SMITH MIDLAND CORP
Form 10QSB
August 14, 2002

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	Commission File Number
June 30, 2002	1-13752

SMITH-MIDLAND CORPORATION

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

Delaware	54-1727060
(State of Incorporation)	(I.R.S. Employer I.D. No.)

Route 28, 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) filed all reports required to be filed by Section 13 or 15(d) of the 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 [_]

As of August 9, 2002, the Company had outstanding 3,675,242 shares of Common Stock, $.01 par value per share.

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SMITH-MIDLAND CORPORATION

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PART I - Financial Information

Item 1. Financial Statements

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

	(Unaudited) June 30, 2002	December 31, 2001
Assets		
Current assets:		
Cash and cash equivalents	$ 531,927	$ 942,131
Accounts receivable:		
Trade - billed, less allowances for doubtful accounts of $308,086 and $371,895	5,555,987	5,934,359

Trade - unbilled	200,603	458,281
Inventories:		
Raw materials	598,953	585,736
Finished goods	1,533,429	1,042,660
Prepaid expenses and other assets	200,986	188,836
Total current assets	8,621,885	9,152,003
Property and equipment, net	2,791,601	2,672,665
Other assets:		
Note receivable, officer	546,282	558,282
Claims and accounts receivable	960,254	1,020,183
Other	250,789	237,036
Total other assets	1,757,325	1,815,501
Total Assets	$13,170,811	$13,640,169
Liabilities and Stockholders' Equity		
Current liabilities:		
Current maturities of notes payable	$ 284,998	$ 604,135
Accounts payable - trade	2,334,194	2,999,367
Accrued expenses and other liabilities	370,493	732,710
Accrued income taxes	243,600	--
Customer deposits	107,133	266,716
Total current liabilities	3,340,418	4,602,928
Reserves for contract losses	1,021,931	1,025,556
Notes payable - less current maturities	3,920,582	3,998,862
Notes payable - related parties	60,441	68,777
Total Liabilities	8,343,372	9,696,123
Stockholders' equity:		
Preferred stock, $.01 par value; authorized 1,000,000 shares, none outstanding	--	--
Common stock, $.01 par value; authorized 8,000,000 shares, issued and outstanding, 3,685,451 and 3,171,051 shares	36,854	31,710
Additional capital	3,765,737	3,494,854
Treasury Stock, 40,920 Shares	(102,300)	(102,300)
Retained earnings	1,127,148	519,782
Total Stockholders' Equity	4,827,439	3,944,046
Total Liabilities and Stockholders' Equity	$13,170,811	$13,640,169

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

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

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Revenue	$5,804,612	$6,232,080
Cost of goods sold	4,180,030	4,805,998
Gross profit	1,624,582	1,426,082
Operating expenses:		
General and administrative expenses	655,100	581,479
Selling expenses	222,927	179,136
Total operating expenses	878,027	760,615
Operating income	746,555	665,467
Other income (expense):		
Interest expense	(75,872)	(121,281)
Interest income	10,409	11,771
Other	(39,378)	(15,291)
Total other income (expense)	(104,841)	(124,801)
Income before income taxes	641,714	540,666
Income tax expense	243,600	--
Net income	$ 398,114	$ 540,666
Basic earnings per share	$ .11	$ .18
Diluted earnings per share	$ .09	$ .18

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

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

	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001

Revenue	$11,212,209	$11,157,595
Cost of goods sold	8,345,993	8,837,845
Gross profit	2,866,216	2,319,750
Operating expenses:		
General and administrative expenses	1,334,810	1,212,053
Selling expenses	452,616	310,070
Total operating expenses	1,787,426	1,522,123
Operating income	1,078,790	797,627
Other income (expense):		
Interest expense	(150,526)	(255,533)
Interest income	20,738	24,143
Other	(70,636)	3,509
Total other income (expense)	(200,424)	(227,881)
Income before income taxes	878,366	569,746
Income tax expense	271,000	--
Net income	$ 607,366	$ 569,746
Basic earnings per share	$ .18	$ .19
Diluted earnings per share	$ .15	$ .19

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

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

	Six Months Ended June 30, 2002	2001
Cash flows from operating activities:		
Cash received from customers	$ 11,686,705	$10,374,237
Cash paid to suppliers and employees	(11,439,173)	(9,950,919)

Income taxes paid, net	(27,400)	--
Interest paid	(150,526)	(255,533)
Other	(53,523)	27,652
Net cash provided by operating activities	16,083	195,437
Cash flows from investing activities:		
Purchases of property and equipment	(311,568)	(171,794)
Proceeds from sale of fixed assets	3,007	--
Repayments on officer note receivable	12,000	--
Net cash absorbed by investing activities	(296,561)	(171,794)
Cash flows from financing activities:		
Proceeds from bank borrowings	52,263	198,080
Repayments on borrowings-related party	(8,336)	(2,097)
Repayments of bank borrowings	(449,680)	(108,610)
Proceeds from warrants exercised	276,027	19,172
Net cash provided (absorbed) by financing activities	(129,726)	106,545
Net increase (decrease) in cash and cash equivalents	(410,204)	130,188
Cash and cash equivalents at beginning of period	942,131	218,264
Cash and cash equivalents at end of period	$ 531,927	$ 348,452
Reconciliation of net income to net cash provided (absorbed) by operating activities:		
Net income	$ 607,366	$ 569,746
Adjustments to reconcile net income to net cash provided (absorbed) by operating activities:		
Depreciation and amortization	191,597	188,178
Gain on sale of fixed assets	(1,972)	--
Decrease (increase) in:		
Accounts receivable - billed	378,372	(516,811)
Accounts receivable - unbilled	257,678	(116,447)
Inventories	(503,986)	393,997
Prepaid expenses and other assets	34,026	(45,098)
Increase (decrease) in:		
Accounts payable - trade	(665,173)	(560,262)
Accrued expenses and other liabilities	(362,217)	432,234
Accrued income taxes	243,600	--
Reserve for contract loss	(3,625)	--
Customer deposits	(159,583)	(150,100)
Net cash provided by operating activities	$ 16,083	$ 195,437

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

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
June 30, 2002
(Unaudited)

Basis of Presentation

As permitted by the rules of the Securities and Exchange Commission applicable to quarterly reports on Form 10-QSB, these notes are condensed and do not contain all disclosures required by generally accepted accounting principles. Reference should be made to the consolidated financial statements and related notes included in the Smith-Midland Corporation's Annual Report on Form 10-KSB for the year ended December 31, 2001.

In the opinion of the management of Smith-Midland Corporation (the "Company"), the accompanying financial statements reflect all adjustments of a normal recurring nature which were necessary for a fair presentation of the Company's results of operations for the three- and six-month periods ended June 30, 2002 and 2001.

The results disclosed in the consolidated statements of operations are not necessarily indicative of the results to be expected for any future periods.

Principles of Consolidation

The Company's accompanying consolidated financial statements include the accounts of Smith-Midland Corporation, a Delaware corporation, and its wholly owned subsidiaries: Smith-Midland Corporation, a Virginia corporation; Easi-Set Industries, Inc., a Virginia corporation; Smith-Carolina Corporation, a North Carolina corporation; Concrete Safety Systems, Inc., a Virginia corporation; and Midland Advertising & Design, Inc., a Virginia corporation. All significant inter-company accounts and transactions have been eliminated in consolidation.

Reclassifications

Certain reclassifications have been made to the prior years' consolidated financial statements to conform to the 2002 presentation.

Inventories

Inventories are stated at the lower of cost, using the first-in, first-out (FIFO) method, or market.

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

Property and Equipment

Property and equipment, net is stated at depreciated cost. Expenditures for ordinary maintenance and repairs are charged to income as incurred. Costs of betterments, renewals, and major replacements are capitalized. At the time properties are retired or otherwise disposed of, the related cost and allowance for depreciation are eliminated from the accounts and any gain or loss on disposition is reflected in income.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Years
Buildings.................................	10-33
Trucks and automotive equipment............	3-10
Shop machinery and equipment...............	3-10
Land improvements.........................	10-30
Office equipment..........................	3-10

Income Taxes

The provision for income taxes is based on earnings reported in the financial statements. A deferred income tax asset or liability is determined by applying currently enacted tax laws and rates to the expected reversal of the cumulative temporary differences between the carrying value of assets and liabilities for financial statement and income tax purposes. Deferred income tax expense is measured by the change in the deferred income tax asset or liability during the year.

No provision for federal income taxes was made for the three and six month periods ending June 30, 2001 due to the availability of net operating loss carryforwards. As of June 30, 2002, the Company had fully absorbed any remaining net operating loss carryforwards and accordingly established a provision for income taxes in the current period at an effective tax rate of 38%.

Revenue Recognition

The Company primarily recognizes revenue on the sale of its standard precast concrete products at shipment date, including revenue derived from any projects to be completed under short-term contracts. Installation services for precast concrete products, leasing and royalties are recognized as revenue as they are earned on an accrual basis. Licensing fees are recognized under the accrual method unless collectibility is in doubt, in which event, revenue is recognized as cash is received. Certain sales of soundwall and Slenderwall(TM) concrete products are recognized upon completion of production and customer site inspections. Provisions for estimated losses on contracts are made in the period in which such losses are determined.

Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Earnings Per Share

Basic earnings per share is computed by dividing income available to common stockholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the potential dilutive effect of securities that could share in the earnings of an entity. Earnings per share was calculated as follows:

	Three Months Ended June 30, 2002	Three Months Ended June 30, 2001
Net Income	$ 398,114	$ 540,666
Average Shares Outstanding:		
For basic earnings per share	3,543,717	3,056,230
Dilutive effect of stock options and warrants	754,000	--
Average Shares Outstanding for Diluted Earnings per Share	4,297,717	3,056,230
Basic Earning per Share	$ .11	$ .18
Diluted Earnings per Share	$ .09	$ .18

	Six Months Ended June 30, 2002	Six Months Ended June 30, 2001
Net Income	$ 607,366	$ 569,746
Average Shares Outstanding:		
For basic earnings per share	3,400,390	3,053,529
Dilutive effect of stock options and warrants	747,949	--
Average Shares Outstanding for Diluted Earnings per Share	4,148,339	3,053,529
Basic Earning per Share	$ .18	$ .19
Diluted Earnings per Share	$ .15	$ .19

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

General

The Company generates revenues primarily from the sale, licensing, leasing, shipping and installation of precast concrete products for the construction, utility and farming industries. The Company's operating strategy has involved producing innovative and proprietary products, including Slenderwall(TM), a patent-pending, lightweight, energy efficient concrete and steel exterior wall panel for use in building construction; J-J Hooks(TM) Highway Safety Barrier, a patented, positive-connected highway safety barrier; Sierra Wall, a soundwall barrier primarily for roadside use; and transportable concrete buildings. In addition, the Company produces custom order precast concrete products, with various architectural surfaces, typically used in commercial building construction as well as utility vaults, and farm products such as cattleguards and water and feed troughs.

This Form 10-QSB contains forward-looking statements which involve risks and uncertainties. The Company's actual results may differ significantly from the results discussed in the forward-looking statements and the results for the three and six months ended June 30, 2002 are not necessarily indicative of the results for the Company's operations for the year ending December 31, 2002. Factors that might cause such a difference include, but are not limited to, product demand, the impact of competitive products and pricing, capacity and supply constraints or difficulties, general business and economic conditions, the effect of the Company's accounting policies and other risks detailed in the Company's Annual Report on Form 10-KSB and other filings with the Securities and Exchange Commission.

Results of Operations

Three months ended June 30, 2002 compared to the three months ended June 30, 2001

For the three months ended June 30, 2002, the Company had total revenue of $5,804,612 compared to total revenue of $6,232,080 for the three months ended June 30, 2001, a decrease of $427,468, or 7%. The Company had lower product sales of $4,836,488 for the three months ended June 30, 2002 compared to $5,295,363 for the same period in 2001, a decrease of $458,875, or 9%. The decreases, resulting from the slower economy, occurred in Easi-Set Precast Buildings, utility products, licensee royalties, and architectural precast products while Slenderwall(TM) and soundwall enjoyed significant increases. Shipping and installation revenue increased slightly to $968,124 for the three months ended June 30, 2002 from $936,717 for the same period in 2001.

Total cost of goods sold for the three months ended June 30, 2002 was $4,180,030, a decrease

of $625,968, or 13%, from $4,805,998 for the three months ended June 30, 2001. The decrease was the result of the lower sales volume combined with reduced product production costs and lower shipping and installation expenses. Cost of goods sold as a percentage of total revenue decreased to 72% for the three months ended June 30, 2002, from 77% for the three months ended June 30, 2001.

For the three months ended June 30, 2002, the Company's general and administrative expenses increased $73,621 to $655,100 from $581,479 during the same period in 2001. The 13% increase was mainly attributable to higher personnel costs from higher staffing levels and higher salaries, offset by lower legal fees and personnel recruitment fees.

Selling expenses for the three months ended June 30, 2002 increased $43,791, or 24%, to $222,927 from $179,136 for the three months ended June 30, 2001, resulting from increased staffing levels and higher advertising costs.

The Company's operating income for the three months ended June 30, 2002 was $746,555, compared to operating income of $665,467 for the three months ended June 30, 2001, an increase of $81,088, or 12%. The operating income improved from the significant reduction in costs of goods sold, but this was partially offset by higher selling expenses and general and administrative expenses.

Interest expense was $75,872 for the three months ended June 30, 2002 compared to $121,281 for the three months ended June 30, 2001. The decrease of $45,409, or 37%, was due to lower interest rates and lower average levels of debt outstanding in the 2002 period.

Other expense was $39,378 for the three months ended June 30, 2002 compared to $15,291 for the three months ended June 30, 2001, an increase of $24,087. The increase is attributable to the net effects of an increase in miscellaneous expenses offset by lower miscellaneous incomes.

Net income was $398,114 for the three months ended June 30, 2002, compared to net income of $540,666 for the same period in 2001. The Company became subject to income taxes in the current quarter after exhausting available net operating loss carryforwards and an accrual of $243,600 was established to reflect the liability.

Six months ended June 30, 2002 compared to the six months ended June 30, 2001

For the six months ended June 30, 2002, the Company had total revenue of $11,212,209 compared to total revenue of $11,157,595 for the six months ended June 30, 2001, a increase of $54,614, or less than 1%. The Company had lower product sales of $9,454,312 for the six months ended June 30, 2002, compared to $9,636,637 for the same period in 2001, a decrease of $182,325, or 2%. The decreases, resulting from the slower economy, occurred in Easi-Set Precast Buildings, utility products, licensee

royalties, and architectural precast products while Slenderwall(TM), barrier, and soundwall enjoyed significant increases. Shipping and installation revenue was $1,757,897 for the six months ended June 30, 2002 and $1,520,959 for the same period in 2001, an increase of $236,938, or 16%. The increase was attributable to higher overall sales of products requiring installation and shipping in the 2002 period, as compared to the 2001 period.

Total cost of goods sold for the six months ended June 30, 2002 was $8,345,993, a decrease of $491,852, or 6%, from $8,837,846 for the six months ended June 30, 2001. The decrease was the result of lower production costs. Cost of goods sold, as a percentage of total revenue, decreased to 74% for the six months ended June 30, 2002, from 79% for the six months ended June 30, 2000 as the Company incurred lower production costs relative to the product revenue and improved margins on shipping and installation expenses.

For the six months ended June 30, 2002, the Company's general and administrative expenses increased $122,757, or 10%, to $1,334,810 from $1,212,053 for the same period in 2001. The increase was mainly attributable to higher insurance costs and personnel costs, resulting from higher staffing levels and higher salaries, offset by lower professional fees and personnel recruitment fees.

Selling expenses for the six months ended June 30, 2002 increased $142,546, or 46%, to $452,616 from $310,070 for the six months ended June 30, 2001. The increase was primarily a result of increased advertising and staffing levels as the Company sought to increase its sales effort.

The Company's operating income for the six months ended June 30, 2002 was $1,078,790, compared to operating income of $797,627 for the six months ended June 30, 2001, an increase of $281,163. The operating income improved due to the significantly lower cost of goods sold, but this was partially offset by higher selling and general and administrative expenses.

Interest expense was $150,526 for the six months ended June 30, 2002, compared to $255,533 for the six months ended June 30, 2001. The decrease of $105,007, or 41%, was a result of lower interest rates in the current period combined with lower average levels of debt outstanding.

Other expense was $70,636 for the six months ended June 30, 2002 compared to other income of $3,509 for the six months ended June 30, 2001, an increase of $74,145. The increase was a result of lower levels of income from miscellaneous sources.

Net income was $607,366 for the six months ended June 30, 2002, compared to a net income of $569,746 for the same period in 2001. The Company became subject to income taxes in the current period after exhausting available net operating loss carryforwards and an accrual of $243,600 was established to reflect the liability.

Liquidity and Capital Resources

The Company has financed its capital expenditures, operating requirements and growth to date primarily with proceeds from operations, bank and other borrowings, and equity financing. The Company had $4,205,580 of indebtedness at June 30, 2002, of which $284,998 was scheduled to mature within twelve months.

Schedule of Contractual Obligations:

	Payments due by period				
	Total	Less than 1 year	1-3 years	4-5 years	After 5 y
Long-term debt and capital leases	$4,205,581	$284,998	$493,159	$278,345	$3,149,
Debt to Related Parties	60,441	26,502	33,939	-	
Operating leases	5,870	5,870	-	-	
Total contractual cash obligations	$4,271,892	$317,370	$527,098	$278,345	$3,149,

In June 1998, the Company successfully restructured substantially all of its debt into one $4,000,000 note with First International Bank ("FIB"), formerly the First National Bank of New England, headquartered in Hartford, Connecticut. The Company closed on this loan on June 25, 1998. The Company obtained a twenty three year term on this note at 1.5% above prime, secured by equipment and real estate. The loan is guaranteed in part by the U.S. Department of Agriculture Rural Business-Cooperative Service's loan guarantee. Under the terms of the note, the Company's unfinanced fixed asset expenditures are limited to $300,000 per year for a five year period. In addition, FIB will permit chattel mortgages on purchased equipment not to exceed $200,000 on an annual basis so long as the Company is not in default. The Company was also granted a $500,000 operating line of credit by FIB. This commercial revolving promissory note, which carries a variable interest rate of 1% above prime has been verbally increased by FIB to $1,000,000 with a maturity of May 2003. On December 20, 1999, the Company secured an additional term loan of $500,000 from FIB. The term loan is payable in monthly installments over a five year period and carries an interest rate of 1.75% above prime.

Capital spending totaled $311,568 in the six month period ended June 30, 2002, which was an increase of 81% from $171,794 in the comparable period of the prior year, mainly because of routine equipment replacements. Planned capital expenditures for 2002 are limited as stated above by the FIB loan agreement. The Company plans to make additional capital expenditures for routine equipment replacement in the current fiscal year but has no other significant cash commitments for capital expenditures planned in 2002.

As of June 30, 2002, the Company had approximately 706,600 publicly traded warrants exercisable at $.60 per share which expire on August 31, 2002.

As a result of the Company's substantial debt burden, the Company is especially sensitive to changes in the prevailing interest rates. Fluctuations in such interest rates may materially and adversely affect the Company's ability to finance its operations either by increasing the Company's cost to service its current debt, or by creating a more burdensome refinancing environment, if interest rates should increase.

The Company's cash flow from operations is affected by production schedules set by contractors, which generally provide for payment 45 to 75 days after the products are produced. This payment schedule has resulted in liquidity problems for the Company because it must bear the cost of production for its products long before it receives payment. In the event cash flow from operations and existing credit facilities are not adequate to support operations, the Company is currently investigating alternative sources of both short-term and long-term financing, for which there can be no assurance of obtaining.

Significant Accounting Policies and Estimates

The Company's significant accounting policies are more fully described in it's Summary of Accounting Policies to the Company's consolidated financial statements. The preparation of financial statements in conformity with accounting principles generally accepted within the United States requires management to make estimates and assumptions in certain circumstances that affect amounts reported in the accompanying financial statements and related notes. In preparing these financial statements, management has made its best estimates and judgments of certain amounts included in the financial statements, giving due consideration to materiality. The Company does not believe there is a great likelihood that materially different amounts would be reported related to the accounting policies described below, however, application of these accounting policies involves the exercise of judgment and the use of assumptions as to future uncertainties and as a result, actual results could differ from these estimates.

The Company evaluates the adequacy of its allowance for doubtful accounts at the end of each quarter. In performing this evaluation, the Company analyzes the payment history of its significant past due accounts, subsequent cash collections on these accounts and comparative accounts receivable aging statistics. Based on this information, along with consideration of the general strength of the economy, the Company develops what it considers to be a reasonable estimate of the uncollectible amounts included in accounts receivable. This estimate involves significant judgment by the management of the Company. Actual uncollectible amounts may differ from the Company's estimate.

The Company estimates inventory markdowns based on customer orders sold below cost, to be shipped in the following period and on the amount of similar unsold inventory at period end. The Company analyzes recent sales and gross margins on unsold inventory in further estimating inventory markdowns. These specific markdowns are reflected in the cost of sales and the related gross margins at the conclusion of the appropriate sales period. This estimate involves significant judgment by the management of the Company. Actual gross margins on sales of excess inventory may differ from the Company's estimate.

Other Comments

As of June 30, 2002 the Company's backlog was approximately $6.5 million versus a backlog of approximately $8.1 million as of June 30, 2001. As of August 13, 2002, the Company's backlog had decreased to approximately $6.0 million versus a backlog of $7.3 million for the comparable period in 2001. The majority of the projects relating to the backlog as of August 13, 2002 are contracted to be constructed in 2002. The recent drop in the Company's backlog is due to (1) increased production levels at the Company, resulting in a lower degree of deferral in commencing projects, and (2) a decreased level of new sales and projects, in view of the slower economy. In the event the economic slow down continues, future sales levels are liable to be adversely effected.

Management believes that the Company's operations have not been materially affected by inflation.

PART II - Other Information

Item 1. Legal Proceedings.

Reference is made to Item 3 of the Company's Annual Report on Form 10-KSB for the year ended December 31, 2001 for information as to reported legal proceedings. The Company received notice from its insurance company on August 9, 2002 that the case of the Estate of Joy V. Snyder v. Smith Midland Corp. had been settled without financial impact to the Company.

Item 2. Changes in Securities and Use of Proceeds. None.

Item 3. Defaults Upon Senior Securities. None

Item 4. Submission of Matters to a Vote of Security Holders. None

Item 5. Other Information. None.

Item 6. Exhibits and Reports on Form 8-K.

(a) Exhibits

(1) The following exhibits are filed herewith:

Exhibit No.	
99.1	Certification pursuant to 18 U.S.C. Section 1350.
99.2	Certification pursuant to 18 U.S.C. Section 1350.

SIGNATURES

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

SMITH-MIDLAND CORPORATION

Date: August 14, 2002

By: /s/ Rodney I. Smith

Rodney I. Smith
Chairman of the Board,
Chief Executive Officer and President
(principal executive officer)

Date: August 14, 2002

By: /s/ Robert E. Albrecht, Jr.

Robert E. Albrecht, Jr.
Chief Financial Officer
(principal financial officer)