U.S. SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-QSB

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]

FOR THE QUARTERLY PERIOD ENDED: SEPTEMBER 30, 1997

[ ] 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, 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: 2,717,958 SHARES OF COMMON STOCK AS OF OCTOBER 31, 1997.

ITEM 1. FINANCIAL STATEMENTS

DYNAMIC MATERIALS CORPORATION
CONDENSED BALANCE SHEETS
(UNAUDITED)

<TABLE>
<CAPTION>

	September 30, 1997	December 31, 1996
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 16,228	$ 209,650
Accounts receivable, net of allowance for doubtful accounts of $239,519 and $170,000, respectively	5,738,020	6,176,589
Inventories (Note 3)	1,986,942	4,828,828
Prepaid expenses and other	620,239	150,951
Deferred tax asset	287,950	287,950
Total current assets	8,649,379	11,653,968
PROPERTY, PLANT AND EQUIPMENT	5,911,443	5,421,680
Less- Accumulated depreciation	(2,862,537)	(2,426,870)

Property, plant and equipment--net	3,048,906	2,994,810
INTANGIBLE ASSETS, Net of accumulated amortization of $277,885 and $188,344, respectively	1,259,346	1,337,480
OTHER ASSETS	191,850	498,982
TOTAL ASSETS	$ 13,149,481	$ 16,485,240

</TABLE>

SEE NOTES TO CONDENSED FINANCIAL STATEMENTS

DYNAMIC MATERIALS CORPORATION
CONDENSED BALANCE SHEETS
(UNAUDITED)

<TABLE>
<CAPTION>

LIABILITIES AND STOCKHOLDERS' EQUITY	September 30, 1997	December 31, 1996
<S>	<C>	<C>
CURRENT LIABILITIES:		
Bank overdraft	$ --	$ 743,471
Accounts payable	1,532,182	2,255,190
Accrued expenses	1,215,872	990,959
Current maturities of long-term debt	91,466	94,636
Current portion of capital lease	28,685	27,528
Total current liabilities	2,868,205	4,111,784
LINE OF CREDIT	--	3,930,000
LONG-TERM DEBT	23,121	89,857
CAPITAL LEASE OBLIGATION	79,048	100,639
DEFERRED TAX LIABILITY	27,200	27,200
Total liabilities	2,997,574	8,259,480
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; 2,717,958 and 2,539,323 shares issued and outstanding, respectively	135,877	126,967
Additional paid-in capital	6,282,827	5,971,076
Retained earnings	3,733,203	2,127,717
	10,151,907	8,225,760
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$13,149,481	$16,485,240

</TABLE>

SEE NOTES TO CONDENSED FINANCIAL STATEMENTS

DYNAMIC MATERIALS CORPORATION
CONDENSED STATEMENTS OF INCOME
FOR THE THREE MONTHS AND NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996
(UNAUDITED)

<TABLE>
<CAPTION>

	Three months ended September 30,		Nine months ended September 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
NET SALES	$ 7,803,059	$ 7,754,903	$25,462,599	$19,458,900

COST OF PRODUCTS SOLD	6,013,006	6,111,829	19,677,769	15,511,568
Gross Profit	1,790,053	1,643,074	5,784,830	3,947,332
COSTS AND EXPENSES:				
General and administrative expenses	514,668	426,018	1,521,739	1,167,123
Selling expenses	490,212	383,021	1,538,389	988,792
Research and development costs	104,951	82,004	304,367	250,143
	1,109,831	891,043	3,364,495	2,406,058
INCOME FROM OPERATIONS	680,222	752,031	2,420,335	1,541,274
Other income	257	124	23,763	9,098
Interest expense	(15,135)	(77,177)	(105,419)	(91,011)
Interest income	14,720	30,340	21,807	45,957
Income before income tax provision	680,064	705,318	2,360,486	1,505,318
INCOME TAX PROVISION	217,143	264,000	755,000	560,000
NET INCOME	$ 462,921	$ 441,318	$ 1,605,486	$ 945,318
NET INCOME PER	$ 0.16	$ 0.16	$ 0.56	$ 0.35
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	2,880,891	2,700,657	2,879,216	2,669,729

</TABLE>

SEE NOTES TO CONDENSED FINANCIAL STATEMENTS

DYNAMIC MATERIALS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1997 AND 1996
(UNAUDITED)

<TABLE>
<CAPTION>

<S>	1997 <C>	1996 <C>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$1,605,486	$945,318
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation	435,667	263,068
Amortization	78,134	23,391
Decrease (increase) in-		
Accounts receivable, net	438,569	576,662
Inventories	2,841,886	999,262
Prepaid expenses and other	(469,288)	63,069
Increase (decrease) in-		
Bank overdraft	(743,471)	--
Accounts payable	(723,008)	515,520
Accrued expenses	224,913	449,698
Net cash flows from operating activities	3,688,888	3,835,988
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(205,477)	(270,741)
Purchase of Detaclad net assets		(5,291,871)
Change in other non-current assets	22,846	(77,677)
Net cash flows used in investing activities	(182,631)	(5,640,289)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments on line of credit, net	(3,930,000)	2,700,000
Payments on long-term debt	(69,906)	(58,494)
Payments on capital lease obligation	(20,434)	--
Net proceeds from issuance of common stock	320,661	71,448

Net cash flows used in financing activities	(3,699,679)	2,712,954
NET INCREASE IN CASH AND CASH EQUIVALENTS	(193,422)	908,653
CASH AND CASH EQUIVALENTS, beginning of period	209,650	487,573
CASH AND CASH EQUIVALENTS, end of period	$ 16,228	$1,396,226

</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 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 1996 Annual Report filed on Form 10-KSB.

2. ACQUISITION OF DETACLAD(R) BUSINESS OF E. I. DUPONT DE NEMOURS AND COMPANY

On July 22, 1996, the Company acquired certain assets of the Detaclad Business of E.I. DuPont de Nemours and Company (DuPont). Detaclad designs, manufactures and distributes explosion bonded clad metal plates and also provides explosive shock syntheses services to DuPont in connection with DuPont's production of industrial diamonds. The total purchase price of $5,321,850 included $5,024,233 in cash payments to Dupont, $250,576 in acquisition related expenses and the assumption of accrued liabilities in the amount of $47,041. Assets acquired consisted principally of trade accounts receivable, inventories, machinery and equipment, leasehold improvements and trade names used in the business, as well as subleases of the facilities at which the Detaclad business is conducted. The Detaclad acquisition was financed with Company cash and borrowings under a revolving credit facility with KeyBank of Colorado.

The acquisition has been accounted for using the purchase method of accounting. The purchase price was allocated to the assets acquired based on their approximate fair market values at the purchase date. The results of operations of Detaclad since the July 22, 1996 purchase date are included in the Company's condensed financial statements.

The following unaudited pro forma results of operations of the Company for the nine months ended September 30, 1996 assumes that the acquisition of Detaclad had occurred on January 1, 1996. These pro forma results are not necessarily indicative of the actual results of operations that would have been achieved nor are they necessarily indicative of future results of operations.

Revenues	$25,383,900
Net Income	$ 1,024,318
Net Income Per Share	$ .41

3. INVENTORIES

This caption on the Condensed Balance Sheets includes the following:

	SEPTEMBER 30, 1997	DECEMBER 31, 1996
Raw Materials	$ 437,229	$ 600,942
Work-in-Process	1,222,838	3,997,680
Supplies	326,875	230,206
	$1,986,942	$4,828,828

4. NET INCOME PER COMMON SHARE:

Net income per common share has been computed based upon the weighted average number of shares of common stock and common stock equivalents outstanding during each period. Common stock equivalents recognize the potential dilutive effects of the future exercise of common stock options.

Statement of Financial Accounting Standards No. 128 ("SFAS 128), "Earnings per Share", supersedes APB Opinion 15 ("APB 15"), "Earnings per Share", and is effective for interim and annual periods ending after December 15, 1997. While early application of SFAS 128 is prohibited, footnote disclosure of pro forma earnings per share ("EPS") under the new standard is permitted. SFAS 128 replaces primary EPS with basic EPS and fully diluted EPS with diluted EPS. Basic EPS is computed by dividing net income by the weighted average number of shares of common stock outstanding during the period. Diluted EPS recognizes the potential dilutive effects of the future exercise of common stock options utilizing the same computations that the Company currently uses to compute primary EPS under APB 15. Pro forma earnings per share for the three months and nine months ended September 30, 1997 and 1996 under SFAS 128 are as follows:

<TABLE>
<CAPTION>

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	SEPT. 30, 1997	SEPT. 30, 1996	SEPT. 30, 1997	SEPT. 30,1996
<S>	<C>	<C>	<C>	<C>
Basic earnings per share	$ .17	$ .17	$ .60	$ .38
Shares outstanding	2,714,371	2,527,000	2,669,434	2,516,796
Diluted earnings per	$ .16	$ .16	$ .56 $	$ .35
Shares outstanding	2,880,891	2,700,657	2,879,216	2,669,729

</TABLE>

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

The following discussion should be read in conjunction with the condensed financial statements included elsewhere within this quarterly report. Fluctuations in annual and quarterly operating results may occur as a result of certain factors such as the size and timing of customer orders and competition. Due to such fluctuations, historical results and percentage relationships are not necessarily indicative of the results for any future period. 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; 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. The Company further directs readers to the factors discussed in the Company's Form 10-KSB for the year ended December 31, 1996 and Forms 10-QSB.

GENERAL

Dynamic Materials Corporation ("DMC" or the "Company"), formerly Explosive Fabricators, Inc., was incorporated in Colorado in 1971. DMC is a worldwide leader in the high energy metal working business. The high energy metal working business includes the use of explosives to perform both metallurgical bonding, or metal "cladding," and metal forming. The Company performs metal cladding using its proprietary Dynaclad(TM) and Detaclad(R) technologies and performs metal forming using its proprietary Dynaform(TM) technology. The Company generates approximately 90% of its revenues from its metal cladding business and approximately 10% of its revenues from its metal forming business.

Metal Cladding. 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. The Company believes that its clad metal products are an economical, high-performance alternative to the use of solid corrosion-resistant alloys.

Metal Forming. Formed metal products are made from single sheets of metal that are formed into a single part in place of a welded assembly of multiple components. For example, the Company fabricates structural and engine components, such as torque box webs used in jet engine nacelles for the aircraft industry. The Company believes that its formed metal products provide a number of advantages over welded assemblies, including lower assembly and inspection costs, improved reliability, reduced overall weight and increased overall strength.

The Company is continually working to generate solutions to the materials needs of customers in its target markets. Key elements of the Company's strategy include continual improvement of its basic processes and product offerings, the internal development of new cladding and forming products and the acquisition of businesses that broaden or complement the Company's existing product lines. In July 1996, the Company completed its first strategic acquisition when it acquired the assets of the

Detaclad(R) Division ("Detaclad") of E.I. du Pont de Nemours and Company ("DuPont"), a complementary explosion cladding business with expertise in cladding thin metals and heat exchanger components primarily for the chemical processing, power generation and petrochemical industries. In addition, the Company has recently completed production of 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.

On July 22, 1996, the Company completed the acquisition of Detaclad for a purchase price of $5,321,850, including $250,576 of acquisition-related expenses and the assumption of $47,041 in liabilities. The Detaclad assets represent an approximate 50% increase in the Company's total assets from December 31, 1995. As operated by DuPont, Detaclad generated approximately $11,200,000 in sales revenues in the year ended December 31, 1995. Accordingly, the Company's results of operations subsequent to the acquisition will not be directly comparable with the pre-acquisition results.

The Company has experienced, and expects to continue to experience, quarterly fluctuations in operating results caused by various factors, including the timing and size of orders by major customers, customer inventory levels, shifts in product mix, the occurrence of acquisition-related costs and general economic conditions. In addition, 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 is 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 to have from time to time, 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 SEPTEMBER 30, 1997 COMPARED TO SEPTEMBER 30, 1996

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 SEPT. 30,		NINE MONTHS ENDED SEPT. 30,	
	1997	1996	1997	1996
<S>	<C>	<C>	<C>	<C>
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of Products Manufactured	77.1%	78.8%	77.3%	79.7%
Gross Margin	22.9%	21.2%	22.7%	20.3%
General & Administrative	6.6%	5.5%	6.0%	6.0%
Selling Expenses	6.3%	4.9%	6.0%	5.1%
R & D	1.3%	1.1%	1.2%	1.3%
Interest Expense	0.2%	1.0%	0.4%	0.5%
Income Tax Provision	2.8%	3.4%	3.0%	2.9%
Net Income	5.9%	5.7%	6.3%	4.9%

</TABLE>

NET SALES. Net sales for the quarter ended September 30, 1997 increased 0.6% to $7,803,059 from $7,754,903 in the third quarter of 1996. For the nine months ended September 30, 1997, net sales increased 30.9% to $25,462,599 from $19,458,900 in the comparable period of 1996. This increase was primarily attributable to strong first quarter shipments against a large December 31, 1996 backlog of orders, including two large orders that generated approximately $3.2 million in sales during the first quarter of 1997, and the July 22, 1996 acquisition of Detaclad.

GROSS PROFIT. As a result of an improvement in the Company's gross margin rate, gross profit for the quarter ended September 30, 1997 increased by 8.9% to $1,790,053 from $1,643,074 in the third quarter of 1996. The gross profit margin for the quarter ended September 30, 1997 was 22.9%, representing an 8% increase from the gross profit margin of 21.2% for the third quarter of 1996. For the nine months ended September 30, 1997, gross profit increased 46.6% to $5,784,830 from $3,947,332 in the comparable period of 1996. The gross profit margin for the nine months ended September 30, 1997 was 22.7%, representing an 11.8% increase from the gross profit margin of 20.3% for the first nine months of 1996. The increases in the gross margin rate for both the three and nine month periods are principally due to proportionately higher sales of formed products and industrial diamond services, both of which carry significantly higher margins than sales of clad metal plates.

GENERAL AND ADMINISTRATIVE EXPENSES. General and administrative expenses for the quarter ended September 30, 1997 increased 20.8% to $514,668 from $426,018 in the third quarter of 1996. For the nine months ended September 30, 1997, general and administrative expenses increased 30.4% to $1,521,739 from $1,167,123 in the comparable period of 1996. These increases reflect

higher expense levels in a number of categories, including compensation, legal fees, travel and amortization of goodwill and intangibles. General and administrative expenses are expected to remain at these higher 1997 levels to support the Detaclad operations, increased sales activity and other strategic business initiatives. As a result of these higher spending levels, general and administrative expenses, as a percentage of net sales, increased from 5.5% in the third quarter of 1996 to 6.6% for the quarter ended September 30, 1997. For the nine months ended September 30, 1997 and 1996, general and administrative expenses remained flat at 6.0% of net sales for both periods as the 30.9% increase in year-to-date net sales was offset by increases in 1997 spending levels.

SELLING EXPENSES. Selling expenses increased by 28.0% to $490,212 for the quarter ended September 30, 1997 from $383,021 in the third quarter of 1996. For the nine months ended September 30, 1997, selling expenses increased 55.6% to $1,538,389 from $988,792 in the comparable period of 1996. These increases reflect higher expense levels in a number of categories, including compensation and benefits, advertising and promotion, reserves for bad debts and travel and entertainment expenses. Selling expenses are expected to remain at these higher 1997 levels due to staffing increases during the last half of 1996 that are attributable to the Detaclad acquisition, general business growth and expansion of the Company's domestic and international marketing activities. As a result of these higher spending levels, selling expenses, as a percentage of net sales, increased from 4.9% in the third quarter of 1996 to 6.3% for the quarter ended September 30, 1997, and from 5.1% for the nine months ended September 30, 1996 to 6.0% for the comparable period of 1997.

RESEARCH AND DEVELOPMENT COSTS. Research and development costs decreased 28.0% to $104,951 for the quarter ended September 30, 1997 from $82,004 in the third quarter of 1996. For the nine months ended September 30, 1997, research and development costs increased 21.7% to $304,367 from $250,143 in the comparable period of 1996. These increases reflect increased contract labor and travel expenses associated with current year new product and process development programs.

INCOME FROM OPERATIONS. Income from operations decreased 9.5% to $680,222 for the quarter ended September 30, 1997 from $752,031 in the third quarter of 1996. This decrease is attributed to a $218,788 aggregate increase in operating expense more than offsetting a $146, 979 increase in gross profit, which resulted principally from an improvement in the gross margin rate to 22.9% for the quarter ended September 30, 1997 from 21.2% in the third quarter of 1996. For the nine months ended September 30, 1997, income from operations increased 57.0% to $2,420,335 from $1,541,274 in the comparable period of 1996. This increase is a direct result of the 30.9% increase in net sales combined with an improvement in the gross margin rate to 22.7% for the nine months ended September 30, 1997 from 20.3% for the comparable period of 1996. This improved gross margin rate is principally a result of favorable changes in product mix. Income from operations as a percentage of net sales increased to 9.5% for nine months ended September 30, 1997 from 7.9% for the comparable period of 1996.

INTEREST EXPENSE. Interest expense decreased to $15,135 for the quarter ended September 30, 1997

from $77,177 in the third quarter of 1996. For the nine months ended September 30, 1997, interest expense increased to $105,419 from $91,011 in the comparable period of 1996. The increase for the nine month period is due to borrowings under the Company's revolving line of credit with KeyBank of Colorado during the first half of 1997 that were required to finance the July 1996 Detaclad acquisition and working capital requirements associated with two large orders that accounted for a significant portion of December 31, 1996 and March 31, 1997 accounts receivable and inventory balances. Interest expense decreased significantly in the third quarter of 1997 as line of credit borrowings, which totaled $3,300,000 at September 30, 1996, $3,930,000 at December 31, 1996 and $1,500,000 at March 31, 1997, were paid down to zero as of June 30, 1997 and remained at zero throughout the third quarter of 1997.

INCOME TAX PROVISION. The Company's income tax provision decreased by 17.7% to $217,143 for the quarter ended September 30, 1997 from $264,000 in the third quarter of 1996. The income tax provision for the nine months ended September 30, 1997 increased 34.8% to $755,000 from $560,000 for the comparable period of 1996. For the three and nine months ended September 30, 1997, the effective tax rate was 31.9% and 32.0%, respectively, as compared to 37.4% and 37.2%, respectively, for the comparable 1996 periods. The lower 1997 effective tax rates reflect the impact of tax deductions associated with the 1997 exercise of non-qualified stock options.

LIQUIDITY AND CAPITAL RESOURCES

Historically, the Company has secured the major portion of its operational financing from internally generated funds and an asset-backed revolving credit facility. In anticipation of financing needs for the Detaclad acquisition, the Company entered into a $7,500,000 secured credit facility with KeyBank of Colorado in July 1996. At September 30, 1997, no borrowings were outstanding under this facility. 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 that are a function of defined balances in accounts receivable, inventory, real property and equipment. As of September 30, 1997, borrowing availability under the line of credit was approximately $6,450,000.

During the nine months ended September 30, 1997, the Company generated $3,688,888 in cash flows from operating activities as compared to $3,835,988 for the comparable period of 1996. The principal sources of cash flow from operations for the nine months ended September 30, 1997 were net income of $1,605,486, a decrease in inventories of $2,841,886 and a decrease in accounts receivable of $438,569. These sources of operating cash flow were offset by a $723,008 reduction in accounts payable and a $743,471 reduction in a bank overdraft. The current ratio was 3.0 at September 30, 1997 as compared to 2.8 at December 31, 1996. Investing activities for the nine months ended September 30, 1997 used $182,631 of net cash, including $205,477 to fund capital expenditures (including expenditures on new computer software). Financing activities for the nine months ended September 30, 1997 used $3,699,679 of net cash, including the use of $3,930,000 in cash to reduce line of credit borrowings that was partially offset by cash proceeds of $320,661

from the exercise of stock options.

The Company believes that its cash flow from operations and funds expected to be available under its existing credit facility will be sufficient to fund foreseeable working capital and capital expenditure requirements of its base business operations. 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. The Company plans to grow both internally and through the acquisition of complementary businesses. A significant acquisition may require the Company to secure additional debt or equity financing. While the Company believes it would be able to secure such additional financing at reasonable terms, there is no assurance that this would be the case.

PART II - OTHER INFORMATION

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

A Special Meeting of the Company's Shareholders (the "Special Meeting") was held on August 14, 1997. At the Special Meeting, the shareholders of the Company approved the re-incorporation of the Company into the State of Delaware.

The Company had 2,711,458 shares of Common Stock outstanding as of July 7, 1997, the record date for the Special Meeting. At the Special Meeting, holders of a total of 1,782,201 shares of Common Stock were present in person or represented by proxy. The following sets forth information regarding the results of the voting at the Special Meeting:

RE-INCORPORATION OF THE COMPANY INTO THE STATE OF DELAWARE

Votes in favor:	1,555,780
Votes against:	215,438
Abstentions:	3,661

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

(a.) Exhibits

2. Agreement and Plan of Merger, dated as of August , 1997, between the Company and Dynamic Materials Corporation, a Colorado corporation (a predecessor of the Company).*

3(a). Certificate of Incorporation of the Company.*

3(b). Bylaws of the Company.*

4. Form of certificate representing shares of Common Stock of the Company.

10(a). Form of Indemnity Agreement between the Company and each of its directors and officers.

10(b). 1997 Equity Incentive Plan of the Company.*

10(c). Letter agreement between the Company and Richard Santa, dated as of October 21, 1996.

10(d). Letter agreement between the Company and Mike Beam, dated as of January 31, 1995.

11. Statement regarding computation of per share earnings.

27. Financial Data Schedule.

(b.) None

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*Incorporated by reference in the Company's definitive proxy statement filed July 14, 1997.

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: NOVEMBER 14, 1997

Richard A. Santa

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

INDEX TO EXHIBITS

EXHIBIT NO. DESCRIPTION

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27 Financial Data Schedule.

- -------------------

*Incorporated by reference in the Company's definitive proxy statement filed July 14, 1997.

Incorporated Under the Laws of the State of Delaware

SHARES
Common Stock
15,000,000 Shares -- $.05 Par Value

Dynamic Materials Corporation

See Reverse for Certain Definitions

This Certifies that

is the owner of ____________________ Shares of the Common Stock of Dynamic Materials Corporation fully paid and nonassessable. Transferable only on the books of this Corporation in person or by attorney upon surrender of this Certificate property endorsed. This Certificate is not valid unless countersigned by transfer agent. In Witness Whereof, the said Corporation has caused this Certificate to be endorsed by the facsimile signature of its duly authorized officers and to be sealed with the facsimile seal of the corporation.

Dated

\- ----------------------------------   ------------------------------------
Secretary   President

DYNAMIC MATERIALS CORPORATION

The corporation has more than one class of stock authorized to be issued. The corporation will furnish without charge to each stockholder upon written request a copy of the full text of the voting powers, preferences, qualifications and special and relative rights of the shares of each class of stock (and any series thereof) authorized to be issued by the corporation as set forth in the Certificate of Incorporation of the corporation and amendments thereto filed with the Secretary of State of Delaware.

The following abbreviations, when used in the inscription on the face of this certificate, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common
TEN ENT -- as tenants by the entireties
JT TEN -- as joint tenants with right of survivorship and not as tenants in common
UNIF GIFT MINACT -- (Cust) __________ Custodian (Minor) ____________
under Uniform Gifts to Minors Act (State) ______________ Additional abbreviations may also be used though not in the above list.

For Value Received, ____________________ hereby sell, assign and transfer unto

Please Insert Social Security or Other Identifying Number of Assignee

/   /

(Please print or typewrite name and address of assignee) ________________________

\- --

\- --

\- --

\- --

\- --

\- -- Shares

of the capital stock represented by the within Certificate, and do hereby irrevocably constitute and appoint

\- -- Attorney

to transfer the said stock on the books of the
within named Corporation with full power of substitution in the premises.

Dated ___________________________________

Signatures Guaranteed X ____________________________________

By ____________________________________ X ____________________________________

THE SIGNATURE(S) SHOULD BE GUARANTEED BY AN ELIGIBLE GUARANTOR INSTITUTION (BANKS, STOCKBROKERS, SAVINGS AND LOAN ASSOCIATIONS AND CREDIT UNIONS WITH MEMBERSHIP IN AN APROVED SIGNATURE GUARANTEE MEDALLION PROGRAM), PURSUANT TO S.E.C. RULE 17Ad-15

NOTICE: THE SIGNATURE(S) TO THIS ASSIGNMENT MUST CORRESPOND WITH THE NAME(S) AS WRITTEN UPON THE FACE OF THE CERTIFICATE IN EVERY PARTICULAR, WITHOUT ALTERATION OR ENLARGEMENT OR ANY CHANGE WHATEVER.

[EMPIRE INTERNATIONAL LETTERHEAD]

January 31, 1995

Michael Beam
108 Briarwood Court
New Hartford, NY 13413

Dear Mike:

It is with great pleasure that Empire International, on behalf of its client, Dynamic Materials Corporation/Explosive Fabricators, Inc., offers you a new career situation as Vice-President of Marketing & Sales. We are certain that this position will afford an exciting professional challenge and opportunity for personal growth.

The offer of professional employment is as follows:

1. Salary: $8,916.67 per month.

2. Incentive Stock Option on Hire Date: 18,000 ISOs for shares of DMC's common stock option price at prevailing market value on the acceptance date of this agreement.

3. Future Incentive Stock Options: The Board of Directors shall annually evaluate performance and consider offering additional stock options on performance criteria to be determined at these times.

4. Bonus: A discretionary cash bonus will be paid annually as deemed appropriate by the Board of Directors, predicated on achievement of performance objectives set by the Corporation. The targeted amount of the bonus for the first year of employment is twenty-five percent (25%) of the starting salary as above.

5. Moving Expenses: DMC is hereby stating its intent with respect to the Beam family's relocation costs. An amount of $30,000 will be paid for relocation costs incurred directly as a result of relocation to Colorado. This money will be paid on the following condition: The payment will be evidenced as an unsecured Promissory Note payable to DMC three (3) years hence. If you choose to leave DMC prior to the note's maturity date, monies will be repaid to DMC on a pro-rata basis.

6. Auto Allowance & Expenses: A company vehicle, fully fueled and insured, will be provided by DMC upon employment.

7. Other Group Benefits:

   (a) Health insurance, dental insurance, term life insurance coverage, and short-term disability insurance consistent with the normal terms and conditions as afforded other employees of DMC.

   (b) Participation in DMC's 401(k) retirement program after six (6) months of employment, with a company matching contribution of fifty percent (50%) for up to eight percent (8%) of gross earnings.

8. Payment for the business portion of the use of a cellular telephone.

9. Discretionary/Executive Benefits:

   (a) Additional supplemental term life insurance policy valued at $200,000.

   (b) Participation in the Long-Term Disability Insurance Program, based on insurance carrier's standard inclusions and exclusions.

   (c) Three (3) weeks of vacation per year until such time as length of service merits additional time in accordance with company policy.

   (d) Severance: Twenty (20) weeks' salary will be granted for involuntary termination without cause.

This offer of employment shall become effective upon commencement of your duties as Vice-President of Marketing & Sales, which is expected to occur no later than March 31, 1995.

Please let me know if there is anything Empire International can do to assist you and your family during this transitional period. Congratulations and good luck!

Sincerely,

C. Victor Combe, II
President

CVS/mjs
cc: Paul Lange
President & Chief Executive Officer
Dynamic Materials Corporation/Explosive Fabricators, Inc.

Accepted: /s/ Michael Beam

Michael Beam

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cc: Paul Lange
President & Chief Executive Officer
Dynamic Materials Corporation/Explosive Fabricators, Inc.

Accepted: /s/ Michael Beam

Michael Beam

EXHIBIT 11

DYNAMIC MATERIALS CORPORATION
Statement Re: Computation of Net Income Per Share

<TABLE>
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	THREE MONTHS ENDED		NINE MONTHS ENDED	
	September 30, 1997	September 30, 1996	September 30, 1997	September 30, 1996
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Weighted average common shares outstanding............................	2,714,371	2,527,000	2,669,434	2,516,796
Common stock equivalents resulting from the application of the treasury stock method to the assumed exercise of outstanding stock options...............	166,520	173,657	209,782	152,933
Total................................	2,880,891	2,700,657	2,879,216	2,669,729
Net income....................................	$ 462,921	$ 441,318	$1,605,486	$ 945,318
Net income per share..........................	$ 0.16	$ 0.16	$ 0.56	$ 0.35

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