

SMITH MIDLAND CORP
Form 10QSB
August 10, 2007

U. S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-QSB

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

For the quarterly period ended
June 30, 2007

Commission File Number
1-13752

SMITH-MIDLAND CORPORATION

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

Delaware
(State of Incorporation)

54-1727060
(I.R.S. Employer I.D. No.)

5119 Catlett Road, P.O. Box 300, Midland, Virginia 22728
(Address of Principal Executive Offices)

(540) 439-3266
(Issuer's Telephone Number, Including Area Code)

Check whether the issuer (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Exchange Act during the past 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of August 10, 2007, the Company had outstanding 4,669,382 shares of Common Stock, \$.01 par value per share.

Transitional Small Business Disclosure Format: Yes No

SMITH-MIDLAND CORPORATION

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(a) Condensed consolidated balance sheet as of December 31, 2006, has been derived from audited consolidated financial statements.

PART I - Financial Information - Unaudited**Item 1. Financial Statements (Unaudited)**SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Condensed Consolidated Balance Sheets

	June 30, 2007	December 31, 2006 (a)
Assets		
Current assets		
Cash and cash equivalents	\$ 1,530,671	\$ 482,690
Accounts receivable		
Trade - billed (less allowance for doubtful accounts of \$369,336 and \$208,100)	6,089,623	5,417,475
Trade - unbilled	465,070	825,524
Inventories		
Raw materials	778,064	903,674
Finished goods	1,794,588	2,213,798
Prepaid expenses and other assets	178,831	516,442
Deferred taxes	412,000	351,000
Total currents assets	11,248,847	10,710,603
Property and equipment, net	3,718,441	3,729,537
Other assets	225,429	214,703
Total assets	\$ 15,192,717	\$ 14,654,843
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable - trade	\$ 2,183,216	\$ 2,733,974
Accrued expenses and other liabilities	1,075,032	1,884,386
Accrued income taxes	80,086	—
Line of Credit	1,400,000	250,000
Current maturities of notes payable	326,201	427,022
Customer deposits	711,335	614,127
Total current liabilities	5,775,870	5,909,509
Notes payable - less current maturities	3,744,150	3,918,041
Deferred taxes	221,000	221,000

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Total liabilities	9,741,020	10,048,550
Stockholders' equity		
Preferred stock, \$.01 par value; authorized 1,000,000 shares, none outstanding	—	—
Common stock, \$.01 par value; authorized 8,000,000 shares; 4,669,382 and 4,634,615 issued and outstanding, respectively	46,694	46,346
Additional paid-in capital	4,503,496	4,415,363
Retained earnings	1,003,807	246,884
Treasury stock, at cost, 40,920 shares	(102,300)	(102,300)
Total stockholders' equity	5,451,697	4,606,293
Total liabilities and stockholders' equity	\$ 15,192,717	\$ 14,654,843

The accompanying notes are an integral part of these condensed consolidated financial statements.

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Operations
(Unaudited)

	Three Months Ended June 30,	
	2007	2006
Revenue		
Product sales and leasing	\$ 6,117,834	\$ 4,746,106
Shipping and installation	1,392,149	1,240,439
Royalties	388,962	376,446
Total revenue	7,898,945	6,362,991
Cost of goods sold	6,179,638	5,336,999
Gross profit	1,719,307	1,025,992
Operating expenses:		
General and administrative expenses	665,995	680,971
Selling expenses	404,034	414,187
Total operating expenses	1,070,029	1,095,158
Operating income (loss)	649,278	(69,166)
Other income (expense):		
Interest expense	(101,784)	(96,491)
Interest income	5,782	8,323
Gain (Loss) on sale of fixed assets	(12,026)	(47)
Other, net	(1,555)	(257)
Total other income (expense)	(109,583)	(88,472)
Income (loss) before income tax expense (benefit)	539,695	(157,638)
Income tax expense (benefit)	176,000	(70,180)
Net income (loss)	\$ 363,695	\$ (87,458)
Basic earnings (loss) per share	\$.08	\$ (.02)
Diluted earnings (loss) per share	\$.08	\$ (.02)

The accompanying notes are an integral part of these condensed consolidated financial statements.

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES

Condensed Consolidated Statements of Operations

(Unaudited)

	Six Months Ended June 30,	
	2007	2006
Revenue		
Product sales and leasing	\$ 12,987,277	\$ 9,934,281
Shipping and installation	2,705,913	2,773,763
Royalties	693,439	652,115
Total revenue	16,386,629	13,360,159
Cost of goods sold	12,485,386	10,850,611
Gross profit	3,901,243	2,509,548
Operating expenses:		
General and administrative expenses	1,641,311	1,288,179
Selling expenses	862,792	866,850
Total operating expenses	2,504,103	2,155,030
Operating income	1,397,140	354,519
Other income (expense):		
Interest expense	(212,083)	(191,357)
Interest income	8,882	16,487
Gain (Loss) on sale of fixed assets	(13,027)	(47)
Other, net	(1,989)	(2,111)
Total other income (expense)	(218,217)	(177,028)
Income before income taxes	1,178,923	177,491
Income tax expense	422,000	56,820
Net income	\$ 756,923	\$ 120,671
Basic earnings per share	\$.16	\$.03
Diluted earnings per share	\$.16	\$.03

The accompanying notes are an integral part of these condensed consolidated financial statements.

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	Six months ended June 30,	
	2007	2006
Cash flows from operating activities:		
Cash received from customers	\$ 16,172,142	\$ 12,650,651
Cash paid to suppliers and employees	(15,859,258)	(12,441,449)
Income taxes paid, net	(10,182)	(311,459)
Interest paid	(212,083)	(191,357)
Other	353,933	256,382
Net cash provided (absorbed) by operating activities	444,552	(37,232)
Cash flows from investing activities:		
Purchases of property and equipment	(320,157)	(309,347)
Proceeds from sale of fixed assets	11,743	606
Net cash absorbed by investing activities	(308,414)	(308,741)
Cash flows from financing activities:		
Proceeds from line of credit borrowings	1,150,000	—
Proceeds from long-term borrowings	46,125	195,072
Repayments of long-term borrowings	(320,836)	(206,035)
Proceeds from options exercised	36,554	16,031
Net cash provided by financing activities	911,843	5,068
Net increase (decrease) in cash and cash equivalents	1,047,981	(340,905)
Cash and cash equivalents at beginning of period	482,690	1,003,790
Cash and cash equivalents at end of period	\$ 1,530,671	\$ 662,885
Reconciliation of net income to net cash provided (absorbed) by operating activities:		