

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 September 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

(Name of small business issuer 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	80026
-----	-----
(Address of principal executive office)	(Zip Code)

Issuer's telephone number (303) 665-5700

COMMON STOCK, \$.05 PAR VALUE
 (Title of Class)

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:
 2,495,022 shares of common stock as of September 30, 1995

Transitional Small Business Disclosure Format (check one):

Yes No

Exhibit Index is on page 11

ITEM 1. FINANCIAL STATEMENTS.

DYNAMIC MATERIALS CORPORATION
 CONDENSED BALANCE SHEETS

(Unaudited)

<TABLE>
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ASSETS	SEPTEMBER 30 1995 ----	DECEMBER 31 1994 ----
	<S>	<C>
Current Assets:		
Cash and cash equivalents	\$ 8,547	\$ 664,116
Accounts Receivable (Less: allowances of \$70,000 & \$125,000)	3,757,864	3,602,302
Inventories (Note 2)	2,744,817	1,581,388
Deferred Tax Asset	157,300	159,300
Prepaid Expenses	33,580	75,366
	-----	-----
Total Current Assets	6,702,108	6,082,472
Property, Plant & Equipment	3,932,919	3,730,898
Less: Accumulated Depreciation	(1,895,450)	(1,665,163)
	-----	-----
Property, Plant & Equipment, net	2,037,469	2,065,735
Other Assets:		

Deferred Tax Asset	9,700	156,700
Other (Note 3)	94,120	68,672
	-----	-----
Total Assets	\$8,843,397	\$8,373,579
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Note Payable	\$ 200,000	\$ 100,000
Accounts Payable	1,635,665	1,449,609
Accrued Expenses	282,181	354,441
Current Maturities of Long-Term Debt	301,698	179,979
	-----	-----
Total Current Liabilities	2,419,544	2,084,029
Long-Term Debt (Note 4)	206,886	464,950
Stockholder's Equity:		
Preferred Stock, \$.05 par value; Authorized 4,000,000 shares; No shares Issued and Outstanding	0	0
Common Stock, \$.05 par value; Authorized 15,000,000 shares; 2,495,000 & 2,486,000 shares Issued and Outstanding	124,672	124,672
Additional Paid-In-Capital	5,867,059	5,867,059
Retained Earnings (Accumulated Deficit)	225,236	(167,131)
	-----	-----
	6,216,967	5,824,600
	-----	-----
Total Liabilities and Stockholders' Equity	\$8,843,397	\$8,373,579
	=====	=====

See Notes to the Condensed Financial Statements.

</TABLE>

DYNAMIC MATERIALS CORPORATION
CONDENSED STATEMENTS OF INCOME
(Unaudited)

<TABLE>

<CAPTION>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPTEMBER 30		SEPTEMBER 30	
	1995	1994	1995	1994
	----	----	----	----
<S>	<C>	<C>	<C>	<C>
NET SALES	\$5,680,929	\$2,945,000	\$12,282,723	\$10,871,000
COST OF PRODUCTS MANUFACTURED	4,344,651	2,072,000	9,471,855	7,703,000
	-----	-----	-----	-----
Gross Margins	1,336,278	873,000	2,810,869	3,168,000
COSTS AND OTHER EXPENSES:				
General and Administrative	260,106	257,000	809,453	981,000
Selling Expense	444,361	265,000	1,123,978	991,000
Research and Development	72,368	125,000	270,200	419,000
	-----	-----	-----	-----
INCOME FROM OPERATIONS	559,443	226,000	607,238	777,000
Interest Expense, Net	5,960	0	30,870	17,000
	-----	-----	-----	-----
INCOME BEFORE PROVISION FOR TAXES	553,483	226,000	576,368	760,000
Provision for Income Taxes	175,000	59,000	184,000	243,000
	-----	-----	-----	-----
NET INCOME	\$378,483	\$167,000	\$392,368	\$517,000
	=====	=====	=====	=====

PRIMARY AND FULLY DILUTED NET INCOME PER SHARE:

Net Income per share (Note 5)	\$0.15	\$0.07	\$0.16	\$0.21
	=====	=====	=====	=====

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:

Primary and Fully Diluted (Note 5)	2,495,000	2,491,000	2,493,000	2,486,000
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</TABLE>

DYNAMIC MATERIALS CORPORATION
CONDENSED STATEMENTS OF CASH FLOWS

(Unaudited)

<TABLE>
<CAPTION>

<S>	NINE MONTHS ENDED	
	SEPTEMBER 30	
	1995	1994
<C>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	\$ 392,368	\$ 517,000
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation	230,287	242,000
Amortization	4,378	9,000
(Increase) decrease in Receivables	(169,936)	126,000
(Increase) decrease in Inventories	(1,163,430)	(792,000)
(Increase) decrease in Deferred Tax Asset & Prepaid Expense	178,494	40,000
Increase (decrease) in Accounts Payable	197,918	821,000
Increase (decrease) in Accrued Expenses	(87,282)	230,000
	(417,203)	1,193,000
CASH FLOWS (USED IN) FROM OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
(Acquisition) of Fixed Assets	(202,020)	(918,000)
(Increase) Decrease in Other Assets	0	152,000
	(202,020)	(766,000)
CASH FLOWS (USED IN) INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Borrowings under Bank Line	100,000	300,000
Increase in Long-Term Debt	0	408,000
(Repayment) of Long-Term Debt	(136,346)	(233,000)
Issuance of Common Stock upon option exercise	0	31,000
	(36,346)	506,000
CASH FLOWS FROM FINANCING ACTIVITIES		
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(655,569)	933,000
CASH AND EQUIVALENTS BEGINNING OF PERIOD	664,116	818,000
	\$ 8,547	\$1,751,000
CASH AND CASH EQUIVALENTS END OF PERIOD		

See Notes to the Condensed Financial Statements.

</TABLE>

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:

	SEPTEMBER 30	DECEMBER 31
	1995	1994
	----	----
Raw Stock, net	\$ 176,812	\$ 176,746
Work-In-Process	2,418,131	1,256,204
Supplies	149,874	148,438
	\$2,744,817	\$1,581,388
	=====	=====

3. OTHER NON-CURRENT ASSETS:

This caption on the Condensed Balance Sheet includes the following:

	SEPTEMBER 30 ----- 1995 ----	DECEMBER 31 ----- 1994 ----
Non-Current Receivables, net	\$58,647	\$31,980
Other Deposits	20,363	17,203
Intangibles, net	15,110	19,489
	-----	-----
	\$94,120	\$68,672
	=====	=====

4. LONG TERM DEBT AND CURRENT MATURITIES

This caption on the Condensed Balance Sheet includes the following:

	SEPTEMBER 30 ----- 1995 ----	DECEMBER 31 ----- 1994 ----
Colo. Nat'l Bank - Equip./R.E. Prime +.50%	\$224,355	\$293,558
Concord Financial - Equipment, 8.375%	284,229	351,371
Less: Current Portion	(301,698)	(179,979)
	-----	-----
	\$206,886	\$464,950
	=====	=====

5. NET INCOME PER COMMON SHARE:

Primary Earnings Per Common Share has been calculated based upon the weighted average number of Common Shares outstanding during the periods 2,493,000 shares (1995) and 2,486,000 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 used in operating activities during the nine month period ended September 30, 1995 totaled \$417,203 in comparison to an increase in cash flow from operating activities of \$1,193,000 during the same period of 1994. The decrease in 1995 is due to a significant increase in inventories, coupled with a significantly smaller increase in trade accounts payable. The increase in inventories was caused by an increase in business volume during the quarter ended September 30, 1995. This increase in business volume was reflected in revenues during the quarter, and the fulfillment of orders in-process for completion in the fourth quarter of 1995. Trade accounts payable rose by a comparatively small amount, and actually declined as a percent of total liabilities. The current ratio was 2.8 at September 30, 1995 in comparison to 2.9 at December 31, 1994.

Cash flows used in investing activities were \$203,020 through September 30, 1995 versus \$766,000 in 1994. During the 1994 period, the Corporation had increased its spending due to a previously disclosed major asset addition.

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 September 30, 1995 \$200,000 was outstanding under the revolving line of credit, in comparison to \$100,000 outstanding at December 31, 1994 and accounts payable increased from \$1,449,609 at December 31, 1994 to \$1,636,665 at September 30, 1995. Trade accounts payable made up 68% and 70% of total current liabilities at September 30, 1995 and December 31, 1994 respectively. At September 30, 1995 the Corporation had \$1,800,000 of unused borrowing availability under its revolving line of credit, in comparison to \$1,400,000 at December 31, 1994. The line of credit is

secured by qualifying trade receivables and raw materials inventory. The line is renewable annually on June 1, 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 may negatively affect the Corporation's ability to meet its future cash requirements. Long-term debt consists of an installment loan with a balance at September 30, 1995 of \$206,886, 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 rate 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 third quarter ending September 30:

	AS A PERCENTAGE OF REVENUES	
	QUARTER ENDED SEPTEMBER 30	
	1995	1994
	----	----
Net Sales	100.0%	100.0%
Cost of Goods Sold	76.5%	70.0%
Gross Margin	23.5%	30.0%
R & D	1.3%	4.2%
Selling Expenses	7.8%	9.0%
General & Admin.	4.6%	8.7%
Interest Expense, Net	.1%	.0%

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

The Corporation's net sales in the September 30, 1995 quarter increased by 93% over the comparable quarter of 1994. In addition, gross margins increased by 53% due to lower pricing in the primary bonding market and lower levels of sales of forming products in 1995. The Corporation's backlog of orders scheduled for shipment during the remainder of 1995 was \$6.0 million as of September 30, 1995.

Selling expense increased by 68% over 1994 levels due to the recruitment, relocation and compensation of a new Vice President of Marketing and Sales in 1995 as well as other staff additions in 1995. General and administrative expense increased by 1.2% in the 1995 quarter. The 1994 quarter reflected certain relocation costs that were not incurred in 1995.

Research and development costs were \$52,632 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 1995.

NINE MONTHS ENDED SEPTEMBER 30, 1995 COMPARED TO SEPTEMBER 30, 1994

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

	AS A PERCENTAGE OF REVENUES	
	NINE MONTHS ENDED SEPTEMBER 30	
	1995	1994
	----	----
Net Sales	100.0%	100.0%
Cost of Goods Sold	77.1%	71.0%
Gross Margin	22.9%	29.0%
R & D	2.2%	3.8%
Selling Expenses	9.1%	9.1%
General & Admin.	6.6%	9.0%
Interest Expense, Net	.3%	.2%

The Corporation's net sales in the nine months ended September 30, 1995 increased by 13% compared to the same period in 1994. Gross margins declined due to lower shipments of formed products, and lower pricing in the primary bonding market.

Selling expense increased by 13% over 1994 levels but remained stable as a percent of net sales. General and administrative expense decreased by \$171,547 in 1995 due to reduced costs associated with recruitment and relocation expenses in 1995.

Research and development costs were \$148,800 lower in the 1995 period than in the comparable 1994 period. This reduction was due to a specific research and development project in 1994 which was concluded in 1994, and did not contribute to costs in the 1995 period. Net interest expense increased in 1995 due to 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.

The results of the Company's Annual Meeting of Stockholders held on July 21, 1995, were reported in the Company's Form 10-QSB for the quarter ended June 30, 1995.

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

(a.) None.

(b.) None.

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: October 18, 1995

Craig N. Evans

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

EXHIBIT INDEX

Exhibit No.	Description	Sequential Page No.
27	Financial Data Schedule	12

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S INTERIM UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDING SEPTEMBER 30, 1995, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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