

U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(Mark One)

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

FOR THE QUARTERLY PERIOD ENDED: MARCH 31, 1996

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 [No Fee Required]

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

Securities registered under Section 12(g) of the Exchange Act:

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 Securities 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:

2,510,923 shares of common stock as of March 31, 1996.

ITEM 1. FINANCIAL STATEMENTS

DYNAMIC MATERIALS CORPORATION

CONDENSED BALANCE SHEETS

(Unaudited)

<TABLE>

<CAPTION>

ASSETS	March 31, 1996 ----	December 31, 1995 ----
	<C>	<C>
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Current Assets:		
Cash and cash equivalents	\$ 1,706,440	\$ 487,573
Accounts Receivable (Less: allowance of \$150,000)	2,915,886	4,479,199
Inventories (Note 2)	2,065,011	2,583,126
Deferred Tax Asset	161,400	161,400
Prepaid Expenses	146,632	102,406
	-----	-----
Total Current Assets	6,995,369	7,813,704
Property, Plant & Equipment	4,167,182	4,072,932
Less: Accumulated Depreciation	(2,070,364)	(1,984,353)
	-----	-----
Property, Plant & Equipment, net	2,096,818	2,088,579

Other Assets:		
Deferred Tax Asset	40,400	40,400
Other (Note 3)	51,098	97,985
	-----	-----
Total Assets	\$ 9,183,685	\$10,040,668
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Note Payable	\$ 0	\$ 600,000
Accounts Payable	1,526,318	2,216,922
Accrued Expenses	636,513	446,204
Current Maturities of Long-Term Debt	89,169	86,913
	-----	-----
Total Current Liabilities	2,252,000	3,350,039
Long-Term Debt (Note 4)	156,721	184,460
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; Issued and Outstanding 2,510,923 & 2,500,923 shares	125,484	125,047
Additional Paid-In-Capital	5,895,121	5,877,059
Retained Earnings	754,359	504,063
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 9,183,685	\$10,040,668
	=====	=====

</TABLE>

See Notes to the Condensed Financial Statements.
DYNAMIC MATERIALS CORPORATION
CONDENSED STATEMENTS OF INCOME

(Unaudited)

<TABLE>
<CAPTION>

	Three Months Ended March 31,	
	1996	1995
	----	----
<S>	<C>	<C>
NET SALES	\$5,995,574	\$3,492,758
COST OF PRODUCTS MANUFACTURED	4,875,250	2,738,847
	-----	-----
Gross Margins	1,120,324	753,911
COSTS AND OTHER EXPENSES:		
General and Administrative	349,633	291,188
Selling Expense	290,757	310,991
Research and Development	85,817	107,127
	-----	-----
INCOME FROM OPERATIONS	394,117	44,605
Interest (Income) Expense, Net	(4,178)	16,495
	-----	-----
INCOME BEFORE PROVISION FOR TAXES	398,295	28,110
Provision for Income Taxes	148,000	9,000
	-----	-----
NET INCOME	\$ 250,295	\$ 19,110
	=====	=====

PRIMARY AND FULLY DILUTED NET INCOME PER SHARE:

Net Income per share (Note 5)	\$0.10	\$0.01
	=====	=====

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:

Primary and Fully Diluted (Note 5)

2,505,900

2,493,423

=====

=====

</TABLE>

See Notes to the Condensed Financial Statements.
DYNAMIC MATERIALS CORPORATION
STATEMENTS OF CASH FLOW

(Unaudited)

<TABLE>

<CAPTION>

	Three Months Ended March 31,	
	1996	1995
	----	----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	\$ 250,295	\$ 19,110
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation	83,762	65,865
Amortization	2,250	2,250
(Increase) decrease in Receivables	1,563,313	662,194
(Increase) decrease in Inventories	656,014	164,307
(Increase) decrease in Deferred Tax Asset & Prepaid expense	(128,229)	3,985
Increase (decrease) in Accounts payable	(690,604)	(759,351)
Increase (decrease) in Accrued expenses	182,965	(149,499)
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES	1,919,766	8,861
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
(Acquisition) of Fixed Assets	(94,250)	(83,750)
(Increase) Decrease in Other Assets	333	(200)
	-----	-----
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(93,917)	(83,950)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES		
Net (Repayment) Borrowings under Bank Line	(600,000)	(100,000)
Increase in Long-Term Debt	0	0
(Repayment) of Long-Term Debt	(25,482)	(49,574)
Issuance of Common Stock upon option exercise	18,500	0
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES	(606,982)	(149,574)
	-----	-----
INCREASE IN CASH AND EQUIVALENTS	1,218,867	(224,663)
CASH AND EQUIVALENTS BEGINNING OF PERIOD	487,573	664,116
	-----	-----
CASH AND EQUIVALENTS END OF PERIOD	\$1,706,440	\$ 439,453
	=====	=====

</TABLE>

See Notes to the Condensed Financial Statements.
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 1995 Annual Report filed on Form 10KSB.

2. INVENTORIES

This caption on the Condensed Balance Sheet includes the following:

	March 31	December 31
	1996	1995
	----	----
Raw Stock, net	\$ 310,144	\$ 261,024
Work-In-Process	1,581,954	2,096,802
Supplies	172,913	225,300
	-----	-----
	\$2,065,011	\$2,583,126
	=====	=====

3. OTHER NON-CURRENT ASSETS:

This caption on the Condensed Balance Sheet includes the following:

	March 31 1996 ----	December 31 1995 ----
Non-Current Receivable, net	\$ 20,833	\$ 23,333
Other Deposits	18,808	60,968
Intangibles, net	40,400 -----	40,400 -----
	\$ 80,041 =====	\$124,701 =====

4. LONG-TERM DEBT AND CURRENT MATURITIES

This caption on the Condensed Balance Sheet includes the following:

	March 31 1996 ----	December 31 1995 ----
Concord Financial - Equipment, 8.375%	\$ 245,890	\$ 271,373
Less: Current Portion	(89,169) -----	(86,913) -----
	\$ 156,721 =====	\$ 184,460 =====

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: 2,505,900 (1996) and 2,496,487 shares (1995).

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 generated by "operating activities" during the three month period ended March 31, 1996 totaled \$1,919,766 in comparison to an increase of \$8,861 during the same period of 1995. The significant increase in 1996 is due to a reduction in Accounts Receivable and Inventory since December 31, 1995, as well as an increase in the amount of Net Income generated on higher Sales in the 1996 quarter. The current ratio was 3.1 at March 31, 1996 in comparison to 2.3 at December 31, 1995.

Cash flows used in "investing activities" were \$93,917 through March 31, 1996 versus \$83,950 for the quarter ended March 31, 1995. The spending levels for these periods reflect normal operating activities and accordingly should be expected to continue.

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 March 31, 1996 no amounts were outstanding under the revolving line of credit, in comparison to \$600,000 outstanding at December 31, 1995. Trade accounts payable make up 68% and 66% of total current liabilities at March 31, 1996 and December 31, 1995, respectively. At March 31, 1996 the Corporation had \$2,000,000 of unused borrowing availability under its revolving line of credit, in comparison to \$1,400,000 at December 31, 1995. 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 March 31, 1996 of \$245,890, 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

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	MARCH 31
	1996	1995
Net Sales	100.0%	100.0%
Cost of Goods Sold	81.3%	78.4%
Gross Margin	19.7%	21.6%
R & D	1.4%	3.1%
Selling Expenses	4.8%	8.9%
General & Admin.	5.8%	8.3%
Interest (Income) Expense, Net	(.7%)	.5%

QUARTER ENDED MARCH 31, 1996 COMPARED TO MARCH 31, 1995

The Corporation's Net Sales in the March 31, 1996 quarter increased by 72% over the comparable quarter of 1995. However, Gross Margins increased by only 49% due to competitive conditions in the bonding market in 1996.

Selling expense declined in 1996 by 7% over 1995's level due to certain non-recurring recruitment and relocation costs which were included in the 1995 period. General and Administrative expense increased by 20% in 1996's quarter due to increased staffing, and certain consulting costs which were not incurred in 1995's quarter.

Research and Development costs were \$21,310 lower in 1996's quarter than in the comparable 1995 quarter. This reduction was due to more of the total engineering effort being directed to manufacturing activities versus new product or process development.

Interest expense declined from \$20,752 in 1995 to \$8,517 in 1996 due to the reduction in short-term borrowings in 1996. Further, Interest Income increased to \$12,695 in 1996 from \$4,258 in 1995 by investment of surplus cash in short-term investments during the 1996 period.

PART II - OTHER INFORMATION

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

- (a) None.
- (b) None.
- (c) None.
- (d) None.

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.

(Registrant)

Date: April 30, 1996

Craig N. Evans

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

<TABLE> <S> <C>

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE COMPANY'S AUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED MARCH 31, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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