

SYNALLOY CORP  
Form 10-Q  
August 11, 2006

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended July 1, 2006

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

For the Transition Period From \_\_\_\_\_ to \_\_\_\_\_  
Commission file number 0-19687

**SYNALLOY CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**57-0426694**

*(IRS Employer  
Identification Number)*

**2155 West Croft Circle**

**Spartanburg, South Carolina**

*(Address of principal executive offices)*

**29302**

*(Zip code)*

**(864) 585-3605**

*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 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.

Yesx No \_\_

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act.

Larger accelerated Filer \_\_ Accelerated filer \_\_ Non-accelerated filerx

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

The number of shares outstanding of the registrant's common stock as of July 1, 2006 was 6,127,044

**Synalloy Corporation**

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**Item 1. FINANCIAL STATEMENTS****Synalloy Corporation****Condensed Consolidated Balance Sheets****July 1, 2006**

(Unaudited)

**Dec 31, 2005**

(Note)

**Assets***Current assets*

Cash and cash equivalents	\$	426	\$	2,379
Accounts receivable, less allowance for doubtful accounts		20,429,002		21,862,852
<b>Inventories</b>				
Raw materials		11,822,493		10,366,091
Work-in-process		8,955,626		8,560,707
Finished goods		6,746,204		5,555,529
<b>Total inventories</b>		<b>27,524,323</b>		<b>24,482,327</b>
Deferred income taxes		1,599,000		1,219,000
Prepaid expenses and other current assets		125,956		427,728
<b>Total current assets</b>		<b>49,678,707</b>		<b>47,994,286</b>

Cash value of life insurance		2,663,514		2,639,514
Property, plant & equipment, net of accumulated depreciation of \$40,801,000 and \$39,347,000		19,450,266		18,697,760
Deferred charges and other assets		1,620,985		1,650,622
<b>Total assets</b>	\$	<b>73,413,472</b>	\$	<b>70,982,182</b>

**Liabilities and Shareholders' Equity***Current liabilities*

Current portion of long-term debt	\$	466,667	\$	466,667
Accounts payable		10,510,265		11,191,861
Accrued expenses		4,833,364		5,846,899
Current portion of environmental reserves		154,415		104,199
Income taxes payable		1,431,725		1,720,702
<b>Total current liabilities</b>		<b>17,396,436</b>		<b>19,330,328</b>

Long-term debt		10,755,077		8,090,554
Environmental reserves		611,000		611,000
Deferred compensation		506,087		541,962
Deferred income taxes		2,468,000		3,112,000

*Shareholders' equity*

Common stock, par value \$1 per share - authorized 12,000,000 shares; issued 8,000,000 shares		8,000,000		8,000,000
Capital in excess of par value		38,861		-
Retained earnings		49,508,568		47,329,620
Less cost of Common Stock in treasury: 1,872,956 and 1,892,160 shares		(15,870,557)		(16,033,282)
<b>Total shareholders' equity</b>		<b>41,676,872</b>		<b>39,296,338</b>

<b>Total liabilities and shareholders' equity</b>	\$	73,413,472	\$	70,982,182
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Note: The balance sheet at December 31, 2005 has been derived from the audited consolidated financial statements at that date.

See accompanying notes to condensed consolidated financial statements.

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**Synalloy Corporation**  
**Condensed Consolidated Statements of Operations**

(Unaudited)	Three Months Ended		Six Months Ended	
	July 1, 2006	July 2, 2005	July 1, 2006	July 2, 2005
Net sales	\$ 36,728,508	\$ 31,484,323	\$ 72,891,980	\$ 64,811,787
Cost of goods sold	31,459,968	27,222,930	63,623,755	55,411,839
Gross profit				