SMITH MIDLAND CORP
Form 10QSB
November 15, 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
September 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.)

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)

Transitional Small Business Disclosure Format:

Yes _______ No X

As of November 12, 2002, the Company had outstanding 4,392,028 shares of Common Stock, $.01 par value per share.

SMITH-MIDLAND CORPORATION

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PART I - Financial Information

Item 1. Financial Statements

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited)

Assets	September 30, 2002
Current assets:	
Cash and cash equivalents	$1,259,560
Accounts receivable:	

Trade - billed, less allowances for doubtful accounts of $306,420 and $371,895	5,797,125
Trade - Cost in excess of billings	438,264
Inventories:	
Raw materials	471,881
Finished goods	1,212,895
Prepaid expenses and other assets	284,686
Total current assets	9,464,411
Property and equipment, net	2,973,299
Other assets:	
Note receivable, officer	540,282
Claims and accounts receivable	960,254
Other	222,903
Total other assets	1,723,439
Total Assets	$14,161,149
Liabilities and Stockholders' Equity	
Current liabilities:	
Current maturities of notes payable	$285,027
Accounts payable - trade	2,296,808
Accrued expenses and other liabilities	622,091
Accrued income taxes	499,441
Customer deposits	107,133
Total current liabilities	3,810,050
Reserve for Contract Loss	1,021,931
Notes payable - less current maturities	3,849,857
Notes payable - related parties	53,809
Total Liabilities	8,736,097
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 4,432,948 and 3,171,051 shares	44,329
Additional capital	4,178,649
Treasury stock 40,920 Shares	(102,300)
Retained earnings	1,304,374
Total Stockholders' Equity	5,425,052
Total Liabilities and Stockholders' Equity	$14,161,149

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

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SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Consolidated Statements of Operations

(Unaudited)

	Three Months Ended September 30, 2002	2001
Revenue	$6,564,573	$8,465,779
Cost of goods sold	4,935,868	6,293,824
Gross profit	1,628,705	2,171,955
Operating expenses:		
General and administrative expenses	751,978	656,806
Selling expenses	215,681	238,895
Total operating expenses	967,659	895,701
Operating income	661,046	1,276,254
Other income (expense):		
Interest expense	(70,835)	(110,072)
Interest income	9,679	11,490
Other	(22,543)	(62,015)
Total other income (expense)	(83,699)	(160,597)
Income before income taxes	577,347	1,115,657
Income tax expense	400,121	--
Net income	$ 177,226	$1,115,657
Basic earnings per share	$ .05	$ .36
Diluted earnings per share	$ .04	$ .36

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

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

Nine Months Ended

	September 30, 2002	September 30, 2001
Revenue	$17,776,782	$19,774,255
Cost of goods sold	13,281,862	15,131,645
Gross profit	4,494,920	4,642,610
Operating expenses:		
General and administrative expenses	2,086,789	1,868,859
Selling expenses	668,297	548,965
Total operating expenses	2,755,086	2,417,824
Operating income	1,739,834	2,224,786
Other income (expense):		
Interest expense	(221,361)	(365,605)
Interest income	30,417	35,633
Other, net	(93,177)	(209,386)
Total other income (expense)	(284,121)	(539,358)
Income before income taxes	1,455,713	1,685,425
Income tax expense (benefit)	671,121	--
Net income	$ 784,592	$ 1,685,425
Basic earnings per share	$ .22	$ .55
Diluted earnings per share	$ .21	$ .55

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

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

	Nine Months September 2002
Cash flows from operating activities:	
Cash received from customers	$ 17,774,450

Cash paid to suppliers and employees	(16,631,229)
Income taxes paid, net	(171,680)
Interest paid	(221,361)
Other	(66,385)
Net cash provided by operating activities	683,795
Cash flows from investing activities:	
Purchases of property and equipment	(600,706)
Proceeds from sale of fixed assets	3,007
Decrease (increase) in officer note receivable	18,000
Net cash absorbed by investing activities	(579,699)
Cash flows from financing activities:	
Proceeds from borrowings	52,263
Repayment of borrowings-related party	(14,968)
Repayments of borrowings	(520,376)
Proceeds from warrants exercised	696,414
Net cash provided by financing activities	213,333
Net increase in cash and cash equivalents	317,429
Cash and cash equivalents at beginning of period	942,131
Cash and cash equivalents at end of period	$ 1,259,560
Reconciliation of net income to net cash provided by operating activities:	
Net income	$ 784,592
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	297,065
Decrease (increase) in:	
Accounts receivable - billed	137,234
Accounts receivable - unbilled	20,017
Inventories	(56,380)
Prepaid expenses and other assets	(21,788)
Increase (decrease) in:	
Accounts payable - trade	(702,559)
Accrued expenses and other liabilities	(110,619)
Accrued income taxes	499,441
Reserve for contract losses	(3,625)
Customer deposits	(159,583)
Net cash provided by operating activities	$ 683,795

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

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements

September 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 nine-month periods ended September 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.

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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 nine month periods ending September 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 provisions for income taxes.

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 collectability is in doubt, in which event revenue is recognized as cash is received. Certain sales of soundwall, architectural precast panels and SlenderwallTM 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.

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

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 earnings of an entity. Earnings per share was calculated as follows:

Three Months
September
2002

Net income	$ 177,226
Average Shares Outstanding:	
For basic earnings per share	3,871,267
Dilutive effect of stock options and warrants	171,925
Average Shares Outstanding for Diluted Earnings per Share	4,043,192
Basic earnings per share	$ .05
Diluted earnings per share	$ .04

	Nine Months E September 2002
Net income	$ 784,592
Average Shares Outstanding:	
For basic earnings per share	3,559,074
Dilutive effect of stock options and warrants	213,605
Average Shares Outstanding for Diluted Earnings per Share	3,772,679
Basic earnings per share	$ .22
Diluted earnings per share	$ .21

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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 SlenderwallTM, a patent-pending, lightweight, energy efficient concrete and steel exterior wall panel for use in building construction; J-J HooksTM Highway Safety Barrier, a patented, positive-connected highway safety barrier; Sierra Wall, a sound 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, farm products such as cattleguards, 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 nine months ended September 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 September 30, 2002 compared to the three months ended September 30, 2001

For the three months ended September 30, 2002, the Company had total revenue of $6,564,573 compared to total revenue of $8,465,779 for the three months ended September 30, 2001, a decrease of $1,901,206, or 22%. Total product sales were $5,396,681 for the three months ended September 30, 2002 compared to $7,416,152 for the same period in 2001, a decrease of $2,019,471, or 27%. The lower product sales were a result of reduced construction activity in some of the Company's market areas. The decreases occurred in Easi-Set Precast Buildings, barrier, licensee royalties,

and architectural precast products while soundwall, SlenderwallTM and utility products enjoyed significant increases. Shipping and installation revenue was $1,167,892 for the three months ended September 30, 2002 and $1,049,627 for the same period in 2001, an increase of $118,265, or 11%. The increase was attributable to higher installation revenue due to an increase in installation activity primarily on the commercial building products.

Total cost of goods sold for the three months ended September 30, 2002 was $4,935,868, a decrease of $1,357,956, or 22%, from $6,293,824 for the three months ended September 30, 2001. The majority of the decrease was due to the decreased volume. Cost of goods sold as a percentage of total revenue increased only slightly to 75% for the three months ended September 30, 2002, from 74% for the three months ended September 30, 2001.

For the three months ended September 30, 2002, the Company's general and administrative expenses increased $95,172 to $751,978 from $656,806 during the same period in 2001. The 14% increase is due to higher personnel and personnel related costs, the majority of which is related to bonus accruals, offset in part by lower legal and professional fees.

Selling expenses for the three months ended September 30, 2002 decreased $23,214, or 10%, to $215,681 from $238,895 for the three months ended September 30, 2001, resulting primarily from lower sales commissions due to the decreased sales volume offset, in part, by higher advertising and professional fees.

The Company's operating income for the three months ended September 30, 2002 was $661,046 compared to operating income of $1,276,254 for the three months ended September 30, 2001, a decrease of $615,208, or 48%. The decreased operating income was a result of the lower sales in the current year and the higher general and administrative expenses, partially offset by the decreased selling expenses.

Interest expense was $70,835 for the three months ended September 30, 2002, compared to $110,072 for the three months ended September 30, 2001. The decrease of $39,237, or 36%, was due to a lower average interest rate during the 2002 period and lower levels of average debt outstanding.

Other expense was $22,543 for the three months ended September 30, 2002 compared to $62,015 for the three months ended September 30, 2001, a decrease of $39,472. The decrease is attributable to higher levels of miscellaneous income in the current period.

The net income was $177,226 for the three months ended September 30, 2002, compared to a net income of $1,115,657 for the same period in 2001. The Company became subject to income taxes in the current year after exhausting available net operating loss carryforwards and established an accrual to reflect the tax liability. The basic and diluted net earnings per share for the current three month period was $.05 and $.04 compared to basic and diluted net earnings per share of $.36 for the three months ended September 30, 2001.

Nine months ended September 30, 2002 compared to the nine months ended September 30, 2001

For the nine months ended September 30, 2002, the Company had total revenue of $17,776,782 compared to total revenue of $19,774,254 for the nine months ended September 30, 2001, a decrease of $1,997,472, or 10%. Total product sales were $14,850,993 for the nine months ended September 30, 2002, compared to $17,203,669 for the same period in 2001, a decrease of $2,352,676, or 14%. The lower product sales were a result of reduced construction activity in some of the Company's market areas. The decreases occurred in Easi-Set Precast Buildings, utility products, licensee royalties, and architectural precast products while SlenderwallTM, barrier, and soundwall enjoyed significant increases. Shipping and installation revenue was $2,925,789 for the nine months ended September 30, 2002 and $2,570,585 for the same period in 2001, an increase of $355,204, or 14%. The increase is attributable to increased installation revenue related to soundwall, SlenderwallTM and architectural precast contracts in the 2002 period, as compared to the 2001 period.

Total cost of goods sold for the nine months ended September 30, 2002 was $13,281,862, a decrease of $1,849,783, or 12%, from $15,131,645 for the nine months ended September 30, 2001. The majority of the decrease was the result of the lower volume of sales however, total cost of goods sold, as a percentage of total revenue, also decreased to 75% for the nine months ended September 30, 2002, from 77% for the nine months ended September 30, 2001 as the Company incurred lower production costs relative to the revenue but higher shipping and installation expenses.

For the nine months ended September 30, 2002, the Company's general and administrative expenses increased $217,930, or 12%, to $2,086,789, from $1,868,859 during the same period in 2001. The increase was primarily attributed to higher insurance and personnel and personnel related costs, the majority of which is related to bonus accruals, offset in part by lower legal, professional, and personnel recruitment fees.

Selling expenses for the nine months ended September 30, 2002 increased $119,332, or 22%, to $668,297 from $548,965 for the nine months ended September 30, 2001. The increase was due to increased advertising and staffing levels during the 2002 period as compared to the 2001 period, partially offset by lower sales commissions and training costs.

The Company's operating income for the nine months ended September 30, 2002 was $1,739,834, compared to operating income of $2,224,785 for the nine months ended September 30, 2001, a decrease of $484,951, or 22%. The lower operating income for the current nine month period resulted from the decreased sales volume experienced in the first three quarters of the fiscal year combined with higher operating expenses.

Interest expense was $221,361 for the nine months ended September 30, 2002, compared to $365,605 for the nine months ended September 30, 2001. The decrease of $144,244, or 39%, was due to lower levels of debt outstanding in the 2002 period and lower average interest rates.

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The net income was $784,592 for the nine months ended September 30, 2002, compared to a net income of $1,685,425 for the same period in 2001. The Company became subject to income taxes in the current year after exhausting available net operating loss carryforwards and established an accrual to reflect the tax liability. The basic and diluted net earnings per share for the current nine month period was $.22 and $.21 compared to basic and diluted net earnings per share of $.55 for the nine months ended September 30, 2001

Liquidity and Capital Resources

The Company has financed its capital expenditures, operating requirements and growth to date primarily with proceeds from operations, and bank and other borrowings. The Company had $4,134,884 of indebtedness at September 30, 2002, of which $285,027 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	$4,134,884	$ 285,027	$456,907	$279,357	$3,113,
Debt to Related Parties	53,809	24,203	29,606	-	
Operating leases	28,993	27,105	992	896	
Total contractual cash obligations	$4,217,686	$336,335	$487,505	$280,253	$3,113,

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 term of the note dramatically improved the

Company's current debt ratio and debt service. 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 $600,706 in the nine month period ended September 30, 2002 versus $203,186 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.

For the nine months ended September 30, 2002, the Company received approximately $696,414 from the exercise of its publicly traded warrents.

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, collection of claims, and existing credit facilities are not adequate to support operations, the Company would be required to obtain 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.

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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

The Company services the construction industry primarily in areas of the United States where construction activity is inhibited by adverse weather during the winter. As a result, the Company traditionally experiences reduced revenues from December through March and realizes the substantial part of its revenues during the other months of the year. The Company typically experiences lower profits, or losses, during the winter months, and must have sufficient working capital to fund its operations at a reduced level until spring construction season.

As of September 30, 2002 the Company's backlog was approximately $4.0 million versus a backlog of approximately $6.4 million as of September 30, 2001. As of November 12, 2002, the Company's backlog had increased to approximately $4.8 million versus a backlog of $4.2 million for the comparable date in 2001. The majority of the projects relating to the backlog as of November 12, 2002 are contracted to be constructed in 2002. The drop in the Company's backlog from September 30, 2001 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.

Item 3. Controls and Procedures

Our principal executive and financial officers have concluded, based on their evaluation as of a date within 90 days before the filing of the Form 10-QSB, that our disclosure controls and procedures under Rule 13a-14 of the Securities Exchange Act of 1934 are effective to ensure that information we are required to disclose in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and include controls and procedures designed to ensure that information we are required to disclose in such reports is accumulated and communicated to management, including our principal executive and financial officers, as appropriate to allow timely decisions regarding required disclosure.

Subsequent to our evaluation, there were no significant changes in internal controls or other factors that could significantly affect these internal controls.

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.

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.

On July 22, 2002 the Company held its Annual Meeting of Stockholders. The Stockholders voted on and approved the following:

1. The election of the following individuals to serve as directors until the next annual meeting and until their successors are duly elected and qualified:

Name	Shares Voted For	Shares Voted to Withhold Authority
Rodney I. Smith	3,273,634	11,980
Ashley B. Smith	3,273,634	11,980
Wesley A. Taylor	3,273,634	11,980
Andrew Kavounis	3,273,634	11,980

2. A motion to amend the Smith-Midland Corporation 1994 Stock Option Plan to increase the number of shares authorized to be issued under the plan by 450,000 shares. In connection with the motion, 1,403,392 shares voted for the motion, 209,800 shares voted against the motion, 14,665 shares abstained and 1,657,757 shares were not voted.

3. The ratification of the selection by the Board of Directors of BDO Seidman LLP as independent auditors for the year ending December 31, 2002. In this connection, 3,280,964 shares voted for ratification, 3,200 shares voted against ratification, and 1,450 shares abstained.

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

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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: November 14, 2002

By: /s/ Rodney I. Smith

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

Date: November 14, 2002

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

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

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CERTIFICATIONS

I, Rodney I. Smith, certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Smith-Midland Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined

in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

By: /s/ Rodney I. Smith

Rodney I. Smith
Chairman of the Board, Chief
Executive Officer and President

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I, Robert E. Albrecht, Jr., certify that:

1. I have reviewed this quarterly report on Form 10-QSB of Smith-Midland Corporation;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash

flows of the registrant as of, and for, the periods presented in this quarterly report.

4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officers and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: November 14, 2002

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

Robert E. Albrecht, Jr.
Chief Financial Officer