

Securities and Exchange Commission  
Washington, D. C. 20549

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

(Mark One)

X QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the quarter ended July 1, 1995

OR

\_\_\_\_\_ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 0-19687

SYNALLOY CORPORATION  
(Exact name of registrant as specified in its charter)

Delaware 57-0426694  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)

Post Office Box 5627  
Croft Industrial Park  
Spartanburg, South Carolina 29304  
(Address of principal executive offices) (Zip Code)

Registrant's Telephone Number, Including Area Code (803) 585-3605

Not Applicable  
(Former name, former address and former  
fiscal year, if changed since last year.)

Indicate by check mark whether the registrant (1) has filed all reports  
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of  
1934 during the preceding 12 months (or for such shorter period that the  
registrant was required to file such reports) and (2) has been subject to such  
filing requirements for the past 90 days.

Yes X No \_\_\_\_\_

Indicate the number of shares outstanding of each of the issuer's classes of  
Common Stock, as of the latest practical date.

Title of Class	Number of Shares Outstanding As of July 1, 1995
Common Stock, \$1.00 Par Value	7,211,300

SYNALLOY CORPORATION

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PART 1. FINANCIAL STATEMENTS  
 SYNALLOY CORPORATION  
 CONDENSED CONSOLIDATED BALANCE SHEETS  
 <CAPTION>

	July 1, 1995 (Unaudited) <C>	December 31, 1994 (Note) <C>
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ASSETS		
Current assets		
Cash and cash equivalents	14,588	20,770
Accounts receivable, less allowance for doubtful accounts	22,052,183	14,758,847
Inventories:		
Raw materials	13,727,242	10,252,207
Work-in-process	5,736,428	3,765,329
Finished goods	17,395,626	13,958,918
Total inventories	36,859,296	27,976,454
Deferred income taxes	514,000	514,000
Prepaid expenses and other current assets	628,106	167,791
Total current assets	60,068,173	43,437,862
Cash surrender value of life insurance	1,572,831	1,535,131
Investment	543,100	543,100
Property, plant & equipment, net of accumulated depreciation of \$21,320,000 and \$20,156,000	18,775,907	16,239,584
Deferred charges and other assets	691,113	676,748
Total assets	81,651,124	62,432,425
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Notes payable	7,219,000	4,455,000
Accounts payable	9,581,656	5,900,018
Income taxes	716,701	448,367
Accrued expenses	5,158,216	3,024,370
Current portion of environmental reserves	201,776	356,800
Current portion of long-term debt	334,615	334,615
Total current liabilities	23,211,964	14,519,170
Long-term debt, less current portion	12,800,000	7,910,577
Environmental compliance costs	2,182,200	2,182,200
Deferred compensation	553,746	554,236
Deferred income taxes	377,000	377,000
Contingencies -- Note 3		
Shareholders' equity		
Common stock, par value \$1 per share - authorized 8,000,000 shares; issued 8,000,000 shares period ended July 1, 1995 and 6,000,000 shares year ended December 31, 1994	8,000,000	6,000,000
Capital in excess of par value	664,538	6,931,064
Retained earnings	37,465,832	31,373,461
Less treasury stock	(3,604,156)	(7,415,283)
Total shareholders' equity	42,526,214	36,889,242
Total liabilities and shareholders' equity	81,651,124	62,432,425

<FN>

Note: The balance sheet at December 31, 1994 has been derived from the audited financial statements at that date. See accompanying notes to condensed consolidated financial statements.

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SYNALLOY CORPORATION  
 CONDENSED CONSOLIDATED STATEMENTS OF INCOME  
 (Unaudited)  
 <CAPTION>

	Three Months Ended		Six Months Ended	
	July 1, 1995	July 2, 1994	July 1, 1995	July 2, 1994
<S>				
Net sales	41,380,776	30,217,198	75,956,743	57,549,376
Cost of sales	30,581,922	25,035,793	57,983,113	48,176,386

Gross profit	10,798,854	5,181,405	17,973,630	9,372,990
Selling, general and administrative expense	3,120,105	2,110,834	5,725,272	4,136,452
Operating income	7,678,749	3,070,571	12,248,358	5,236,538
Other (income) and expense				
Interest expense	297,245	144,812	533,000	273,716
Other, net	(13,917)	4,073	(28,820)	(6,955)
Income before taxes	7,395,421	2,921,686	11,744,178	4,969,777
Provision for income taxes	2,782,000	1,023,000	4,369,000	1,740,000
Net income	4,613,421	1,898,686	7,375,178	3,229,777
Net income per common share				
Primary and fully diluted	0.63	0.26	1.01	0.44
Dividends paid per common share	0.06	0.06	0.13	0.12
Average shares outstanding	7,337,996	7,357,542	7,337,139	7,350,524

<FN>

See accompanying notes to condensed consolidated financial statements.

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SYNALLOY CORPORATION  
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

<CAPTION>

	July 1, 1995 <C>	July 2, 1994 <C>
<S>		
Operating activities		
Net income	7,375,178	3,229,777
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	1,237,463	966,286
Deferred compensation	(490)	(880)
Provision for losses on accounts receivable	347,210	98,015
Gain on sale of property, plant and equipment	(17,100)	(13,430)
Cash surrender value of life insurance	(37,700)	(37,700)
Environmental compliance costs	(155,024)	(249,704)
Changes in operating assets and liabilities:		
Accounts receivable	(7,640,546)	(1,741,149)
Inventories	(8,882,842)	(1,850,878)
Other assets	(504,948)	(454,616)
Accounts payable and accrued expenses	5,815,484	4,443,902
Income taxes payable	268,334	(26,070)
Net cash (used in) provided by operating activities	(2,194,981)	4,363,553
Investing activities		
Purchases of property, plant and equipment	(3,746,520)	(2,501,741)
Proceeds from sale of property, plant and equipment	17,100	25,295
Proceeds from notes receivable	3,002	2,719
Acquisition costs		(350,000)
Net cash (used in) investing activities	(3,726,418)	(2,823,727)
Financing activities		
Proceeds from revolving lines of credit	39,821,231	11,350,000
Payments on revolving lines of credit	(37,057,231)	(12,195,000)
Addition to long-term debt	5,000,000	
Principal payments on long-term debt	(110,577)	(190,384)
Proceeds from exercising stock options	100,441	63,411
Purchase of treasury stock	(1,078,718)	(14,768)
Dividends paid	(964,254)	(863,328)
Contributions to 401(k)/ESOP	204,325	
Net cash provided by (used in) financing activities	5,915,217	(1,850,069)
Decrease in cash and cash equivalents	(6,182)	(310,243)
Cash and cash equivalents at beginning of year	20,770	451,471
Cash and cash equivalents at end of period	14,588	141,228

<FN>

See accompanying notes to condensed consolidated financial statements.

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SYNALLOY CORPORATION  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

July 1, 1995

NOTE 1--BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six-month period ended July 1, 1995, are not necessarily indicative of the results that may be expected for the year ending December 30, 1995. For comparative purposes, certain amounts in the 1994 financial statements have been reclassified to conform with the 1995 presentation. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the period ended December 31, 1994.

NOTE 2--INVENTORIES

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

NOTE 3--LEGAL MATTERS

In late summer 1983, the Company, together with co-defendants Allied Corporation and E.I. duPont de Nemours & Co., settled approximately 115 individual tort actions arising out of alleged injurious exposure to betanaphthylamine (BNA) by employees of Augusta Chemical Company and Synalloy Corporation from 1949 to 1982. As part of the settlement, the Company agreed to be responsible for certain future medical payments for approximately 80 individuals and for payment of certain amounts in the event an individual is diagnosed as having bladder cancer. To date, only three individuals have received payments under these settlements. The Company does not believe a significant number of these individuals will have bladder cancer. The Company also believes that it is not probable that any losses payable under the terms of the settled cases should be in an amount to significantly impair the consolidated operating results or financial condition of the Company. Furthermore, based on the Georgia Supreme Court holding in *Newton v. Synalloy*, 254 GA. 174 (1985), it is not anticipated that future claims will be brought against the Company.

On July 11, 1995, the Company entered into a settlement agreement with H.B. Zachry ("Zachry") and the United States resolving the action, *H. B. Zachry v. Synalloy Corporation and Bristol Metals, Inc. v. U.S.*, in the 37th Judicial District, Bexar County, Texas, arising out of the sale by Bristol Metals to Zachry of pipe for use at an Air Force base. The specific terms of the settlement are subject to a confidentiality agreement; however, the Company's

SYNALLOY CORPORATION  
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - Continued  
(Unaudited)

contribution to the settlement was less than the \$370,000 originally paid to the Company for the pipe. The Company is aware of two other claims between the government and contractors arising out of pipe purchased from Bristol. The Company is not party to either of these actions nor is it, in the opinion of the Company's counsel, bound by the terms of those actions. No separate action has been brought against the Company.

The Company does not believe that either the amounts potentially involved in the BNA settlements or unasserted, but potential, claims arising out of the sale of pipe to two Air Force bases meet the disclosure requirements of Item 103 of Regulation S-K. Accordingly, unless new information changes these beliefs, these items will no longer be reported in the quarterly and annual reports of the Company filed under the Securities and Exchange Act of 1934.

The Company is from time to time subject to various claims, other possible legal actions for product liability and other damages, and other matters arising out of the normal conduct of the Company's business. Management believes that based on present information, it is unlikely that liability, if any, exists that would have a materially adverse effect on the consolidated operating results or financial position of the Company.

NOTE 4--NET INCOME PER COMMON SHARE

Income per share is computed using the weighted average shares of Common Stock and dilutive Common Stock equivalents (options) outstanding during the respective periods.

NOTE 5--SHAREHOLDERS' EQUITY

On April 28, 1995, the Board of Directors of the Company declared a three-for-two split of the Company's common stock. This was paid in the form of a stock dividend on June 12, 1995 to shareholders of record May 22, 1995. Accordingly, all share and per share information throughout the consolidated financial statements has been restated to reflect this split. The par value for the additional shares issued was transferred from capital in excess of par to common stock.

#### SYNALLOY CORPORATION

#### MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is management's discussion of certain significant factors which affected the Company during the quarter ended July 1, 1995.

Consolidated sales were \$41,381,000 for the quarter and \$75,957,000 year-to-date reflecting 37 and 32 percent increases, respectively, over the same periods one year ago. Consolidated net income increased 143 percent to \$4,613,000 for the quarter, or \$.63 per share, and increased 128 percent to \$7,375,000 year-to-date, or \$1.01 per share, over the same periods one year ago.

Chemical Segment sales were \$14,451,000 for the quarter and \$27,624,000 year-to-date reflecting five and four percent increases, respectively, over the same periods one year ago. Operating income increased 30 percent to \$2,435,000 for the quarter and 15 percent to \$3,821,000 year-to-date, over the same periods one year ago. Demand for textile dyestuffs, which represent the bulk of the chemical business, remained weak continuing the same softness experienced in the first quarter and in 1994. Sales and profits from these products were down approximately six and 13 percent, respectively, because of competitive conditions. However, sales of specialty chemicals almost doubled compared to last year's second quarter, and their contribution to operating income more than offset the decline in dyestuffs. Seasonal factors normally make the third quarter the weakest for sales and profits from textile dyestuffs. Price cutting by certain competitors and the question of when the cyclically depressed demand will improve add uncertainty to the third quarter. In addition, specialty chemicals sales and profits will decline from the second quarter level because of completion of annual production volumes of certain products.

Metals Segment sales were \$26,930,000 for the quarter and \$48,333,000 year-to-date reflecting 64 and 56 percent increases, respectively, over the same periods one year ago. Operating income increased 291 percent to \$5,850,000 for the quarter and 283 percent year-to-date, over the same periods one year ago. Higher sales for the quarter and year-to-date were partly the result of a significant increase in unit volume which was driven by stronger demand. Substantially higher prices that passed on the higher cost of stainless steel raw material made an even larger contribution to the sales gain. The surge in operating income for the quarter and year-to-date resulted from the convergence of three factors. Improved market conditions led to better profitability industry wide, increased volume resulted in lower unit production costs, and sharply rising prices generated profits from a large inventory. Demand continues to be strong from most of the industries using these products and current prices are much higher than they were in the second half of last year. Based on this, the Company expects sales and profits in the last half of this year to be substantially better than they were in the comparable period in 1994.

Selling and administrative expense for the quarter and year-to-date were approximately seven percent of consolidated sales which is consistent with prior years' amounts. Interest expense increased significantly due to increased borrowings needed for working capital requirements.

Cash flows from operations decreased \$2,195,000 during the first six months of the year compared to a \$4,364,000 increase during the same period one year ago. The significant increase in activity in the Metals Segment has caused an expected increase in accounts receivable and inventories, net of accounts payable, of \$12,495,000 from December 31, 1994. In June 1995, the Company consolidated its two working capital lines into a single \$9,000,000 line of credit and borrowed \$12,000,000 under a seven year Revolving Credit/Term Loan Facility. The proceeds are being used to refinance an existing \$7,000,000 note payable with the Bank and fund two capital expenditure projects totaling \$5,000,000. The Company expects that available cash and existing lines of credit will be sufficient to meet normal operating requirements, including capital expenditures and payment of dividends over the near term.

#### PART II: OTHER INFORMATION

#### SYNALLOY CORPORATION

Item 1. Legal Proceedings

Reference is made to Note 3 on Page 6 and Note 0 in the Notes to Consolidated Financial Statements included in the Form 10-K for the year ended December 31, 1994.

Item 2. Change In Securities

None

Item 3. Defaults Upon Senior Securities

None

Item 4. Submission Of Matters To A Vote Of Security Holders

A. The Annual Meeting of Shareholders was held April 28, 1995 at the offices of the Company.

B. The following individuals were elected as directors at the Annual Meeting:

	Votes For	Votes Withheld
1. James G. Lane, Jr.	3,729,820	13,311
2. Sibyl N. Fishburn	3,726,921	16,210
3. Richard E. Ingram	3,729,770	13,361
4. Glenn R. Oxner	3,729,820	13,311
5. Carroll D. Vinson	3,728,095	15,036

C. By a vote of 3,562,862 for, 115,408 against and 5,522 abstaining, the shareholders voted to amend the Non-Employee Director's Stock Option Plan to delete certain requirements limiting the exercise of such options.

D. Ernst & Young LLP, independent certified public accountants, were selected as independent auditors for the fiscal year ending December 30, 1995 by a vote of 3,709,714 for, 21,003 against and 12,414 abstentions.

Item 5. Other Information

None

Item 6. Exhibits And Reports On Form 8-K

The following exhibits are included herein:

None

The Company did not file any reports on Form 8-K during the three months ended July 1, 1995.

SYNALLOY CORPORATION

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SYNALLOY CORPORATION  
(Registrant)

Date: August 4, 1995

/s/ James G. Lane, Jr.  
James G. Lane, Jr., Chairman and  
Chief Executive Officer

Date: August 4, 1995

/s/ Gregory M. Bowie  
Gregory M. Bowie  
Vice President, Finance

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