

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 [Fee Required]

FOR THE QUARTERLY PERIOD ENDED: JUNE 30, 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 (I.R.S. Employer Identification No.)
of incorporation or organization)

551 Aspen Ridge Drive, Lafayette

80026

(Address of principal executive office)

(Zip Code)

Issuer's telephone number, including Area Code (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 X No

State the number of shares outstanding of each of the issuer's
classes of common equity, as of the latest practicable date:

2,519,423 shares of common stock as of June 30, 1996.

ITEM 1. FINANCIAL STATEMENTS

DYNAMIC MATERIALS CORPORATION
CONDENSED BALANCE SHEETS

(Unaudited)

<TABLE>
<CAPTION>

ASSETS	June 30 1996 ----	December 31 1995 ----
	<C>	<C>
Current Assets:		
Cash and cash equivalents	\$ 2,090,031	\$ 487,573
Accounts Receivable (Less: allowance of \$150,000)	3,255,054	4,479,199
Inventories (Note 2)	1,477,522	2,583,126
Deferred Tax Asset	120,000	161,400
Prepaid Expenses & Deposits	145,126	102,406
	-----	-----
Total Current Assets	7,087,733	7,813,704
Property, Plant & Equipment	4,192,103	4,072,932
Less: Accumulated Depreciation	(2,156,746)	(1,984,353)
	-----	-----

Property, Plant & Equipment, net	2,035,357	2,088,579
Other Assets:		
Deferred Tax Asset	10,000	40,400
Other (Note 3)	46,399	97,985
	-----	-----
Total Assets	\$ 9,179,489	\$10,040,668
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Note Payable	\$ 0	\$ 600,000
Accounts Payable	1,367,745	2,216,922
Accrued Expenses	521,295	446,204
Current Maturities of Long-Term Debt	90,676	86,913
	-----	-----
Total Current Liabilities	1,979,716	3,350,039
Long-Term Debt (Note 4)	138,354	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 2,519,423 & 2,500,923 shares	126,272	125,047
Additional Paid-In-Capital	5,927,084	5,877,059
Retained Earnings	1,008,063	504,063
	-----	-----
	7,061,419	6,506,169
	-----	-----
Total Liabilities and Stockholders' Equity	\$ 9,179,489	\$10,040,668
	=====	=====

</TABLE>

See Notes to the Condensed Financial Statements.

DYNAMIC MATERIALS CORPORATION
CONDENSED STATEMENTS OF INCOME

(Unaudited)

<TABLE>

<CAPTION>

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	1996	1995	1996	1995
	----	----	----	----
<S>	<C>	<C>	<C>	<C>
NET SALES	\$5,708,423	\$3,109,036	\$11,703,997	\$6,601,794
COST OF PRODUCTS MANUFACTURED	4,524,491	2,388,229	9,399,741	5,127,076
	-----	-----	-----	-----
Gross Margins	1,183,932	720,807	2,304,256	1,474,718
COSTS AND OTHER EXPENSES:				
General and Administrative	391,472	258,159	741,105	549,347
Selling Expense	315,014	368,626	605,771	679,617
Research and Development	82,322	90,705	168,139	197,832
	-----	-----	-----	-----
INCOME FROM OPERATIONS	395,124	3,317	789,241	47,922
Interest (Income) Expense, Net	(6,581)	8,415	(10,759)	24,910
	-----	-----	-----	-----
INCOME BEFORE PROVISION FOR TAXES	401,705	(5,098)	800,000	23,012
Provision for Income Taxes	148,000	0	296,000	9,000
	-----	-----	-----	-----
NET INCOME	\$ 253,705	(\$5,098)	\$ 504,000	\$ 14,012
	=====	=====	=====	=====

PRIMARY AND FULLY DILUTED NET INCOME PER SHARE:

Net Income per share (Note 5)	\$0.10	(\$0.00)	\$0.20	\$0.01
	=====	=====	=====	=====

WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING:

Primary and Fully Diluted (Note 5)	2,508,000	2,495,000	2,506,000	2,494,000
	=====	=====	=====	=====

</TABLE>

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

(Unaudited)

<TABLE>
<CAPTION>

	Six Months Ended June 30	
	1996	1995
	----	----
<S>	<C>	<C>
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	\$ 504,000	\$ 14,012
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH FROM OPERATING ACTIVITIES		
Depreciation	172,393	131,730
Amortization	4,500	4,500
(Increase) decrease in Receivables	1,224,145	1,743,814
(Increase) decrease in Inventories	1,105,604	(676,627)
(Increase) decrease in Deferred Tax Asset & Prepaid expense	(4,076)	(6,041)
Increase (decrease) in Accounts payable	(849,177)	(132,756)
Increase (decrease) in Accrued expenses	78,854	(255,338)
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES	2,236,243	823,294
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
(Acquisition) of Fixed Assets	(120,179)	(115,714)
(Increase) Decrease in Other assets	77,486	(200)
	-----	-----
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES	(42,693)	(115,914)
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	(42,342)	(92,302)
Issuance of Common Stock upon option exercise	51,250	0
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES	(591,092)	(192,302)
INCREASE IN CASH AND EQUIVALENTS	1,602,458	515,078
CASH AND EQUIVALENTS BEGINNING OF PERIOD	487,573	664,116
	-----	-----
CASH AND EQUIVALENTS END OF PERIOD	\$2,090,031	\$1,179,194
	=====	=====

</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:

	June 30	December 31
	-----	-----
	1996	1995
	----	----
Raw Stock, net	\$328,800	\$261,024
Work-In-Process	957,320	2,096,802
Supplies	191,402	225,300
	-----	-----

\$1,477,522 \$2,583,126
=====

3. OTHER NON-CURRENT ASSETS:

This caption on the Condensed Balance Sheet includes the following:

	June 30	December 31
	-----	-----
	1996	1995
	----	----
Non-Current Receivable, net	\$18,334	\$23,333
Other Deposits	18,858	60,968
Intangibles, net	10,000	40,400
	-----	-----
	\$47,192	\$124,701
	=====	=====

4. LONG TERM DEBT AND CURRENT MATURITIES

This caption on the Condensed Balance Sheet includes the following:

	June 30	December 31
	-----	-----
	1996	1995
	----	----
Concord Financial - Equipment, 8.375%	\$229,030	\$271,373
Less: Current Portion	(90,676)	(86,913)
	-----	-----
	\$138,354	\$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: 2,506,000 (1996) and 2,494,000 shares (1995).

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

Overview

The Company's results of operations for the three- and six-month periods ended June 30, 1996 have been favorably impacted by increased manufacturing and sales activity, principally for cladding products, as compared with comparable periods in 1995. A portion of these increases are shipments of orders received in prior periods which have been reflected in previously reported inventory. Orders continue to be received at higher levels than in the comparable 1995 periods. A significant portion of the Company's present and future sales activity derives from increased sales to offshore customers concentrated in the Pacific Rim. The Company expects that approximately 35% of its sales reflect activity in this market, both through direct sales and through intermediaries.

Subsequent to the second quarter, on July 22, 1996, the Company completed the acquisition from E.I. DuPont de Nemours and Company of the assets of the Detaclad operation, for a purchase price of \$4,978,469. This was financed through \$3,728,469 of borrowings and \$1,250,000 from cash on hand. This acquisition expands the Company's operations significantly, as the Detaclad assets represent approximately a 50% increase in the Company's total assets as of December 31, 1995 and, in the year ended December 31, 1995, the Detaclad assets as operated by DuPont generated approximately \$11,000,000 in sales revenues. As a result, the Company's results subsequent to the acquisition will not be directly comparable with pre-acquisition results.

QUARTER ENDED JUNE 30, 1996 COMPARED TO JUNE 30, 1995

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

<TABLE>
<CAPTION>

Percentage of Net Sales	

Three Months Ended June 30,	Six Months Ended June 30,

	----- 1996 ----	----- 1995 ----	----- 1996 ----	----- 1995 ----
<S>	<C>	<C>	<C>	<C>
Net sales	100.0%	100.0%	100.0%	100.0%
Cost of products manufactured	79.3%	76.8%	80.3%	77.7%
Gross margin	20.7%	23.2%	19.7%	22.3%
General and administrative	6.9%	8.3%	6.3%	8.3%
Selling expense	5.5%	11.9%	5.3%	10.3%
Research and development	1.4%	2.9%	1.4%	3.0%
Interest (income) expense, net	(.1%)	.3%	(.1%)	.4%
Income tax provision	2.6%	.0%	2.5%	.1%
Net income	4.4%	(0.2%)	4.3%	.2%
	====	====	====	====

</TABLE>

Net Sales. Net sales increased 84% to \$5,708,400 in the quarter ended June 30, 1996 from \$3,109,000 for the comparable quarter in 1995. For the six months ended June 30, 1996, net sales increased 77%, to \$11,703,900 from \$6,601,800 for the comparable period in 1995. These increases were due to higher levels of contract activity, principally for cladding products and in the Pacific Rim countries, and completion of manufacturing and shipment of products that had been reflected in high inventory levels in prior periods. The backlog at December 31, 1995 was \$7,000,000, compared with backlog at June 30, 1996 of \$8,500,000.

Gross Margin. For the three months ended June 30, 1996, gross margin expressed as a percentage of net sales, was 20.7%, compared to 23.2% in the comparable period in 1995. For the comparable six month periods, gross margin was 19.7% of net sales for the first six months of 1996, compared with 22.3% of net sales in the comparable 1995 period. The decrease in the percentage of net sales represented by gross margin was due principally to lower levels of sales of formed products in 1996, as formed products are sold at higher margins than clad products. Pricing of the Company's clad products increased slightly in the second quarter of 1996 compared with the first quarter, increasing gross margins in the second quarter.

General and Administrative. General and administrative expenses increased 52% in the three months ended June 30, 1996 from \$258,200 to \$391,500, primarily as a result of increased bonus accrual, increased insurance expense for expanded coverage and directors' and officers' liability insurance, increased travel and entertainment expenses, increased consulting costs, a new investor relations initiative, and a new operating lease for telephone equipment. Certain of these increased costs, particularly travel and consultant costs, were incurred in connection with the DuPont acquisition and will be non-recurring costs. Other increases will remain at higher levels to support higher levels of sales activity. General and administrative costs increased 35% to \$741,100 in the six months ended June 30, 1996 compared to \$549,300 in the first six months of 1995, principally reflecting higher bonus accrual, increased insurance expense, a new investor relations initiative, and increased compensation and consulting expenses. Despite the increases, general and administrative expenses as a percentage of net sales decreased from 8.3% to 6.9% for the three months ended June 30, 1995 and 1996, respectively, and from 8.3% to 6.3% for the six months ended June 30, 1995 and 1996, respectively, as a result of the higher level of net sales.

Selling Expense. Selling expense decreased by 15%, from \$368,600 in the three months ended June 30, 1995 to \$315,000 in the three months ended June 30, 1996. Similarly, selling expense decreased by 11% in the comparable six-month periods, from \$679,600 in the six months ended June 30, 1995 to \$605,800 in the comparable 1996 period. The decreases are due in part to reduced staffing levels in 1996 and the non-recurring recruiting and relocation expense in the 1995 period associated with the retention during that period of a new

Vice President of Marketing and Sales. Additionally, in the 1995 period, there was more significant international travel due to an increased effort to establish the Company's presence in offshore markets. The Company expects that selling expense levels may increase somewhat in the latter half of 1996, as certain marketing activities have been deferred due to the focus on the DuPont acquisition. Selling expense as a percentage of net sales was 5.5% in the three months ended June 30, 1996, compared with 11.9% in the year earlier period, and 5.3% in the six months ended June 30, 1996, compared with 10.3% in the year earlier period, as a result of both lower selling expenses and higher net sales in 1996.

Research and Development. Research and development expenses

decreased 9% to \$82,300 in the three months ended June 30, 1996, from \$90,700 in the year earlier period. Research and development expenses declined 15% over the comparable six-month periods, from \$197,800 for the six months ended June 30, 1995 to \$168,100 for the six months ended June 30, 1996. This reduction in research and development was based on completion of a specific research and development project in 1995 and a greater emphasis on production support in the 1996 period.

Interest. In the three- and six-month periods ended

June 30, 1996, the Company had \$6,600 and \$10,800, respectively, of interest income, compared with interest expense of \$8,400 and \$24,900, respectively, in the comparable year earlier periods. This change is due to the Company's improved cash position and investment of its cash reserves and the reduced level of outstanding borrowings in 1996.

LIQUIDITY AND CAPITAL RESOURCES.

Historically, the Company has secured the major portion of its operational financing from internally generated funds and an asset-based revolving line of credit. At June 30, 1996, the Company had approximately \$2,100,000 of cash and cash equivalents, \$138,300 of long term debt (consisting of an installment note secured by equipment) and \$5,108,000 of working capital. At June 30, 1996, no amounts were outstanding under the Company's revolving line of credit, in comparison to \$600,000 outstanding at December 31, 1995. Subsequent to June 30, 1996, and in anticipation of financing needs for the Detaclad acquisition, the Company entered into a new \$7,500,000 secured credit facility, and at August 1, 1996, \$5,300,000 was outstanding under this facility, all of which was borrowed to finance the Detaclad acquisition, including fees and expenses associated with the acquisition. The credit facility has a seven-year term and is secured by substantially all of the Company's assets, including its accounts receivable, inventory and equipment. The maximum amount available under the line of credit is subject to borrowing base restrictions which are a function of defined balances in accounts receivable, inventory, real property and equipment. As of August 1, 1996, borrowing availability under the line of credit was approximately \$2,200,000 beyond actual borrowings as of that date.

During the six-month period ended June 30, 1996, cash flows from operating activities increased \$2,236,200 in comparison to an increase of \$823,294 during the six-month period ended June 30, 1995. The significant increase in 1996 is due to the collection of accounts receivable and reduction in inventories compared to the balances at December 31, 1995, as well as the higher level of net income. The current ratio was 3.6 at June 30, 1996 in comparison to 2.3 at December 31, 1995. Cash flows used in investing activities were \$42,700 through June 30, 1996 compared with \$115,900 during the same period in 1995. Capital expenditures were \$119,200, or approximately 3% higher in the 1996 period than in the comparable 1995 period.

The Company believes that its current cash flow from operations and available borrowing capacity will be sufficient to fund foreseeable working capital and capital expenditure needs through 1996. However, because the Company's business has been based on a relatively small number of large, specifically negotiated contracts, 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 internal sources. Consequently, any restriction on the availability of borrowing under the line of credit could negatively affect the Company's ability to meet its future cash requirements.

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, among others: general economic conditions, both domestically and abroad; the timely completion of contracts; the ability to obtain new contracts at attractive prices; fluctuations in customer demand, including as a result of a change in regulatory or tax provisions in countries in which the Company's customers are located; competitive factors; and the Company's ability to address adequately the changing demands resulting from the Detaclad acquisition. 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.

Part II - OTHER INFORMATION

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

(a) Exhibits.

- 2.1 Purchase and Sale Agreement dated July 22, 1996 between Dynamic Materials Corporation and E.I. DuPont de Nemours and Company.*
- 10.1 Tolling/Services Agreement for Industrial Diamonds dated July 22, 1996 between E.I. DuPont de Nemours and Company and Dynamic Materials Corporation.*
- 10.2 Sublease dated July 22, 1996 between E.I. DuPont de Nemours and Company and Dynamic Materials Corporation.*
- 10.3 Credit Facility and Security Agreement dated July 19, 1996 between Dynamic Materials Corporation and Key Bank of Colorado.*
- 27 Financial Data Schedule

*Filed as Exhibits to the Company's Report on Form 8-K dated August 6, 1996 and incorporated herein by reference.

(b) Reports on Form 8-K

A Report on Form 8-K was filed on August 6, 1996 reporting the completion of the acquisition of the Detaclad assets from E.I. DuPont de Nemours and Company.

Pursuant to the Form 8-K, certain audited financial information will be provided regarding the acquired assets as of December 31, 1994 and December 31, 1995. In addition, unaudited information will be provided for the six-month period ended June 30, 1996. All such financial information will be filed within 60 days of August 6, 1996.

SIGNATURES

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

DYNAMIC MATERIALS CORPORATION

(Registrant)

Date: August 14, 1996

Paul Lange

Paul Lange
President and Chief Executive Officer
Acting Principal Financial Officer

EXHIBIT INDEX

Exhibit No. Description
- -

27 Financial Data Schedule

<TABLE> <S> <C>

<ARTICLE> 5

<LEGEND>

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION FROM THE COMPANY'S INTERIM UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED JUNE 30, 1996, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

</LEGEND>

<S>	<C>
<PERIOD-TYPE>	6-MOS
<FISCAL-YEAR-END>	DEC-31-1996
<PERIOD-END>	JUN-30-1996
<CASH>	2,090,031
<SECURITIES>	0
<RECEIVABLES>	3,405,054
<ALLOWANCES>	150,000
<INVENTORY>	1,477,522
<CURRENT-ASSETS>	7,087,733
<PP&E>	4,192,103
<DEPRECIATION>	2,156,746
<TOTAL-ASSETS>	9,179,489
<CURRENT-LIABILITIES>	1,979,716
<BONDS>	0
<COMMON>	126,272
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<OTHER-SE>	6,935,147
<TOTAL-LIABILITY-AND-EQUITY>	9,179,489
<SALES>	11,703,997
<TOTAL-REVENUES>	11,703,997
<CGS>	9,399,741
<TOTAL-COSTS>	10,746,617
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	0
<INTEREST-EXPENSE>	(10,759)
<INCOME-PRETAX>	800,000
<INCOME-TAX>	296,000
<INCOME-CONTINUING>	504,000
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	504,000
<EPS-PRIMARY>	.20
<EPS-DILUTED>	.20

</TABLE>