

U.S. SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549
 FORM 10-QSB

(Mark One)

Quarterly Report under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended June 30, 1995

Transition report under Section 13 or 15(d) of the Exchange Act

For the transition period from _____ to _____

Commission file number: 0-8328

DYNAMIC MATERIALS CORPORATION

(Exact Name of Small Business Issuer as Specified in Its Charter)

COLORADO

84-0608431

(State or Other Jurisdiction of Incorporation or Organization)

(I.R.S. Employer Identification No.)

551 ASPEN RIDGE DRIVE, LAFAYETTE, COLORADO 80026

(Address of Principal Executive Offices)

(303) 665-5700

(Issuer's Telephone Number, Including Area Code)

N/A

(Former Name, Former Address and Former Fiscal Year, if Changed Since Last Report)

Check whether the issuer: (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

State the number of shares outstanding of each of the issuer's classes of common equity, as of the latest practicable date:
 2,495,922 shares as of June 30, 1995

Transitional Small Business Disclosure Format (check one):

Yes No

ITEM 1. FINANCIAL STATEMENTS.

<TABLE>
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DYNAMIC MATERIALS CORPORATION
 BALANCE SHEETS

(Unaudited)

ASSETS	June 30 1995 ---	December 31 1994 ---
	<C>	<C>
Current Assets:		
Cash and cash equivalents	\$1,179,194	\$ 664,116
Accounts Receivable (Less: allowances of \$8,000 & \$125,000)	1,870,781	3,602,302
Inventories (Note 2)	2,258,015	1,581,388
Deferred Tax Asset	185,300	159,300
Prepaid Expenses	69,114	75,366
	-----	-----
Total Current Assets	5,562,404	6,082,472
Property, Plant & Equipment	3,846,612	3,730,898
Less: Accumulated Depreciation	(1,811,533)	(1,665,163)
	-----	-----

Property, Plant & Equipment, net	2,035,079	2,065,735
Other Assets:		
Deferred Tax Asset	156,700	156,700
Other (Note 3)	69,793	68,672
	-----	-----
Total Assets	\$7,823,976	\$8,373,579
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:		
Note Payable	\$ 0	\$ 100,000
Accounts Payable	1,304,991	1,449,609
Accrued Expenses	127,748	354,441
Current Maturities of Long-Term Debt	179,979	179,979
	-----	-----
Total Current Liabilities	1,612,718	2,084,029
Long-Term Debt (Note 4)	372,647	464,950
Stockholder's Equity:		
Preferred Stock, \$.05 par value; Authorized 4,000 shares No shares Issued and Outstanding	0	0
Common Stock, \$.05 par value; Authorized 15,000,000 shares; Issued and Outstanding 2,495,322 & 2,493,423 shares	124,672	124,672
Additional Paid-In-Capital	5,867,059	5,867,059
Accumulated Deficit	(153,120)	(167,131)
	-----	-----
	5,838,611	5,824,600
	-----	-----
Total Liabilities and Stockholders' Equity	\$7,823,976	\$8,373,579
	=====	=====

See Notes to the Condensed Financial Statements.

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DYNAMIC MATERIALS CORPORATION
STATEMENTS OF INCOME
(Unaudited)

	Three Months Ended June 30		Six Months Ended June 30	
	1995 ----	1994 ----	1995 ----	1994 ----
<S> NET SALES	<C> \$3,109,036	<C> \$3,598,000	<C> \$6,601,794	<C> \$7,925,000
COST OF PRODUCTS MANUFACTURED	2,388,229	2,500,000	5,127,076	5,632,000
	-----	-----	-----	-----
Gross Margins	720,807	1,098,000	1,474,718	2,293,000
COSTS AND OTHER EXPENSES:				
General and Administrative	258,159	318,000	549,347	722,000
Selling Expense	368,626	326,000	679,617	728,000
Research and Development	90,705	173,000	197,832	293,000
	-----	-----	-----	-----
INCOME FROM OPERATIONS	3,317	281,000	47,922	550,000
INTEREST EXPENSE, NET	8,415	3,000	24,910	9,000
	-----	-----	-----	-----
INCOME BEFORE PROVISION FOR TAXES	(5,098)	278,000	23,012	541,000
PROVISION FOR INCOME TAXES	0	94,000	9,000	184,000
	-----	-----	-----	-----
NET INCOME	\$ (5,098)	\$ 184,000	\$ 14,012	\$ 357,000
	=====	=====	=====	=====
PRIMARY AND FULLY DILUTED NET INCOME PER SHARE:				
Net Income per share (Note 5)	\$0.00	\$0.07	\$0.01	\$0.14
	=====	=====	=====	=====

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:

Primary and Fully Diluted (Note 5)	2,495,000	2,491,000	2,494,000	2,485,000
	=====	=====	=====	=====

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DYNAMIC MATERIALS CORPORATION

STATEMENTS OF CASH FLOWS

(Unaudited)

	Six Months Ended June 30, 1995	1994
	----	----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	\$ 14,012	\$ 357,000
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation	131,730	180,000
Amortization	4,500	4,000
(Increase) decrease in Receivables	1,743,814	877,000
(Increase) decrease in Inventories	(676,627)	(16,000)
(Increase) decrease in Deferred Tax Asset & Prepaid Expense	(6,041)	164,000
Increase (decrease) in Accounts Payable	(132,756)	82,000
Increase (decrease) in Accrued Expenses	(255,338)	409,000
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES	823,294	2,057,000
CASH FLOWS FROM INVESTING ACTIVITIES		
(Acquisition) of Fixed Assets	(115,714)	(543,000)
(Increase) Decrease in Other Assets	(200)	77,000
	-----	-----
CASH FLOWS USED IN INVESTING ACTIVITIES	(115,914)	(466,000)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (Repayment) Borrowing under Bank Line	(100,000)	0
Increase in Long-Term Debt	0	320,000
(Repayment) of Long-Term Debt	(92,302)	(90,000)
Receipt of Option Exercise Price	0	8,000
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES	(192,302)	238,000
	-----	-----
INCREASE IN CASH AND EQUIVALENTS	515,078	1,829,000
CASH AND EQUIVALENTS BEGINNING OF PERIOD	664,116	818,000
	-----	-----
CASH AND EQUIVALENTS END OF PERIOD	\$1,179,194	\$2,647,000
	=====	=====

See Notes to the Condensed Financial Statements.

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DYNAMIC MATERIALS CORPORATION
NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. The information included in the Condensed Financial Statement is unaudited, but includes all adjustments which are, in the opinion of management, necessary for a fair presentation of the interim periods presented. These Condensed Financial Statements should be read in conjunction with the Company's 1994 Annual Report filed on Form 10KSB.

2. INVENTORIES

This caption on the Condensed Balance Sheet includes the following:

	June 30	December 31
	-----	-----
	1995	1994
	----	----
Raw Stock, net	\$ 176,762	\$ 176,746
Work-In-Process	1,923,909	1,256,204
Supplies	157,344	148,438
	-----	-----
	\$2,258,015	\$1,581,388

3. OTHER NON-CURRENT ASSETS:

This caption on the Condensed Balance Sheet includes the following:

	June 30	December 31
	-----	-----
	1995	1994
	----	----
Non-Current Receivables, net	\$31,980	\$31,980
Other Deposits	20,454	17,203
Intangibles, net	17,359	19,489
	-----	-----
	\$69,793	\$68,672
	=====	=====

4. LONG TERM DEBT AND CURRENT MATURITIES

This caption on the Condensed Balance Sheet includes the following:

	June 30	December 31
	-----	-----
	1995	1994
	----	----
Colo, Nat'l of Denver - Equip./R.E.		
Prime +.50%	\$247,572	\$293,558
Concord Financial - Equipment, 8.375%	305,055	351,371
Less: Current Portion	(179,980)	(179,979)
	-----	-----
	\$372,647	\$464,950
	=====	=====

5. NET INCOME PER COMMON SHARE:

Primary Earnings Per Common Share has been calculated based upon the approximate weighted average number of Common Shares outstanding during the periods 2,495,000 shares (1995) and 2,493,000 shares (1994).

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OR PLAN OF OPERATIONS

LIQUIDITY AND CAPITAL RESOURCES

The term "liquidity", as used herein, is defined as the ability of the Corporation to generate adequate amounts of cash to meet its needs for cash. The interpretation is broad in that both internal as well as external sources of liquidity over the short and long term are considered. Capital resources represent those assets currently available to the Corporation that may be used to satisfy both liquidity as well as other requirements for funds, such as anticipated capital expenditures. As noted in the Statements of Cash Flows (see financial statements), cash flows from "operating activities" during the six month period ended June 30, 1995 totaled \$823,294 in comparison to \$2,057,000 during the same period of 1994. The decrease in 1995 is primarily due to an increase in inventories and a lower level of Net Income. The current ratio was 3.5 at June 30, 1995 in comparison to 2.9 at December 31, 1994.

Cash flows used in "investing activities" were \$115,914 through June 30, 1995 versus \$466,000 in 1994. During the 1994 period, the Corporation had increased its investments due to a previously disclosed major asset acquisition.

Historically, and currently, the Corporation has secured the major portion of its operational financing from three sources: (1) internally generated funds; (2) an asset-based revolving line of credit and (3) trade credit. At June 30, 1995 no amounts were outstanding under the revolving line of credit, in comparison to \$100,000 outstanding at December 31, 1994. Trade accounts payable made up 81% and 70% of total current liabilities at June 30, 1995 and December 31, 1994 respectively. At June 30, 1995 the Corporation had \$2,000,000 of unused borrowing availability under its new revolving line of credit facility entered into on June 1, 1995, in comparison to \$1,400,000 at December 31, 1994. The line of credit is secured by qualifying trade receivables and inventory. The line is renewable annually on June 1 (commencing June 1, 1996), subject to bank approval. The Corporation has used a commercial line of credit since 1989. If the line were not extended or similar financing secured, such event could negatively affect the Corporation's ability to meet its future cash requirements. Long-term debt consists of: a) an equipment and a mortgage note, with a bank, with an original principal balance of \$1,000,000, and a remaining non-current balance of \$139,673 as of June 30, 1995, and b) an installment

loan with a balance at June 30, 1995 of \$232,974, with a financial institution, secured by specific equipment (See Note 4 to the financial statements).

The nature of the Corporation's business is contract specific (versus standard products). Thus, failure to complete contracts on a timely basis or failure to obtain future contracts at an adequate price could adversely affect the Corporation's ability to meet its cash requirements exclusively through internal sources.

RESULTS OF OPERATIONS

The following table summarizes certain items included in the Corporation's Statements of Operations for the second quarter ending June 30:

AS A PERCENTAGE OF REVENUES

	QUARTER ENDED JUNE 30	
	1995	1994
Net Sales	100%	100%
Cost of Goods Sold	76.8%	69.5%
Gross Margin	23.2%	30.5%
R & D	2.9%	4.8%
Selling Expenses	11.9%	9.1%
General & Admin.	8.3%	8.8%
Interest Expense, Net	.3%	.1%

QUARTER ENDED JUNE 30, 1995 COMPARED TO JUNE 30, 1994

The Corporation's net sales in the June 30, 1995 quarter declined by 14% over the comparable quarter of 1994. In addition, gross margins declined due to lower sales of formed products leading to lower manufacturing efficiency in the 1995 quarter; and lower pricing in the primary bonding market. The Corporation's backlog of orders scheduled for shipment in 1995 is at a record level of \$8 million as of June 30, 1995.

Selling expense increased by 13% over 1994's level due to the recruitment, relocation and compensation of a new Vice President of Marketing and Sales in 1995. General and Administrative expense decreased by \$59,841 or 19% in 1995's quarter. In comparison to 1994, the 1995 quarter reflects lower staff levels, and in 1994 the Company incurred relocation costs associated with the retention of a new President.

Research and Development costs were \$82,295 lower in the 1995 quarter than in the comparable 1994 quarter. This reduction was due to a specific Research and Development project in 1994 designed to result in a new product line. These expenditures were completed in 1994, and accordingly were not incurred in the 1995 quarter. Net interest expense increased due to the payment of a commitment fee on a new line of credit in the 1995 quarter.

SIX MONTHS ENDED JUNE 30, 1995 COMPARED TO JUNE 30, 1994

The following table summarizes certain items included in the Corporation's Statements of Operations for the six months ending June 30, 1995 and June 30, 1994.

AS A PERCENTAGE OF REVENUES

	SIX MONTHS ENDED JUNE 30	
	1995	1994
Net Sales	100%	100%
Cost of Goods Sold	77.7%	71.1%
Gross Margin	22.3%	28.9%
R & D	3.0%	3.7%
Selling Expenses	10.3%	9.2%
General & Admin.	8.3%	9.1%
Interest Expense, Net	.4%	.1%

The Corporation's net sales in the 1995 period declined by 17% compared to the same period in 1994. Gross margins declined 36% due to lower production volumes; lower shipments of formed products; and lower pricing in the primary bonding market.

Selling expense declined by 7% over the 1994 level but have increased as a percent of Net Sales. General and Administrative

expense decreased by \$172,653 in 1995 due to lower staffing levels and reduced costs associated with the recruitment and relocation of a new President in the 1994 period.

Research and Development costs were \$95,168 lower in the 1995 period than in the comparable 1994 period. This reduction is due to a specific Research and Development spending in 1994 for a project which was concluded in 1994, which did not contribute to research and development costs in the 1995 period. Net interest expense increased in 1995 due to increases in outstanding long-term debt, as well as the payment of a commitment fee for a new revolving line of credit in 1995.

PART II - OTHER INFORMATION

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

(a) The Annual Meeting of Shareholders was conducted on July 21, 1995

(b) The following Directors, representing all of the Directors of the Corporation, were elected at the Annual Meeting of Shareholders:

Edward A. Keible
Paul Lange
Dean K. Allen
Michael C. Hone
George W. Morgenthaler

(c) In addition to the election of Directors, the firm of Arthur Andersen LLP was approved as independent accountants of the Corporation by the following vote:

For	1,341,814
Against	240
Abstain	2,434

(d) None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) None.

(b) A Form 8-K was filed on July 10, 1995, reporting the execution of Indemnity Agreements between the Corporation and each of its officers and directors.

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: August 7, 1995

Craig N. Evans

Craig N. Evans, Vice President Finance
and Chief Financial Officer