenses decreased by 2.1% to $359,227 for the quarter ended March 31, 2001 from $367,029 in the first quarter of 2000. Due to the 8.6% increase in sales, selling expenses as a percentage of net sales decreased from 5.7% in the first quarter of 2000 to 5.2% for the quarter ended March 31, 2001.

Income/Loss from Operations. Income from operations for the quarter ended March 31, 2001 totaled $274,283, a $674,007 increase from the $399,724 operating loss reported in the first quarter of 2000. This increase reflects a gross profit increase of $558,875 primarily associated with increased sales and improved margins related to the Company's Explosive Metalworking Group as well as reductions in operating expenses totaling $115,132. Income from operations for the Explosive Metalworking Group increased by $693,740 from a loss of $388,437 for the first quarter of 2000 to income from operations of $305,303 for the first quarter of 2001. The increase in income from operations for the Explosive Metalworking Group is due primarily to improvements in pricing and the favorable absorption of fixed manufacturing overhead costs into costs of products sold that resulted from the 26.1% increase in Explosive Metalworking Group net sales. Income from operations for the Aerospace Group declined by $19,733 from a loss of $11,287 for the first quarter of 2000 to a loss from operations of $31,020 for the first quarter of 2001. This decrease relates principally to product mix differences between the two quarters and unfavorable absorption of fixed manufacturing expenses into cost of products sold at Spin Forge due to the year-to-year sales decrease at this location.

Interest Expense. Interest expense decreased to $164,737 for the quarter ended March 31, 2001 from $362,697 in the first quarter of 2000. This decrease resulted from the reduction in revolving credit debt that was made possible by the equity invested in the Company by SNPE, Inc. on June 14, 2000.

Income Tax Provision. No tax provision has been recorded for the quarter ended March 31, 2001 as any provision necessary would be offset by the recognition of tax benefits not recorded on year 2000 losses. The Company did not record tax benefits for either the quarter ended March 31, 2000 or the year ended December 31, 2000, since it had utilized all of its tax loss carry-backs in 1999 and the Company's financial position and near-term operations outlook made the future realization of tax benefits associated with tax loss carry-forwards uncertain.

Liquidity and Capital Resources

Historically, the Company has obtained most of its operational financing from a combination of operating activities and an asset-backed revolving credit facility. Due primarily to the operating losses the Company incurred during 1999 and the first quarter of 2000, the Company violated certain financial covenants under both the revolving credit facility that was then in effect and the reimbursement agreement related to the letter of credit supporting payment of principal and interest under the Company's industrial revenue development bonds (the "Bonds") used to finance the construction of its manufacturing facilities in Pennsylvania. 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 shares 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. An additional $1,200,000 cash payment was made by SNPE to the Company to purchase a five-year, 5% Convertible Subordinated Note that is convertible in whole or in part into common stock by SNPE at a conversion price of $6 per share. The Company also borrowed $3,500,000 on June 14, 2000 under a new credit facility with SNPE that bears interest at the Federal Funds Rate plus 1.5% and may be increased to a maximum of $4,500,000 in total borrowings subject to certain approvals by SNPE (as of March 31, 2001, $4,050,000 was drawn and outstanding under this facility). Proceeds from the SNPE equity investment, convertible subordinated note issuance and credit facility borrowings aggregated $10,500,000 and enabled the Company to repay all outstanding borrowings under its bank revolving credit facility on which the Company had been in default since September 30, 1999. The bank revolving credit facility was terminated on June 14, 2000. As a result of the SNPE debt and equity infusion, the Company was also able to restructure financial covenants under the reimbursement agreement with its bank relating to the industrial development revenue bonds and is currently in full compliance with all provisions of its debt agreements. 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.

The Company believes that its cash flow from operations and funds available under its credit facility with SNPE, or a replacement credit facility with a third party financial institution, will be sufficient to fund working capital, debt service obligations and capital expenditure requirements of its current business operations for the foreseeable future. SNPE has agreed to extend its credit facility, which was originally callable upon 90 days' notice and had an original maturity date of June 30, 2001, to March 31, 2002. Management of the Company intends to replace the SNPE credit facility with a new third party credit facility during the last half of 2001 or the early part of 2002 and believes that the Company's strengthened balance sheet and improving operating results will enable the Company to secure such third party financing on reasonable terms. Until the Company is able to secure such third party financing on reasonable terms, it will continue to rely on the financial support of SNPE. Company management believes that it will be able to negotiate an increase in the

SNPE credit facility during 2001 if the Company's working capital requirements increase as a result of the anticipated sales growth during the year. A significant portion of the Company's sales is derived from a relatively small number of customers; therefore, the failure to perform existing contracts on a timely basis, and to receive payment for such services in a timely manner, or to enter into future contracts at projected volumes and profitability levels could adversely affect the Company's ability to meet its cash requirements exclusively through operating activities. Consequently, any restriction on the availability of borrowing under the SNPE credit facility or a replacement facility could negatively affect the Company's ability to meet its future cash requirements.

Highlights from the Statement of Cash Flows for the Quarter Ended March 31, 2001

Net cash used in operations for the quarter ended March 31, 2001 was $145,874. Significant sources included net income of $110,101 and depreciation and amortization of $413,097. These sources were more than offset by negative changes in working capital totaling $669,072.

Cash used in investing activities totaled $260,360 and was comprised of acquisitions of property, plant and equipment of $218,456 and increases in other assets of $41,904.

Net cash flows from financing activities totaled $219,704. Significant sources included borrowings on the SNPE, Inc. line of credit of $300,000 and a bank overdraft of $98,098. Uses of cash included a payment on the industrial development revenue bonds of $175,000.

Highlights from the Statement of Cash Flows for the Quarter Ended March 31, 2000

Net cash used in operating activities for the quarter ended March 31, 2000 was $1,717,490. Significant uses included a net loss of $576,811, a gain on the sale of property, plant and equipment of $185,570 and a negative change in working capital totaling $1,327,516. These uses were partly offset by depreciation and amortization totaling $372,407.

Net cash flows from investing activities totaled $894,831 for the quarter ended March 31, 2000. Significant sources included $940,036 in proceeds from the sale of property, plant and equipment, $354,588 in proceeds from the receipt of payment on a loan to a related party and $87,493 from the release of restricted cash and investments. Significant uses, partly offseting the sources, included $228,836 paid in connection with the construction of the Pennsylvania facility, $55,035 of property, plant and equipment acquisitions and an increase of $203,415 in other non-current assets.

Net cash flows from financing activities were $822,659 and included borrowings on the bank line of credit for $455,000 and a bank overdraft of $541,218. Uses of cash included a payment on the industrial development revenue bonds of $165,000.

Forward-Looking Statements

Statements which are not historical facts contained in this report are forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from projected results. Factors that could cause actual results to differ materially include, but are not limited to the following: the ability to obtain new contracts at attractive prices; the size and timing of customer orders; fluctuations in customer demand; competitive factors; the timely completion of contracts; any actions which may be taken by SNPE as the controlling shareholder of the Company with respect to the Company and its businesses; the timing and size of expenditures; the timely receipt of government approvals and permits; the adequacy of local labor supplies at the Company's facilities; the availability and cost of funds; and general economic conditions, both domestically and abroad. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. The Company undertakes no obligation to publicly release the results of any revision to these forward-looking statements which, may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

ITEM 3. Quantitative and Qualitative Disclosure about Market Risk

There have been no events that materially effect the Company's quantitative and qualitative disclosure about market risk as reported in the December 31, 2000 Form 10-K.

Part II - OTHER INFORMATION

Item 1. Legal Proceedings

None

Item 2. Changes in Securities and Use of Proceeds

None

Item 3. Defaults Upon Senior Securities

None

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

None

Item 5. Other Information

None

Item 6.

(a) Reports on Form 8-K

None.

(b) Exhibits

27 Financial Data Schedule

SIGNATURES

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

DYNAMIC MATERIALS CORPORATION
(Registrant)

Date: May 14, 2001

Richard A. Santa, Vice President and
Chief Financial Officer (Duly Authorized Officer and
Principal Financial and Accounting Officer)