SMITH MIDLAND CORP
Form 10QSB
May 15, 2003

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
March 31, 2003	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)

As of May 7, 2003, the Company had outstanding 4,432,948 shares of Common Stock, $.01 par value per share.

Transitional Small Business Disclosure Format:

Yes _______ No ___X___

1

SMITH-MIDLAND CORPORATION

INDEX

PART I - Financial Information

Item 1. Financial Statements

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets

Assets	March 31 2003 Unaudited	Decem 20 Aud
Current assets		
Cash	$ 952,174	$1,22
Accounts receivable		
Trade - billed (less allowance for doubtful accounts of $275,857 and $242,739)	4,752,061	4,95
Trade - unbilled	73,041	35
Inventories		
Raw materials	648,129	49

Finished goods	1,766,269	1,49
Prepaid expenses and other assets	266,811	31
Total currents assets	8,458,485	8,82
Property and equipment, net	3,102,584	3,01
Other assets		
Notes receivable, officer	457,519	46
Claims and accounts receivable	960,254	96
Other	227,349	23
Total other assets	1,645,122	1,65
Total assets	13,206,191	13,49
	==========	=====
Liabilities and Stockholders' Equity		
Current liabilities		
Accounts payable - trade	$2,696,206	$1,97
Accrued expenses and other liabilities	287,851	93
Current maturities of notes payable	297,953	41
Customer deposits	71,824	7
Total current liabilities	3,353,834	3,39
Reserve for contract loss	1,001,681	1,00
Notes payable - less current maturities	3,848,746	3,81
Notes payable - related parties	39,244	4
Total liabilities	8,243,505	8,25
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $.01 par value; authorized 1,000,000 shares, none outstanding		
Common stock, $.01 par value; authorized 8,000,000 shares; 4,432,948 and 4,432,948 issued and outstanding	44,329	4
Additional paid-in capital	4,178,649	4,17
Retained earnings	842,008	1,12
	5,064,986	5,34
Treasury stock, at cost, 40,920 shares	(102,300)	(10
Total stockholders' equity	4,962,686	5,24
Total liabilities and stockholders' equity	$13,206,191	$13,49
	===========	======

3

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

Three Months Ended March 31,

	2003	2002
Revenue		
Product sales and leasing	$4,358,538	$5,237,859
Royalties	131,604	169,737
Total Revenue	4,490,142	5,407,596
Cost of goods sold	3,737,215	4,165,963
Gross profit	752,927	1,241,633
Operating expenses:		
General and administrative expenses	822,338	591,121
Selling expenses	357,200	318,278
Total operating expenses	1,179,538	909,399
Operating income (loss)	(426,611)	332,234
Other income (expense):		
Interest expense	(64,366)	(74,654)
Interest income	8,628	10,329
Other, net	33,502	(31,257)
Total other income (expense)	(22,236)	(95,582)
Income (loss) before income taxes	(448,847)	236,652
Income tax expense (benefit)	(170,562)	27,400
Net income (loss)	(278,285)	209,252
Basic earnings (loss) per share	$(.06)	$.06
Diluted earnings (loss) per share	$(.06)	$.05

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

4

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

	Three months ended March 31	
	2003	2002
Cash flows from operating activities:		
Cash received from customers	$4,967,554	$6,296,911
Cash paid to suppliers and employees	(4,664,624)	(6,248,457)
Income taxes paid, net	(388,711)	(27,400)
Interest paid	(64,366)	(74,654)
Other	153,323	(20,928)
Net cash provided (absorbed) by operating activities	3,176	(74,528)
Cash flows from investing activities:		
Purchases of property and equipment	(205,639)	(168,612)
Proceeds from sale of fixed assets	11,151	0
(Increase) decrease in officer note receivable	6,000	6,000
Net cash absorbed by investing activities	(188,488)	(162,612)

Cash flows from financing activities:		
Proceeds from borrowings	0	40,263
Repayments of borrowings	(81,806)	(82,031)
Repayments on borrowings - related parties, net	(4,464)	(2,721)
Proceeds from warrants exercised	0	99,343
Net cash provided by financing activities	(86,270)	54,854
Net increase (decrease) in cash and cash equivalents	(271,582)	(182,286)
Cash and cash equivalents at beginning of period	1,223,756	942,131
Cash and cash equivalents at end of period	952,174	759,845
Reconciliation of net income (loss) to net cash provided (absorbed by operating activities:		
Net income (loss)	(278,285)	209,252
Adjustments to reconcile net income (loss) to net cash provided (absorbed) by operating activities:		
Depreciation and amortization	115,787	93,229
Loss on disposal of fixed assets	(5,154)	0
Decrease (increase) in:		
Accounts receivable - billed	198,467	854,219
Accounts receivable - unbilled	278,945	(29,821)
Inventories	(424,779)	(98,469)
Prepaid expenses and other assets	46,287	(89,281)
Increase (decrease) in:		
Accounts payable - trade	717,769	(925,694)
Accrued expenses and other liabilities	(87,147)	(152,880)
Accrued income taxes	(559,273)	0
Customer deposits	559	64,917
Net cash provided (absorbed) by operating activities	3,176	$74,528

5

SMITH-MIDLAND CORPORATION AND SUBSIDIARIES
Notes to Consolidated Financial Statements
March 31, 2003
(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, 2002.

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 month period ended March 31, 2003 and 2002.

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 2003 presentation.

Inventories

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

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.

An income tax benefit of $170,562 was recorded for the three month period ending March 31, 2003 due to the net operating loss for the quarter.

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.

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 Ended March 31	
	2003	2002
Net income (loss)	$ (278,285)	$ 209,252
Average shares outstanding For basic earnings per share	4,432,928	3,255,471
Dilutive effect of stock options and warrants	0	875,458
Average Shares Outstanding for Diluted Earnings per Share	4,484,582	4,130,929
Basic earnings (loss) per share	$(.06)	$.06
Diluted earnings (loss) per share	$(.06)	$.05

7

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 months ended March 31, 2003 are not necessarily indicative of the results for the Company's operations for the year ending December 31, 2003. 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 March 31, 2003 compared to the three months ended March 31, 2002

During the quarter ended March 31, 2003, the Company recorded several expenses that are not representative of ongoing operations. These include the write-off of health claims receivable of $114,937 that was deemed to be uncollectible; an increase in field repairs of $49,467 for a solution to a difficult customer satisfaction issue; and legal expense of $31,185 that resulted from greater time spent on the Seacoast case and general corporate matters.

For the three months ended March 31, 2003, the Company had total revenue of $4,490,142 compared to total revenue of $5,407,595 for the three months ended March 31, 2002, a decrease of $917,453, or 17%. Total product sales were $3,175,922 for the three months ended March 31, 2003 compared to $4,364,227 for the same period in 2002, a decrease of $1,188,305, or 27%. The lower product sales were a result of reduced construction activity in most of the Company's market areas due to the severe winter weather and poor economic conditions. The decrease occurred mainly in the sales of SlenderwallTM. Royalty income was also down because of lower sales on the part of Easi-Set licensees. Shipping and installation revenue was $1,071,797 for the three months ended March 31, 2003 and $789,773 for the same period in 2002, an increase of $282,085, or 36%. The revenue increase was attributable to higher installation revenue due to an increase in installation activity primarily on the commercial building projects. This increase was accompanied by an increase in shipping and installation expense however, the net expense amount for the three months ended March 31, 2003 was $101,885 compared to a net expense of $115,139 for the same period in 2002, a decrease of $13,254.

Total cost of goods sold for the three months ended March 31, 2003 was $3,737,215, a decrease of $428,748, or 10%, from $4,165,963 for the three months ended March 31, 2002. The majority of the decrease was due to the decreased volume. Cost of goods sold as a percentage of total revenue increased to 83% for the three months ended March 31, 2003, from 77% for the three months ended March 31, 2002. Most of the increase in the cost of goods sold percentage was due to fixed manufacturing expenses which includes engineering, quality control and purchasing; the amount of these expenses decreased from the same period in 2002 but because it was spread over a lower amount of sales the expense as a percentage of sales actually increased. The Company also incurred shipping and installation expense of $1,173,682 for the three months ended March 31, 2003 and $904,911 for the same period in 2002, an increase of $268,771 or 30%. Field repairs increased by $49,467 from $83,724 for the period ended March 31, 2002 to $143,191 for the same period in 2003 as the Company solved a difficult customer satisfaction issue. Utilities expense increased in the Virginia plant by $29,707 from $14,370 for the period ended March 31, 2002 to $44,077 for the same period in 2003 due to the extremely cold winter weather in the mid-atlantic area.

For the three months ended March 31, 2003, the Company's general and administrative expenses increased $231,217 to $822,338 from $591,121 during the same period in 2002. The 39% increase is mainly due to higher costs in the areas of health insurance, legal fees, bad debt allowance and personnel related expenses. There was an adjustment to the health claims receivable that resulted in an expense of $114,937 to adjust the amount to our policy limit. This was charged on a pro-rata basis to each department so only a portion shows up in general and administrative. Legal expenses for the period ended March 31, 2003 included an increase of $13,092 for the ongoing case with Seacoast that is described in the Companys' Form 10-KSB for 2002 and an expense of $18,093 for legal work on special corporate legal matters. There was also an expense of approximately $42,000 for personnel replacements.

Selling expenses for the three months ended March 31, 2003 increased $38,922, or 12%, to $357,200 from $318,278 for the three months ended March 31, 2002, resulting primarily from higher marketing and professional fees which is in line with the Company's strategy of building the business for long-term success.

The Company's operating loss for the three months ended March 31, 2003 was $426,611 compared to operating income of $332,233 for the three months ended March 31, 2002, a decrease of $758,844. The decreased operating income was primarily the result of the lower gross profit and the higher selling, general and administrative expenses.

Interest expense was $64,366 for the three months ended March 31, 2003, compared to $74,654 for the three months ended March 31, 2002. The decrease of $10,288, or 14%, was due to a lower average interest rate during the 2003 period and lower levels of average debt outstanding.

Other income (net) was $42,131 for the three months ended March 31, 2003 compared to other expense (net) of $20,927 for the three months ended March 31, 2002, an increase of $63,058. The increase is attributable to higher levels of miscellaneous income in the current period and a gain on the disposal of assets.

The net loss was $278,285 for the three months ended March 31, 2003, compared to a net income of $209,252 for the same period in 2002. The basic and diluted net loss per share for the current three month period was $(.06) and $(.06) compared to basic and diluted net earnings per share of $.06 and $.05 for the three months ended March 31, 2002.

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 $4,214,936 of indebtedness at March 31 2003, of which $342,097 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 years
Long-term debt and capital leases	$4,146,699	$297,953	$586,223	$339,111	$2,923,412
Debt to Related Parties	39,244	17,039	22,205	0	0
Operating leases	28,993	27,105	992	896	0
Total contractual cash obligations	$4,214,936	$342,097	$609,420	$340,007	$2,923,412

The Company has a $3,667,585 note with First International Bank ("FIB"), formerly the First National Bank of New England, headquartered in Hartford, Connecticut. The note had an original term of twenty three years beginning on June 25, 1998 with an interest rate of 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 also has a $1,000,000 line of credit, under which there were no outstanding borrowings at March 31, 2003. This commercial revolving promissory note, which carries a variable interest rate of 1% above prime has a maturity of April 1, 2004

At March 31, 2003, the Company had cash totaling $952,174 compared to cash totaling $1,224,756 at December 31, 2002. During the period, the financing activities used $86,270 (net) in cash for the repayment of debt; used $188,488 in its investing activities, primarily for the purchase of new equipment. The Company's operating activities provided cash of $3,176 (net) after deducting the resources required to fund the Company's daily operations.

Capital spending totaled $205,639 in the three month period ended March 31, 2003 versus $168,612 in the comparable period of the prior year, mainly because of routine equipment replacements and plant modernization. Planned capital expenditures for 2003 are limited as stated above by the FIB loan agreement. The Company plans to make additional capital expenditures for routine equipment replacement, productivity improvements and plant upgrades that are planned for 2003 based on the achievement of operating goals and the availability of funds.

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 annual 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.

The Company 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 concrete products are recognized upon completion of units produced under long-term contracts. When necessary, provisions for estimated losses on these contracts are made in the period in which such losses are determined. Changes in job performance, conditions and contract settlements that affect profit are recognized in the period in which the changes occur. Unbilled trade accounts receivable represents revenue earned on units produced and not yet billed.

The Company has elected to use the intrinsic value method of accounting as prescribed by Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related Interpretations, for stock options granted to the Company's employees. This method does not result in the recognition of compensation expense when employee stock options are granted if the exercise price of the option equals or exceeds the fair market value of the stock at the date of grant. Statement of Financial Accounting Standards No. 123, Accounting for Stock-Based Compensation (SFAS 123), establishes alternative methods of accounting for stock options. The Company's Form 10-KSB for the period ended December 31, 2002 shows the effect on earnings if the fair value method prescribed by SFAS 123 had been adopted.

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. The failure to generate or obtain sufficient working capital during the winter may have a material adverse effect on the Company.

As of March 31, 2003 the Company's backlog was significantly lower than it was at the same period in 2002. The majority of the projects relating to the backlog as of March 31, 2003 are scheduled to be constructed in 2003. The drop in the Company's backlog from March 31, 2002 is due to a decreased level of new sales and projects as a result of the slower economy. In the event the economic slowdown 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, 2002 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. 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

(b) Reports on Form 8-K

On January 24,2003, the company filed a Form 8-K to report the adoption of a Shareholder Rights Plan and amended By-laws, as well as the hiring of a new Chief Financial Officer.

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: May 14, 2003

By: /s/ Rodney I. Smith

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

Date: May 14, 2003

By: /s/ John K. Johnson

John K. Johnson
Chief Financial Officer
(principal financial officer)

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: May 14, 2003 By: /s/ Rodney I. Smith

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

I, John K. Johnson, 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: May 14, 2003

By: /s/ John K. Johnson

John K. Johnson
Chief Financial Officer