SYNALLOY CORP Form 10-Q August 11, 2006

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

FORM 10-Q

[X] 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 <u>0-19687</u>

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 __ Nox

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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PART I. FINANCIAL INFORMATION

ItemFinancial Statements (unaudited)

1.

<u>Condensed consolidated balance sheets</u> - July 1, 2006 and December 31, 2005

<u>Condensed consolidated statements of income</u> -Three and six months ended July 1, 2006 and July 2, 2005

Condensed consolidated statements of cash flows -Six months ended July 1, 2006 and July 2, 2005 Notes to condensed consolidated financial

statements - July 1, 2006 Item<u>Management's Discussion and Analysis of</u> 2. <u>Financial Condition and Results of Operations</u> Item<u>Controls and Proc</u>edures 4.

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ItemRisk Factors

1A.

It e mUnregistered Sales of Equity Securities and Use of 2. Proceeds

- It e mExhibits
- rte mexnio

6.

Signatures and Certifications

Item 1. FINANCIAL STATEMENTS Synalloy Corporation

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Deferred income taxes 1,599,000 1,219,000 Prepaid expenses and other current assets 125,956 427,728 Total current assets 49,678,707 47,994,286 Cash value of life insurance 2,663,514 2,639,514 Property, plant & equipment, net of accumulated Expectation 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 Fotal assets \$ 73,413,472 \$ 70,982,182 Liabilities and Shareholders' Equity 2 2 Lurrent liabilities \$ 466,667 \$ 466,667 Current portion of long-term debt \$ 466,667 \$ 466,667 Vaccuust payable 10,510,265 11,191,861 Accrued expenses 4,833,364 5,846,899 2urrent portion of environmental reserves 154,415 104,199 ncome taxes payable 10,755,077 8,090,554 constronmental reserves 611,000 611,000 Deferred income taxes 2,468,000 3,112,000 Shareholders' equity 2 2 Constronmental reserves 616,000 8,000,000	Finished goods		6,746,204		5,555,529
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Cash value of life insurance 2,663,514 2,639,514 Property, plant & equipment, net of accumulated 19,450,266 18,697,760 Deferred charges and other assets 1,620,985 1,650,622 Fotal assets \$ 73,413,472 \$ 70,982,182 Clabilities and Shareholders' Equity 5 466,667 \$ 466,667 Current liabilities 2 2 11,911,861 Current portion of long-term debt \$ 466,667 \$ 466,667 Accounts payable 10,510,265 11,191,861 Accrued expenses 1,431,725 1,720,702 Portal current portion of environmental reserves 154,415 104,199 ncome taxes payable 1,7396,436 19,330,328 cong-term debt 10,755,077 8,090,554 Invironmental reserves 611,000 611,000 Deferred income taxes 2,468,000 3,112,000 Shareholders' equity 2 2 2,000,000 shares; issued 8,000,000 shares Shareholders' equity 38,861 - - Common stock, par value 38,861 - - Caurrent liabilities 49,508,568 <t< td=""><td>Prepaid expenses and other current assets</td><td></td><td>125,956</td><td></td><td>427,728</td></t<>	Prepaid expenses and other current assets		125,956		427,728
Property, plant & equipment, net of accumulatedlepreciation of \$40,801,000 and \$39,347,00019,450,26618,697,760Deferred charges and other assets1,620,9851,650,622 Fotal assets \$73,413,472\$70,982,182 Current liabilities \$466,667\$466,667Current portion of long-term debt\$466,667\$466,667Accrued expenses4,833,3645,846,899Current portion of environmental reserves154,415104,199ncome taxes payable10,755,0778,090,554Cong-term debt10,755,0778,090,554Environmental reserves611,000611,000Deferred compensation506,087541,962Deferred income taxes2,468,0003,112,000Shareholders' equity $2,000,000$ shares8,000,000Shareholders' equity $38,861$ -Retained earnings49,508,56847,329,620Less cost of Common Stock in treasury: $37,29,557$ (16,033,282)	Total current assets		49,678,707		47,994,286
Property, plant & equipment, net of accumulated lepreciation of \$40,801,000 and \$39,347,00019,450,26618,697,760Deferred charges and other assets1,620,9851,650,622Fotal assets\$73,413,472\$70,982,182Current liabilities\$73,413,472\$70,982,182Current portion of long-term debt\$466,667\$466,667Accrued expenses4,833,3645,846,899Current portion of environmental reserves154,415104,199ncome taxes payable10,755,0778,090,554Cong-term debt10,755,0778,090,554Environmental reserves611,000611,000Deferred compensation506,087541,962Deferred compensation506,087541,962Common stock, par value \$1 per share - authorized2,000,0008,000,000Capital in excess of par value38,861-Retained earnings49,508,56847,329,620exes cost of Common Stock in treasury:(15,870,557)(16,033,282)	Cash value of life insurance		2,663,514		2,639,514
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Liabilities and Shareholders' EquityCurrent liabilitiesCurrent portion of long-term debt\$ 466,667 \$ 466,667Accounts payable10,510,265Accrued expenses4,833,364Current portion of environmental reserves154,415Current portion of environmental reserves154,415Current liabilities17,396,436Current liabilities10,755,077Rouge-term debt10,755,077Cong-term debt10,755,077Environmental reserves611,000Cong-term debt506,087Environmental reserves2,468,000Statistica2,468,000Compensation506,087Common stock, par value \$1 per share - authorized2,000,000 shares; issued 8,000,000 shares8,000,000Capital in excess of par value38,861Capital in excess of par value38,861Capital in excess of Common Stock in treasury:49,508,56847,329,6202ess cost of Common Stock in treasury:,872,956 and 1,892,160 shares(15,870,557)(16,033,282)	Deferred charges and other assets		1,620,985		1,650,622
Liabilities and Shareholders' EquityCurrent liabilitiesCurrent portion of long-term debt\$ 466,667 \$ 466,667Accounts payable10,510,265Accrued expenses4,833,364Current portion of environmental reserves154,415Income taxes payable1,431,725Income taxes payable17,396,436Income taxes payable10,755,077Rouge-term debt10,755,077Environmental reserves611,000Correct compensation506,087Statistic2,468,000Superior discrete reserves3,112,000Shareholders' equity38,861Common stock, par value \$1 per share - authorized2,000,0002,000,000 shares;8,000,000Saya61-Retained earnings49,508,56847,329,620285 cost of Common Stock in treasury: $,872,956$ and 1,892,160 shares(15,870,557)(16,033,282)	Total assets	\$	73,413,472	\$	70,982,182
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Current portion of environmental reserves 154,415 104,199 ncome taxes payable 1,431,725 1,720,702 Total current liabilities 17,396,436 19,330,328 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 2 2 Common stock, par value \$1 per share - authorized 2,000,000 shares; issued 8,000,000 shares 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: . . ,872,956 and 1,892,160 shares (15,870,557) (16,033,282)	Accounts payable		10,510,265		11,191,861
ncome taxes payable 1,431,725 1,720,702 Total current liabilities 17,396,436 19,330,328 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 2 2 Common stock, par value \$1 per share - authorized 2 2,000,000 shares; issued 8,000,000 shares 2,000,000 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: . . ,872,956 and 1,892,160 shares (15,870,557) (16,033,282)	Accrued expenses		4,833,364		5,846,899
Fotal current liabilities 17,396,436 19,330,328 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 - - 2,000,000 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: . . ,872,956 and 1,892,160 shares (15,870,557) (16,033,282)	Current portion of environmental reserves		154,415		104,199
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 2 2 Common stock, par value \$1 per share - authorized 2 2,000,000 shares; issued 8,000,000 shares Shareholders' equity 38,861 - Retained earnings 49,508,568 47,329,620 Less cost of Common Stock in treasury:	Income taxes payable		1,431,725		1,720,702
Environmental reserves 611,000 611,000 Deferred compensation 506,087 541,962 Deferred income taxes 2,468,000 3,112,000 Shareholders' equity 2 2 Common stock, par value \$1 per share - authorized 2,000,000 shares; issued 8,000,000 shares 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:	Total current liabilities		17,396,436		19,330,328
Environmental reserves 611,000 611,000 Deferred compensation 506,087 541,962 Deferred income taxes 2,468,000 3,112,000 Shareholders' equity 2 2 Common stock, par value \$1 per share - authorized 2,000,000 shares; issued 8,000,000 shares 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:	Long-term debt		10,755,077		8,090,554
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 - - 2,000,000 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: . . ,872,956 and 1,892,160 shares (15,870,557) (16,033,282)	Environmental reserves				
Deferred income taxes 2,468,000 3,112,000 Shareholders' equity	Deferred compensation				541,962
Common stock, par value \$1 per share - authorized 2,000,000 shares; issued 8,000,000 shares 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:	Deferred income taxes		2,468,000		3,112,000
Common stock, par value \$1 per share - authorized 2,000,000 shares; issued 8,000,000 shares 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:	Shareholders' equity				
2,000,000 shares; issued 8,000,000 shares8,000,0008,000,000Capital in excess of par value38,861-Retained earnings49,508,56847,329,620Less cost of Common Stock in treasury: ,872,956 and 1,892,160 shares(15,870,557)(16,033,282)	Common stock, par value \$1 per share - authorized				
Retained earnings 49,508,568 47,329,620 Less cost of Common Stock in treasury:	12,000,000 shares; issued 8,000,000 shares		8,000,000		8,000,000
Less cost of Common Stock in treasury:	Capital in excess of par value		38,861		_
Less cost of Common Stock in treasury:	Retained earnings				47,329,620
,872,956 and 1,892,160 shares (15,870,557) (16,033,282)	Less cost of Common Stock in treasury:				
	1,872,956 and 1,892,160 shares		(15,870,557)		(16,033,282)
	Total shareholders' equity				

Total liabilities and shareholders' equity	\$	73,413,472	\$	70,982,182
Note: The balance sheet at December 31, 2005 has been	n derived	from the audited con	solidated	l financial statements at
that date.				
See accompanying notes to condensed				
consolidated financial statements.				

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 \$	5 72,891,980	\$	64,811,787	
Cost of goods sold		31,459,968		27,222,930	63,623,755		55,411,839	
Gross profit								