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

### **FORM 10-Q**

[X]		EPORT PURSUANT TO SECTION 13 OR 15(d) SECURITIES EXCHANGE ACT OF 1934	
	For the Q	Quarterly Period Ended June 30, 2007	
[]		EPORT PURSUANT TO SECTION 13 OR 15(d) SECURITIES EXCHANGE ACT OF 1934	
		Fransition Period From to ommission file number <u>0-19687</u>	
	-	LOY CORPORATION ne of registrant as specified in its charter)	
,	<b>Delaware</b> e or other jurisdiction of poration or organization)	(II	57 <b>-0426694</b> RS Employer Gication Number)
Spart	55 West Croft Circle anburg, South Carolina of principal executive offices)		<b>29302</b> (Zip code)
	(Registrant's	(864) 585-3605 stelephone number, including area code)	
		quired to be filed by Section 13 or 15(d) of the Securities Exc such reports), and (2) has been subject to such filing requirer	
Indicate by check mark whether the accelerated filer" in Rule 12b-2 of the		filer, an accelerated filer, or a non-accelerated filer. See d	lefinition of "accelerated filer" and "large
Larger accelerated Filer	Accelerated filer	Non-accelerated filer_X	
Indicate by check mark whether the r Yes		ned in Rule 12b-2 of the Act).	
The number of shares outstanding of	the registrant's common stock as of	August 6, 2007 was 6,237,305.	
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#### PART I. FINANCIAL INFORMATION

Item 1. Financial Statements (unaudited)

Condensed consolidated balance sheets – June 30, 2007 and December 30, 2006

 $Condensed\ consolidated\ statements\ of\ income\ -\ Three\ and\ six\ months\ ended\ June\ 30,\ 2007\ and\ July\ 1,\ 2006$   $Condensed\ consolidated\ statements\ of\ cash\ flows\ -\ Six\ months\ ended\ June\ 30,\ 2007\ and\ July\ 1,\ 2006$ 

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### **Item 1. FINANCIAL STATEMENTS**

**Synalloy Corporation** 

#### **Condensed Consolidated Balance Sheets**

Assets         S         8,92         \$ 2,14           Courtent assets         \$8,92         \$ 2,14           Accounts receivable, less allowance         \$2,374,65         \$2,428,88           for doubtful accounts         \$13,759,006         \$13,519,006         \$13,519,006         \$13,513,132,133,132,133,132,133,132,134,134,134,134,134,134,134,134,134,134		<b>Jun 30, 2007</b> (Unaudited)	Dec 30, 2006 (Note)
Corrent Lossets         \$ 8,92 0         \$ 2,12           Accounts receivable, less allowance         22,374,656         22,428,8           Inventoris         13,759,906         17,361,3           Raw materials         15,148,19         13,259,90           Work-in-process         15,148,19         13,259,90           Total inventories         45,556,712         41,545,4           Deferred income taxes         2,202,000         1,733,1           Total current assets         31,739         30,73           Total current assets         70,533,998         66,096,4           Cash value of life insurance         2,747,565         2,723,2           Total current assets         2,747,565         2,723,2           Total current assets         31,739,000         19,788,066         18,951,8           Deferred charges and other assets         31,554,175         1,584,275         1,584,275           Total assets         \$ 46,63,675         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667         \$ 466,667	Aggeta	(Ollaudited)	(Note)
Cash and cash equivalents         \$ 8,90         \$ 21,4           Accounts receivable, less allowace         22,374,65         22,428,8           Invotories         13,759,906         17,361,2           Row materials         15,148,819         13,233,5           Finished goods         45,556,712         41,545,7           Offerid income taxes         2,2000         1,793,6           Prepaid expenses and other current assets         391,73         307,7           Total current assets         70,533,98         66,064           Cash value of life insurance         2,747,55         2,723,5           Property, plant & equipment, net of accumulated         19,788,066         18,551,75           depreciation of \$39,437,000 and \$33,898,000         19,788,066         18,551,85           Deferred charges and other assets         1,554,175         1,558,175           Total assets         \$ 466,667         \$ 466,667           Corrent portion of long-term debt         \$ 466,667         \$ 466,667           Current portion of long-term debt         \$ 1,438,448         11,775,467,467,467,479,479,479,479,479,479,479,479,479,47			
Accounts receivable, less allowance   \$2,374,636   \$2,378,836   \$2,378,636   \$2,3		\$ 8,020	\$ 21,413
for doubtful accounts (memotries)         22,74,66         22,428,88 (memotries)         22,74,66         22,428,88 (memotries)         22,74,66         17,50,96         17,36,12         17,36,12         17,36,12         17,36,12         17,36,12         17,36,12         17,36,12         17,36,12         17,36,12         17,36,12         17,46,43         18,06,00         18,06,00         18,06,00         18,06,00         18,06,00         18,06,00         18,06,00         18,06,00         18,06,00         18,06,00         18,06,00         18,00 <th< td=""><td></td><td>\$ 0,920</td><td>\$ 21,413</td></th<>		\$ 0,920	\$ 21,413
Inventories   13,750,906   17,361,261,262,263,263,263,263,263,263,263,263,263	,	22 374 636	22 428 820
Raw materials         13,59,006         17,36,12           Work-in-process         15,148,18         13,23,23           Finished goods         16,656,987         10,860,2           Total inventories         45,556,712         41,543,4           Poeferred income taxes         2,202,000         1,793,2           Propaid expenses and other current assets         391,73         307,7           Total current assets         70,533,998         66,096,4           Cash value of life insurance         2,747,55         2,723,2           Property plant & equipment, net of accumulated         19,788,066         18,951,8           Peterred charges and other assets         94,623,90         18,951,8           Fotal asset         \$46,623,80         18,951,8           Value assets         \$46,623,80         11,752,8           Value assets         \$46,623,80 <t< td=""><td></td><td>22,374,030</td><td>22,720,027</td></t<>		22,374,030	22,720,027
Work-in-process         15,148,819         13,232,8           Finished goods         16,665,87         10,860,2           Iotal inventories         45,556,712         41,655,4           Deferred income taxes         2,202,000         1,793,0           Prepaid expenses and other current assets         301,730         307,7           Crall current assets         7,533,98         66,096,4           Cash value of life insurance         2,747,56         2,723,2           Property, plant & equipment, net of accumulated         19,788,06         18,951,8           despreciation of \$39,437,000 and \$37,898,000         19,788,06         18,951,8           Deferred charges and other assets         2,946,23,40         8,957,1           Icial asset         \$46,627         1,554,175         1,555,175           Icial asset         \$46,627         \$4,628,44         1,775,2           Current portion of long-term debt         \$46,627         \$46,627         \$46,627           Accounced expenses         \$1,349,93         64,93,43         \$1,775,24           Current portion of environmental reserves         \$2,354,96         \$26,62           Total current isabilities         \$2,852,12         \$2,752,93         \$46,537         \$47,02           Current portion of envi		13 750 906	17 361 355
Pinished goods			
Total inventories         45,556,712         41,545,4           Deferred income taxes         2,202,000         1,793,0           Prepaid expenses and other current assets         70,533,998         66,006,4           Cash value of life insurance         2,747,565         2,723,2           Property, plant & equipment, net of accumulated depreciation of \$39,437,000 and \$37,898,000         19,788,666         18,951,8           Deferred charges and other assets         9,4623,801         89,357,1           Itabilities and Shareholders' Equity           Current portion of long-term debt         9,4623,801         89,357,1           Liabilities and Shareholders' Equity           Current portion of long-term debt         9,4623,801         89,357,1           Current portion of long-term debt         9,4623,801         89,357,1           Accounts payable         14,338,448         11,775,3           Accounts payable         93,561         1,200,1           Iord current liabilities         23,5496         226,600           Iord current liabilities         2,288,765         1,712,2           Long-term debt         93,561         1,200,1           Cong-term debt         15,870,498         17,11,4           Deferred compensation </td <td></td> <td></td> <td>10,860,239</td>			10,860,239
Pereprati name taxes   2,20,200   1,79,30   2,000,30   3,000,30	<u> </u>		
Prepaid expenses and other current assets         391,730         307,7           Total current assets         70,533,998         66,096,4           Cash value of life insurance         2,747,565         2,723,5           Property, Januar & equipment, net of accumulated         19,788,066         18,951,8           depreciation of \$39,437,000 and \$37,898,000         19,788,066         18,951,8           Deferred charges and other assets         \$466,667         1,585,2           Total assets         \$466,667         \$466,067           Current portion of long-term debt         \$466,667         \$466,043           Accounts payable         \$433,448         11,775,4           Accounts payable accurate protion of environmental reserves         235,496         226,000           Current portion of environmental reserves         235,496         226,000           Current portion of environmental reserves         93,561         1,200,1           Long-term debt         15,870,498         17,731,4           Environmental reserves         616,000         616,000           Deferred compensation         445,337         470,2           Deferred compensation         8,000,000         8,000,00           Deferred compensation         45,000,000         8,000,00           Cap	Total inventories	43,330,712	71,373,702
Prepaid expenses and other current assets         391,730         307,7           Total current assets         70,533,998         66,096,4           Cash value of life insurance         2,747,565         2,723,5           Property, Januar & equipment, net of accumulated         19,788,066         18,951,8           depreciation of \$39,437,000 and \$37,898,000         19,788,066         18,951,8           Deferred charges and other assets         \$466,667         1,585,2           Total assets         \$466,667         \$466,067           Current portion of long-term debt         \$466,667         \$466,043           Accounts payable         \$433,448         11,775,4           Accounts payable accurate protion of environmental reserves         235,496         226,000           Current portion of environmental reserves         235,496         226,000           Current portion of environmental reserves         93,561         1,200,1           Long-term debt         15,870,498         17,731,4           Environmental reserves         616,000         616,000           Deferred compensation         445,337         470,2           Deferred compensation         8,000,000         8,000,00           Deferred compensation         45,000,000         8,000,00           Cap	Deferred income taxes	2 202 000	1 793 000
Total current assets         70,533,998         66,096,4           Cash value of life insurance         2,747,565         2,723,5           Property, plant & equipment, net of accumulated         19,788,066         18,951,8           Deferred charges and other assets         1,554,175         1,585,2           Total assets         \$94,623,804         \$89,357,1           Corrent liabilities           Current portion of long-term debt         \$466,667         \$466,667           Accounts payable         14,338,448         11,775,7           Accumed expenses         5,749,593         6,043,7           Current portion of environmental reserves         235,496         226,1           Lisone taxes payable         93,561         12,000,1           Current portion of environmental reserves         20,883,765         19,712,3           Longe-term debt         15,870,498         17,731,4           Environmental reserves         616,000         616,000           Deferred compensation         445,337         470,0           Deferred compensation         8,000,000         8,000,00           Common stock, par value \$1 per share - authorized         8,000,000         8,000,00           Capital in excess of par value         8,000,000         8,000,00			307,740
Cash value of life insurance         2,747,565         2,723,5           Property, plant & equipment, net of accumulated depreciation of \$39,437,000 and \$37,898,000         19,788,066         18,951,8           Deferred charges and other assets         \$94,623,804         \$89,357,1           Total assets         \$94,623,804         \$89,357,1           Liabilities and Shareholders' Equity           Current liabilities           Current protion of long-term debt         \$466,67         \$466,67           Accounts payable         \$14,338,448         \$11,775,495           Accrued expenses         \$749,953         6,043,7           Current portion of environmental reserves         \$235,496         226,4           Licome taxes payable         93,561         1,200,1           Total current liabilities         \$20,883,765         19,712,3           Long-term debt         \$15,870,498         17,731,4           Environmental reserves         616,000         616,00           Deferred compensation         445,337         470,2           Deferred compensation         445,337         470,2           Common stock, par value \$1 per share - authorized         \$8,000,00         8,000,0           Capital in excess of par value         \$8,000,00	1 1		
Property, plant & equipment, net of accumulated depreciation of \$39,437,000 and \$37,898,000         19,788,066         18,951,8           Deferred charges and other assets         1,554,175         1,588,3           Total assets         \$94,623,804         \$93,577,1           Liabilities and Shareholders' Equity         Use of the state of the sta	Total cultelli assets	70,333,998	00,090,444
Property, plant & equipment, net of accumulated depreciation of \$39,437,000 and \$37,898,000         19,788,066         18,951,85           Deferred charges and other assets         1,554,175         1,588,35           Total assets         \$94,623,804         \$93,577,1           Liabilities and Shareholders' Equity           Current liabilities           Current portion of long-term debt         \$466,667         \$466,667         \$466,667         \$466,043,7         \$460,433,448         \$11,775,7         \$460,433,448         \$11,775,7         \$460,433,448         \$11,775,7         \$460,433,448         \$11,775,7         \$460,433,448         \$11,775,7         \$460,433,448         \$11,775,7         \$460,433,448         \$11,775,7         \$460,433,448         \$11,775,7         \$460,433,448         \$11,775,7         \$460,433,7         \$460,433,7         \$460,433,7         \$460,433,7         \$460,433,7         \$470,430,433,448         \$470,430,433,448         \$470,430,433,448         \$470,430,433,448         \$470,430,433,448         \$470,430,433,448         \$470,430,433,448         \$470,430,433,448         \$470,430,433,448         \$470,430,433,448         \$470,430,433,448         \$470,430,433,433,440         \$470,430,433,433,443         \$470,430,433,433,443         \$470,430,433,433,443         \$470,430,433,433,443         \$470,430,433,433,433,433,433,433,433,433,43	Coch value of life incurance	2 747 565	2 722 565
19,788,066   18,951,8     Deferred charges and other assets   1,554,175   1,585,2     Total assets   3,4623,804   8,9357,1     Total assets   3,4623,804   8,9357,1     Liabilities and Shareholders' Equity     Current portion of long-term debt   4,438,448   11,775,		2,747,303	2,723,303
Deferred charges and other assets         1,554,175         1,585,7           Total assets         \$ 94,623,804         \$ 89,357,1           Liabilities and Shareholders' Equity         Unrent liabilities           Current portion of long-term debt         \$ 466,667         \$ 466,6		10 788 066	18 051 820
Total assets         \$ 94,623,804         \$ 89,357,1           Labilities and Shareholders' Equity           Current liabilities           Current portion of long-term debt         \$ 466,667         \$ 466,6           Accounts payable         14,338,448         11,775,7           Accrued expenses         5,749,593         6,043,7           Current portion of environmental reserves         235,496         226,6           Income taxes payable         93,561         1,200,1           Total current liabilities         20,883,765         19,712,3           Long-term debt         15,870,498         17,731,4           Environmental reserves         616,000         616,00           Deferred compensation         445,337         470,2           Deferred income taxes         2,276,000         3,700,0           Shareholders' equity         8,000,000         8,000,00           Capital in excess of par value         450,427         56,7           Retained earnings         61,709,348         54,921,0           Less cost of Common Stock in treasury:         1,776,495 and 1,864,433 shares         (15,850,2           Total shareholders' equity         54,532,204         47,127,1	*		
Current Diabilities and Shareholders' Equity   Survent Liabilities   Survent Liabiliti	Deterred charges and other assets	1,334,173	1,363,337
Current liabilities         \$ 466,667         \$ 466,647         \$ 477,57         \$ 60,43,77         \$ 60,43,77         \$ 60,43,77         \$ 60,43,77         \$ 60,43,77         \$ 226,603         \$ 226,603         \$ 226,603         \$ 12,000,100         \$ 226,603         \$ 19,712,33         \$ 226,603         \$ 19,712,33         \$ 226,600         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,000<	Total assets	\$ 94,623,804	\$ 89,357,166
Current liabilities         \$ 466,667         \$ 466,647         \$ 477,57         \$ 60,43,77         \$ 60,43,77         \$ 60,43,77         \$ 60,43,77         \$ 60,43,77         \$ 226,603         \$ 226,603         \$ 226,603         \$ 12,000,100         \$ 226,603         \$ 19,712,33         \$ 226,603         \$ 19,712,33         \$ 226,600         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,607         \$ 26,000<			
Current portion of long-term debt       \$ 466,667       \$ 463,775,75       \$ 6043,75       \$ 6043,75       \$ 6043,75       \$ 226,603       \$ 226,603       \$ 226,603       \$ 226,600       \$ 1,200,1 <td>1 0</td> <td></td> <td></td>	1 0		
Accounts payable       14,333,448       11,775,7         Accrued expenses       5,749,593       6,043,7         Current portion of environmental reserves       235,496       226,6         Income taxes payable       93,561       1,200,1         Total current liabilities       20,883,765       19,712,3         Long-term debt       15,870,498       17,731,4         Environmental reserves       616,000       616,00         Deferred compensation       445,337       470,2         Deferred income taxes       2,276,000       3,700,0         Shareholders' equity       Shareholders' equity       8,000,000       8,000,0         Capital in excess of par value       450,427       56,7       Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5)         Total shareholders' equity       54,532,204       47,127,1		ACC CCT	A 466 667
Accrued expenses       5,749,593       6,043,7         Current portion of environmental reserves       235,496       226,6         Income taxes payable       93,561       1,200,1         Total current liabilities       20,883,765       19,712,3         Long-term debt       15,870,498       17,731,4         Environmental reserves       616,000       616,0         Deferred compensation       445,337       470,2         Deferred income taxes       2,276,000       3,700,0         Shareholders' equity       8,000,000       8,000,0         Common stock, par value \$1 per share - authorized       12,000,000 shares; issued 8,000,000 shares       8,000,000       8,000,0         Capital in excess of par value       450,427       56,7       Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5)         Total shareholders' equity       54,532,204       47,127,1		,,	
Current portion of environmental reserves       235,496       226,0 Income taxes payable       93,561       1,200,1 Income taxes payable         Total current liabilities       20,883,765       19,712,3 Income taxes       15,870,498       17,731,4 Income taxes       17,731,4 Income taxes       15,870,498       17,731,4 Income taxes       17,731,4 Income taxes       616,000        616,000       616,000       616,000       616,000       616,000       616,000       616,000       616,000       616,000       616,000       616,000        616,000       616,000       616,000       616,000       616,000       616,000			, ,
Income taxes payable         93,561         1,200,1           Total current liabilities         20,883,765         19,712,3           Long-term debt         15,870,498         17,731,4           Environmental reserves         616,000         616,00           Deferred compensation         445,337         470,2           Deferred income taxes         2,276,000         3,700,0           Shareholders' equity         Common stock, par value \$1 per share - authorized         8,000,000         8,000,00           Capital in excess of par value         450,427         56,7         Retained earnings         61,709,348         54,921,0           Less cost of Common Stock in treasury:         1,776,495 and 1,864,433 shares         (15,627,571)         (15,850,5           Total shareholders' equity         54,532,204         47,127,1			6,043,750
Total current liabilities       20,883,765       19,712,3         Long-term debt       15,870,498       17,731,4         Environmental reserves       616,000       616,0         Deferred compensation       445,337       470,2         Deferred income taxes       2,276,000       3,700,0         Shareholders' equity       Common stock, par value \$1 per share - authorized       8,000,000       8,000,0         Capital in excess of par value       450,427       56,7       Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1			226,053
Long-term debt       15,870,498       17,731,4         Environmental reserves       616,000       616,6         Deferred compensation       445,337       470,2         Deferred income taxes       2,276,000       3,700,6         Shareholders' equity         Common stock, par value \$1 per share - authorized         12,000,000 shares; issued 8,000,000 shares       8,000,000       8,000,0         Capital in excess of par value       450,427       56,7         Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1	• •		1,200,198
Environmental reserves       616,000       616,0         Deferred compensation       445,337       470,2         Deferred income taxes       2,276,000       3,700,0         Shareholders' equity         Common stock, par value \$1 per share - authorized         12,000,000 shares; issued 8,000,000 shares       8,000,000       8,000,0         Capital in excess of par value       450,427       56,7         Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1	Total current liabilities	20,883,765	19,712,371
Environmental reserves       616,000       616,0         Deferred compensation       445,337       470,2         Deferred income taxes       2,276,000       3,700,0         Shareholders' equity         Common stock, par value \$1 per share - authorized         12,000,000 shares; issued 8,000,000 shares       8,000,000       8,000,0         Capital in excess of par value       450,427       56,7         Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1	Long-term debt	15,870,498	17,731,431
Deferred income taxes   2,276,000   3,700,000		616,000	616,000
Shareholders' equity       Common stock, par value \$1 per share - authorized       8,000,000       8,000,00         12,000,000 shares; issued 8,000,000 shares       8,000,000       8,000,0         Capital in excess of par value       450,427       56,7         Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1	Deferred compensation	445,337	470,212
Common stock, par value \$1 per share - authorized       8,000,000       8,000,000         12,000,000 shares; issued 8,000,000 shares       8,000,000       8,000,00         Capital in excess of par value       450,427       56,7         Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1	Deferred income taxes	2,276,000	3,700,000
Common stock, par value \$1 per share - authorized       8,000,000       8,000,000         12,000,000 shares; issued 8,000,000 shares       8,000,000       8,000,00         Capital in excess of par value       450,427       56,7         Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1	Shareholders' equity		
Capital in excess of par value       450,427       56,7         Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1	Common stock, par value \$1 per share - authorized		
Retained earnings       61,709,348       54,921,0         Less cost of Common Stock in treasury:       1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1	12,000,000 shares; issued 8,000,000 shares	8,000,000	8,000,000
Less cost of Common Stock in treasury:       (15,627,571)       (15,850,5         1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1	Capital in excess of par value		56,703
1,776,495 and 1,864,433 shares       (15,627,571)       (15,850,5         Total shareholders' equity       54,532,204       47,127,1		61,709,348	54,921,022
Total shareholders' equity 54,532,204 47,127,1	Less cost of Common Stock in treasury:		
Total shareholders' equity 54,532,204 47,127,1		(15,627,571)	(15,850,573)
Total liabilities and shareholders' equity	Total shareholders' equity		47,127,152
	Total liabilities and shareholders' equity	\$ 94,623,804	\$ 89,357,166

Note: The balance sheet at December 30, 2006 has been derived from the audited consolidated financial statements at that date. See accompanying notes to condensed consolidated financial statements.

# Synalloy Corporation Condensed Consolidated Statements of Income (Unaudited)

(Chaudicu)	Three Months Ended Jun 30, 2007 Jul 1, 2006		Six Month Jun 30, 2007		nths Ended Jul 1, 2006			
Net sales	\$	43,940,977	\$	36,728,508	\$	88,339,265	\$	72,891,980
Cost of goods sold		35,630,017		31,459,968		71,206,135	_	63,623,755
Gross profit		8,310,960		5,268,540		17,133,130		9,268,225
Selling, general and administrative expense		3,138,415		2,716,861	_	6,486,017	_	5,469,172
Operating income		5,172,545		2,551,679		10,647,113		3,799,053
Other (income) and expense Interest expense Other, net		262,369 (545)	_	199,889 (50)	_	471,172 (1,574)	_	346,942 (589)
Income before income taxes		4,910,721		2,351,840		10,177,515		3,452,700
Provision for income taxes		1,715,000	_	854,000	_	3,457,000	_	1,257,000
Net income	\$	3,195,721	\$	1,497,840	\$	6,720,515	\$	2,195,700
Net income per common share:								
Basic	<u>\$</u>	.51	\$	.24	\$	1.09	\$	.36
Diluted	\$	.50	\$	.24	\$	1.06	\$	.35
Average shares outstanding:		6.210.055		6 100 650		6.106.402		6.115.024
Basic Dilutive effect from stock options and grants Diluted		6,210,877 134,221 6,345,098	_	6,122,679 112,720 6,235,399	_	6,186,493 125,005 6,311,498		6,115,834 111,853 6,227,687

See accompanying notes to condensed consolidated financial statements.

# Synalloy Corporation Condensed Consolidated Statements of Cash Flows (Unaudited)

Operating activities         \$ 6,720,515         \$ 2,195,70           Not income         \$ 6,720,515         \$ 2,195,70           Adjustments to reconcile net income to net cash provided by (used in) operating activities:         30,200         1,539,267         1,545,22           Depreciation expense         1,539,267         27,46         27,46           Deferred income taxes         (38,000)         (10,400)         24,000           Provision for losses on accounts receivable         24,000         24,000         225,51           Cash value of life insurance         9,443         50,21         50,21           Employee stock option compensation         80,681         37,81         50,21           Changes in operating assets and liabilities         (191,729)         1,208,24         1,208,24           Inventories         (4011,250)         3,041,99         1,208,24           Inventories         (4011,250)         3,041,99         1,208,24           Inventories         (4011,250)         3,041,99         1,208,24           Inventories         (4011,250)         3,041,99         1,208,24           Inventories         (204,157)         1,103,55         1,101,55         1,101,55         1,101,55         1,101,55         1,101,55         1,101,55		Six Months	
Net income         \$ 6,720,515         \$ 2,195,74           Adjustments to reconcile net income to net cash provided by (used in) operating activities:         Proceeds from note receivable         1,539,267         1,545,22         2,746 </th <th>On anothing anticiplies</th> <th>Jun 30, 2007</th> <th>Jul 1, 2006</th>	On anothing anticiplies	Jun 30, 2007	Jul 1, 2006
Adjustments to reconcide net income to net eash provided by (used in) operating activities:   Depreciation expense		¢ 6720.515	\$ 2.105.700
Provided by (used in) operating activities:		\$ 0,720,313	\$ 2,193,700
Depreciation expense         1,539_267         1,454_25           Amortization of deferred charges         27,462         27,462           Deferred income taxes         (838,000)         (1,024,000)           Provision for losses on accounts receivable         245,922         225,52           Cash value of life insurance         (24,000)         (24,000)           Environmental reserves         9,443         50,21           Essuance of treasury stock for director fees         74,989         81,22           Employee stock option compensation         80,681         37,81           Changes in operating assets and liabilities         (191,729)         1,208_20           Inventories         (191,729)         1,208_20           Other assets and liabilities         (191,729)         1,208_20           Other assets and liabilities         (105,165)         (131,92)           Accounts payable         2,562,745         (681,56           Accrued expenses         (294,157)         (1,016,37)         (288,97)           Net cash provided by (used in) operating activities         4,690,086         (925,47)           Investing activities         2,375,513         (2,206,78)           Proceeds from note receivable         2,375,513         (2,206,78)           Ve	J		
Amortization of deferred charges         27,462         77,44           Deferred income taxes         (838,000)         (1,024,000)           Provision for losses on accounts receivable         24,9022         225,51           Cash value of life insurance         (24,000)         (24,000)           Environmental reserves         9,443         50,21           Issuance of treasury stock for director fees         74,989         81,22           Employee stock option compensation         80,681         37,81           Changes in operating assets and liabilities:         (191,729)         1,208,22           Inventories         (4011,250)         (3,941,99           Other assets and liabilities         (105,165)         (131,92           Accounts receivable         (105,165)         (131,92           Other assets and liabilities         (105,165)         (131,92           Accounts payable         (2,562,745)         (681,55           Accured expenses         (294,157)         (1,013,51           Income taxes payable         (2,375,513)         (2,206,78           Net cash provided by (used in) operating activities         (2,375,513)         (2,207,78           Net cash used in investing activities         (2,375,513)         (2,307,78)           Proceeds from o		1 520 267	1 454 200
Deferred income taxes         (1,024,00)           Provision for losses on accounts receivable         245,922         225,51           Cash value of life insurance         (24,000)         (24,00           Environmental reserves         9,443         50,21           Issuance of treasury stock for director fees         80,681         37,89           Employee stock option compensation         80,681         37,81           Changes in operating assets and liabilities:         (191,729)         1,208,20           Inventories         (101,150)         (131,92           Other assets and liabilities         (105,165)         (131,92           Accounts payable         2,562,745         (681,50           Account expenses         (294,157)         (1,016,637)         (288,97           Net cash provided by (used in) operating activities         4,690,086         025,47           Investing activities         (2,375,513)         (2,206,78           Purchases of property, plant and equipment         (2,375,513)         (2,206,78           Proceeds from note receivable         (2,375,513)         (2,206,78           Vet cash used in investing activities         (2,375,513)         (2,206,78           Proceeds from note receivable         (2,375,513)         (2,206,78		, ,	
Provision for losses on accounts receivable         245,922         225,51           Cash value of life insurance         (24,000)         (24,000)           Environmental reserves         9,443         50,21           Issuance of treasury stock for director fees         80,681         37,81           Employee stock option compensation         80,681         37,81           Changes in operating assets and liabilities:         (191,729)         1,208,20           Inventories         (4011,250)         (3,041,99           Other assets and liabilities         (105,165)         (119,79)           Accounts receivable         (105,165)         (119,729)         1,208,20           Inventories         (4011,250)         (3,041,99           Other assets and liabilities         (105,165)         (119,729)         1,208,20           Inventories         (4011,250)         (3,041,99         1,105,637         (13,93)           Accounts receivable         (294,157)         (1,013,51         1,106,637         (288,57)           Accute axpenses         (294,157)         (1,013,51         1,106,637         (288,57)           Act cash provided by (used in) operating activities         (2,375,513)         (2,267,78         2,267,78           Net cash used in investing activities <td></td> <td>· · · · · · · · · · · · · · · · · · ·</td> <td></td>		· · · · · · · · · · · · · · · · · · ·	
Cash value of life insurance         (24,000)         (24,000)           Environmental reserves         9,443         50.21           Essuance of treasury stock for director fees         74,488         81,22           Employee stock option compensation         80,681         37,81           Changes in operating assets and liabilities:         (191,729)         1,208,20           Inventories         (191,250)         (3,041,98)           Other assets and liabilities         (105,165)         (131,92)           Accounts payable         2,562,748         (81,55)           Accrued expenses         (294,157)         (1,013,55)           Income taxes payable         4,690,086         (925,47)           Net cash provided by (used in) operating activities         4,690,086         (925,47)           Investing activities         (2,375,513)         (2,206,78)           Proceeds from note receivable         -         400,00           Net cash used in investing activities         (2,375,513)         (2,206,78)           Financing activities         (2,375,513)         (2,664,52)           Proceeds from long-term debt         (1,860,933)         2,664,52           Dividends paid         (927,189)           Capital contributed         2,334	= 1-1-1-1		
Environmental reserves         9,443         50,21           Issuance of treasury stock for director fees         74,989         81,22           Employee stock option compensation         80,681         37,81           Changes in operating assets and liabilities:         (191,729)         1,208,20           Inventories         (4,011,250)         (3,041,99)           Other assets and liabilities         (105,165)         (131,92)           Accounts payable         2,562,745         (681,55)           Accounts payable         (294,157)         (1,013,55)           Accounted expenses         (294,157)         (1,013,55)           Income taxes payable         (1,106,637)         (288,97)           Net cash provided by (used in) operating activities         4,690,086         (925,47)           Investing activities         (2,375,513)         (2,206,79)           Proceeds from note receivable         (2,375,513)         (2,305,75)           Vet cash used in investing activities         (2,375,513)         (2,206,79)           (Payments on) net proceeds from long-term debt         (1,860,933)         2,664,52           (Payments on) net proceeds from long-term debt         (2,375,13)         (2,207,066)           (Payments on) net proceeds from exercised stock options         (2,327,066)			
Issuance of treasury stock for director fees         74,989         81,22           Employee stock option compensation         80,681         37,81           Changes in operating assets and liabilities:         (191,729)         1,208,20           Accounts receivable         (191,729)         1,208,20           Inventories         (105,165)         (131,97           Other assets and liabilities         (105,165)         (131,97           Accrued expenses         (294,157)         (101,135)           Accrued expenses         (1,106,637)         (288,97           Net cash provided by (used in) operating activities         4,690,086         (925,47           Net cash provided by (used in) operating activities         (2,375,513)         (2,206,78           Purchases of property, plant and equipment         (2,375,513)         (2,206,78           Proceds from note receivable         (2,375,513)         (1,806,78)           Vet cash used in investing activities         (1,809,933)         2,664,52           Financing activities         (1,809,933)         2,664,52           Capital contributed         (297,189)         29,40           Proceeds from exercised stock options         (1,809,933)         2,664,52           Dividends paid         (29,240)         29,40 <tr< td=""><td></td><td></td><td></td></tr<>			
Employee stock option compensation         80,681         37,81           Changes in operating assets and liabilities:         (191,729)         1,208,24           Accounts receivable         (4,011,250)         (3,041,95)           Other assets and liabilities         (105,165)         (131,92)           Accounts payable         (294,157)         (1,013,51)           Accrued expenses         (294,157)         (1,013,51)           Income taxes payable         (1,106,637)         (288,97)           Net cash provided by (used in) operating activities         4,690,086         (925,47)           Investing activities         (2,375,513)         (2,206,78)           Proceeds from note receivable         (2,375,513)         (1,806,78)           Vet cash used in investing activities         (2,375,513)         (1,806,78)           Financing activities         (2,375,513)         (2,366,75)           (Payments on) net proceeds from long-term debt         (1,800,933)         2,664,52           (Payments on) net proceeds from long-term debt         (1,800,933)         2,664,52           (Payments on) net proceeds from exercised stock options         440,716         65,73           Net cash (used in) provided by financing activities         (2,327,066)         2,730,32           Decrease in cash and cash equi			
Changes in operating assets and liabilities:   Accounts receivable	•		
Accounts receivable         (191,729)         1,208,20           Inventories         (4,011,250)         (3,041,96)           Other assets and liabilities         (105,165)         (131,92)           Accounts payable         2,562,745         (681,55)           Accrued expenses         (294,157)         (1,013,57)           Income taxes payable         (1,106,637)         (288,97)           Net cash provided by (used in) operating activities         4,690,086         (925,47)           Investing activities         (2,375,513)         (2,206,78)           Proceeds from note receivable         - 400,00         400,00           Net cash used in investing activities         (2,375,513)         (1,806,93)           Financing activities         (2,375,513)         (1,806,93)           Proceeds from note receivable         - 400,00         400,00           Net cash used in investing activities         (2,375,513)         (1,806,93)           Proceeds from contributed         (2,327,066)         27,189           Obercase from exercised stock options         440,716         65,79           Net cash (used in) provided by financing activities         (2,327,066)         2,730,32           Net cash (used in) provided by financing activities         (2,327,066)         2,730,32		80,081	37,812
Inventories		(101.720)	1 200 260
Other assets and liabilities         (105,165)         (131,92           Accounts payable         2,562,745         (681,56           Accrued expenses         (294,157)         (1,013,57)           Income taxes payable         (1,106,637)         (288,97)           Net cash provided by (used in) operating activities         4,690,086         (925,47)           Investing activities         9         2,375,513         (2,206,78)           Proceeds from note receivable         -         400,00           Net cash used in investing activities         (2,375,513)         (1,806,78)           Financing activities         (2,375,513)         (2,206,78)           Cyayments on) net proceeds from long-term debt         (1,860,933)         2,664,52           Dividends paid         (927,189)         (20,340)           Capital contributed         20,340         20,340           Proceeds from exercised stock options         440,716         65,79           Net cash (used in) provided by financing activities         (2,327,066)         2,730,32           Decrease in cash and cash equivalents         (12,493)         (1,98)           Cash and cash equivalents at beginning of period         21,413         2,37			, ,
Accounts payable         2,562,745         (681,59,60)           Accrued expenses         (294,157)         (1,101,35)           Income taxes payable         (1,106,637)         (288,97,60)           Net cash provided by (used in) operating activities         4,690,086         (925,47,60)           Investing activities         2,375,513         (2,206,79,60)           Purchases of property, plant and equipment         (2,375,513)         (2,206,79,60)           Proceeds from note receivable         -         400,00           Net cash used in investing activities         (2,375,513)         (1,806,79,79,75)           Financing activities         (1,860,933)         2,664,52,75,75,75,75,75           Dividends paid         (927,189)         20,340           Proceeds from exercised stock options         440,716         65,79,75,75           Net cash (used in) provided by financing activities         (2,327,066)         2,730,32           Decrease in cash and cash equivalents         (12,493)         (1,95,60)           Cash and cash equivalents at beginning of period         21,413         2,37			
Accrued expenses (294,157) (1,013,52 Income taxes payable (1,106,637) (288,932 Income taxes payable (1,2375,513) (2,206,792 Income taxes payable (2,375,513) (2,206,792			
Income taxes payable		, ,	
Net cash provided by (used in) operating activities  Purchases of property, plant and equipment (2,375,513) (2,206,79 Proceeds from note receivable - 400,00 Per cash used in investing activities  Financing activities  (Payments on) net proceeds from long-term debt (1,860,933) (2,664,52 Dividends paid (927,189) Proceeds from exercised stock options (440,716 65,75 Proceeds from exercised stock options (2,327,066)			
Investing activities	Income taxes payable	(1,106,637)	(288,977)
Purchases of property, plant and equipment         (2,375,513)         (2,206,79	Net cash provided by (used in) operating activities	4,690,086	(925,479
Proceeds from note receivable         400,00           Net cash used in investing activities         (2,375,513)         (1,806,79           Financing activities         (1,860,933)         2,664,52           (Payments on) net proceeds from long-term debt         (927,189)         2,664,52           Dividends paid         (927,189)         2,0340           Proceeds from exercised stock options         440,716         65,75           Net cash (used in) provided by financing activities         (2,327,066)         2,730,32           Decrease in cash and cash equivalents         (12,493)         (1,95           Cash and cash equivalents at beginning of period         21,413         2,37	Investing activities		
Net cash used in investing activities         (2,375,513)         (1,806,79           Financing activities         (Payments on) net proceeds from long-term debt         (1,860,933)         2,664,52           Dividends paid         (927,189)         20,340           Proceeds from exercised stock options         440,716         65,79           Net cash (used in) provided by financing activities         (2,327,066)         2,730,32           Decrease in cash and cash equivalents         (12,493)         (1,95           Cash and cash equivalents at beginning of period         21,413         2,37	Purchases of property, plant and equipment	(2,375,513)	(2,206,794
Financing activities  (Payments on) net proceeds from long-term debt (Pa		<u>-</u>	400,000
(Payments on) net proceeds from long-term debt       (1,860,933)       2,664,52         Dividends paid       (927,189)         Capital contributed       20,340         Proceeds from exercised stock options       440,716       65,79         Net cash (used in) provided by financing activities       (2,327,066)       2,730,32         Decrease in cash and cash equivalents       (12,493)       (1,95         Cash and cash equivalents at beginning of period       21,413       2,37	Net cash used in investing activities	(2,375,513)	(1,806,794
(Payments on) net proceeds from long-term debt       (1,860,933)       2,664,52         Dividends paid       (927,189)         Capital contributed       20,340         Proceeds from exercised stock options       440,716       65,79         Net cash (used in) provided by financing activities       (2,327,066)       2,730,32         Decrease in cash and cash equivalents       (12,493)       (1,95         Cash and cash equivalents at beginning of period       21,413       2,37	Financing activities		
Dividends paid       (927,189)         Capital contributed       20,340         Proceeds from exercised stock options       440,716       65,79         Net cash (used in) provided by financing activities       (2,327,066)       2,730,32         Decrease in cash and cash equivalents       (12,493)       (1,95)         Cash and cash equivalents at beginning of period       21,413       2,37		(1.860.933)	2,664,523
Capital contributed Proceeds from exercised stock options  Net cash (used in) provided by financing activities  Decrease in cash and cash equivalents Cash and cash equivalents at beginning of period  (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (12,493) (1,95) (2,327,066) (1,95) (2,327,066) (1,95) (2,327,066) (1,95) (2,327,066) (1,95) (1,9			_,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Proceeds from exercised stock options 440,716 65,79  Net cash (used in) provided by financing activities (2,327,066) 2,730,32  Decrease in cash and cash equivalents (12,493) (1,95)  Cash and cash equivalents at beginning of period 21,413 2,37			
Decrease in cash and cash equivalents Cash and cash equivalents at beginning of period  (12,493) (1,95) (21,413) (2,37)		,	65,797
Decrease in cash and cash equivalents Cash and cash equivalents at beginning of period  (12,493) (1,95) (21,413) (2,37)	Not each (used in) provided by financing activities	(2.227.066)	2 720 220
Cash and cash equivalents at beginning of period 21,413 2,33	Net cash (used in) provided by manifing activities	(2,327,000)	2,730,320
Cash and cash equivalents at beginning of period 21,413 2,33	Decrease in cash and cash equivalents	(12.493)	(1,953
Cash and cash equivalents at end of period \$8,920 \$42			2,379
Cash and cash equivalents at end of period \$\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\\			Φ
	Cash and cash equivalents at end of period	\$ 8,920	\$ 426

See accompanying notes to condensed consolidated financial statements.

June 30, 2007

#### NOTE 1-- BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America 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 accounting principles generally accepted in the United States of America 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 June 30, 2007, are not necessarily indicative of the results that may be expected for the year ending December 29, 2007. 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 30, 2006.

#### **NOTE 2--INVENTORIES**

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

#### NOTE 3--STOCK OPTIONS AND EMPLOYEE STOCK GRANTS

The Company has three stock option plans in effect at June 30, 2007. A summary of plan activity for 2007 is as follows:

	W	eighted		Weighted		
		verage		Average	Intrinsic	
		xercise	Options	Contractual	Value of	Options
		Price	Outstanding	Term	Options	Available
Outstanding at			<u> </u>	(in years)	Орионо	TTVUILUOTO
December 30, 2006	\$	9.64	282,150	4.1	\$ 2,512,000	207,100
First quarter:						
Exercised	\$	11.39	(93,107)		\$ 1,268,000	
Expired	\$	8.82	(9,000)		\$ 172,000	
Second quarter:						
Exercised	\$	8.05	(25,500)		\$ 792,000	
Expired	\$	15.13	(10,000)		\$ 198,000	
Outstanding at June 30, 2007	\$	8.46	144,543	5.2	\$ 3,822,000	207,100
Exercisable options	\$	7.51	88,687	3.8	\$ 2,429,000	
Options expected to vest	\$	9.96	55,856	7.6	\$ 1,393,000	

#### June 30, 2007

During the second quarter and first six months of 2007, options for 25,500 and 118,607 shares were exercised by employees and directors for an aggregate exercise price of \$205,000 and \$1,266,000 with the proceeds generated from the repurchase of 1,130 and 32,614 shares from employees and directors totaling \$46,000 and \$825,000, and cash received of \$159,000 and \$441,000, respectively. Stock option compensation cost has been charged against income before taxes for the unvested options of approximately \$19,000 and \$38,000 for the three and six months ended June 30, 2007, respectively, and the three and six months ended July 1, 2006, respectively. As of June 30, 2007, there was \$196,000 of total unrecognized compensation cost related to non-vested stock options granted under the Company's stock option plans which is expected to be recognized over a period of 3 years.

On February 8, 2007, the Board of Directors of the Company approved stock grants under the Company's 2005 Stock Awards Plan, which was approved by shareholders at the April 28, 2005 Annual Meeting. On February 12, 2007, 22,510 shares were granted under the Plan to certain management employees of the Company. The stock awards vest in 20 percent increments annually on a cumulative basis, beginning one year after the date of grant. In order for the awards to vest, the employee must be in the continuous employment of the Company since the date of the award. Any portion of an award that has not vested will be forfeited upon termination of employment. The Company may terminate any portion of the award that has not vested upon an employee's failure to comply with all conditions of the award or the Plan. Shares representing awards that have not yet vested will be held in escrow by the Company. An employee is not entitled to any voting rights with respect to any shares not yet vested, and the shares are not transferable. Compensation expense totaling \$563,000, before income taxes of approximately \$203,000, is being recorded against earnings equally over the following 60 months from the date of grant with the offset recorded in Shareholders' Equity. Approximately \$28,000 and \$43,000 of compensation cost has been charged against income before taxes for the three and six months ended June 30, 2007, respectively. As of June 30, 2007, there was \$520,000 of total unrecognized compensation cost related to non-vested stock grants which is expected to be recognized over a period of 5 years.

#### NOTE 4--INCOME TAXES

The Company has adopted FASB Interpretation 48, "Accounting for Uncertainty in Income Taxes", at the beginning of fiscal year 2007. As a result of the implementation the Company recognized a \$995,000 decrease to reserves for uncertain tax positions. This decrease was accounted for as an adjustment to the beginning balance of retained earnings on the Balance Sheet. Including the cumulative effect decrease, at the beginning of 2007, the Company had approximately \$350,000 of total gross unrecognized tax benefits that, if recognized, would favorably affect the effective income tax rate in any future periods. The Company and its subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state jurisdictions. The Company has substantially concluded all U.S. federal income tax matters and substantially all material state and local income tax matters for years through 2002. The Company's continuing practice is to recognize interest and/or penalties related to income tax matters in income tax expense. The Company had \$93,000 accrued for interest and \$0 accrued for penalties at June 30, 2007. The lower income tax rate used in 2007 verses 2006 resulted from an increase in permanent differences reducing taxable income in 2007 compared to taxable income for 2006.

June 30, 2007

### NOTE 5--PAYMENT OF DIVIDENDS

On February 8, 2007, the Board of Directors of the Company voted to pay an annual dividend of \$.15 per share payable on March 15, 2007 to holders of record on February 23, 2007, for a total cash payment of \$927,000. The Board presently plans to review at the end of each fiscal year the financial performance and capital needed to support future growth to determine the amount of cash dividend, if any, which is appropriate.

#### NOTE 6--SEGMENT INFORMATION

		Three Months Ended		nded	Year to Date		e	
	Ju	n 30, 2007	Jul 1, 2006		J	un 30, 2007	Jul 1, 2006	
Net sales		,						
Specialty Chemicals Segment	\$	11,619,000	\$	12,545,000	\$	24,063,000	\$	25,433,000
Metals Segment		32,322,000		24,184,000		64,276,000		47,459,000
		<u> </u>						
	\$	43,941,000	\$	36,729,000	\$	88,339,000	\$	72,892,000
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Segment income								
Specialty Chemicals Segment	\$	527,000	\$	787,000	\$	1,134,000	\$	1,588,000
Metals Segment		5,354,000		2,292,000		10,974,000		3,412,000
		5,881,000		3,079,000		12,108,000		5,000,000
Unallocated expenses								
Corporate		709,000		527,000		1,461,000		988,000
Plant relocation costs		0		0		0		213,000
Interest expense		262,000		200,000		471,000		347,000
Other (income) expense		(1,000)		0		(2,000)		(1,000)
Income before income taxes	\$	4,911,000	\$	2,352,000	\$	10,178,000	\$	3,453,000

#### NOTE 7--SALE OF ASSETS

The Company completed the movement of Organic Pigments' operations from Greensboro, NC to Spartanburg, SC in the first quarter of 2006, recording plant relocation costs of \$213,000 in administrative expense in the first quarter of 2006. The Greensboro plant was closed at the end of the first quarter of 2006 and sold for a pre-tax gain of \$596,000 in the third quarter of 2006.

June 30, 2007

#### NOTE 8—RECENT ACCOUNTING PRONOUNCEMENTS

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Liabilities (SFAS 159). SFAS 159 is effective as of the beginning of the first fiscal year beginning after November 15, 2007, and is effective for the Company on December 30, 2007. SFAS 159 provides companies with an option to report selected financial assets and liabilities at fair value that are not currently required to be measured at fair value. Accordingly, companies would then be required to report unrealized gains and losses on these items in earnings at each subsequent reporting date. The objective is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently. SFAS 159 also establishes presentation and disclosure requirements designed to facilitate comparisons between companies that choose different measurement attributes for similar types of assets and liabilities. SFAS 159 is effective for the Company beginning in fiscal year 2008 and is not expected to have a significant impact on the Company's financial statements.

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

The following is management's discussion of certain significant factors that affected the Company during the three and six months ended June 30, 2007.

Consolidated sales for the second quarter were \$43,941,000, increasing 20 percent compared to the same period one year ago. The Company generated a 113 percent increase in consolidated net income for the second quarter 2007 to \$3,196,000, or \$.50 per share compared to net earnings of \$1,498,000, or \$.24 per share on sales of \$36,729,000 in 2006. The Company generated a 206 percent increase in net earnings for the first six months of 2007 of \$6,721,000, or \$1.06 per share, on a 21 percent sales increase to \$88,339,000, compared to net earnings of \$2,196,000, or \$.35 per share on sales of \$72,892,000 in the first six months of 2006.

The Specialty Chemicals Segment experienced declines in sales of seven percent and five percent and operating income of 33 percent and 29 percent in the second quarter and first six months of 2007, respectively, over the same periods last year. The decline in sales and operating income was experienced at all of the Segment's locations resulting from softening in demand for most of the Segment's products and the timing of production of certain contract products. The volume decline created negative manufacturing variances that impacted profits throughout the first six months. The new line of fire retardant products did not produce the level of sales expected in the second quarter but management remains confident that the sales will accelerate over the balance of 2007.

The Metals Segment's sales increased 33 percent and 35 percent for the second quarter and first six months of 2007, respectively, from the same periods a year earlier. The sales increases resulted from 73 percent and 63 percent increases in average selling prices for the quarter and six months, partially offset by 23 percent and 17 percent declines in unit volumes, respectively, compared to the same periods last year. Operating income increased 135 percent to \$5,354,000 for the second quarter and 222 percent to \$10,974,000 for the first six months of 2007 compared to the same periods last year. The Segment has benefited throughout the first six months from a change in product mix to larger pipe sizes, higher-priced alloys and a larger proportion of non-commodity products, combined with higher costs of stainless steel, including surcharges, in the first six months of 2007 compared to the same period in 2006, causing the increase in selling prices realized in the second quarter and first six months. The change in product mix is the result of the successful development of business from LNG, biofuels and electric utility scrubber projects. Most of the products produced for these markets are subject to more stringent specifications including 100 percent x-ray of the weld seams. In addition, some of these non-commodity products are made from expensive alloys and are more difficult to produce. Accordingly, their cost and sales price is much higher than commodity products. An increase in specialty pipe unit volume was more than offset by lower unit volume of commodity pipe which was impacted by an increase in imports, primarily from China, and a decline in distributors' sales resulting from a combination of their reducing inventories and an easing of end use demand. The change in product mix along with increased efficiencies from new equipment contributed significantly to the increase in operating income realized in the second quarter and first six months. Part of the improved profits resulted from the increase in stainless prices including surcharges. Surcharges are assessed each month by the stainless steel producers to cover the change in their costs of certain raw materials. The Company, in turn, passes on the surcharge in the sales prices charged to its customers. Under the Company's first-in-first-out inventory method, cost of goods sold includes surcharges in effect three or more months prior to the month of sale. Accordingly, if surcharges are in an upward trend, reported profits will benefit. Conversely, when surcharges go down, profits are reduced. During the second quarter and first six months of 2007, the Segment continued to experience the upward trend in surcharges experienced in the third and fourth quarters of 2006. As a result,

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

surcharges were significantly higher in the second quarter and first six months than they were in the same periods of 2006 with an accompanying significant benefit to profits. Piping systems' backlog increased to \$62,200,000 at the end of the second quarter of 2007 compared to \$22,100,000 at the end of the second quarter of 2006.

Consolidated selling and administrative expense for the second quarter and first six months of 2007 increased \$422,000, or 16 percent, and \$1,017,000, or 19 percent, respectively, from the same periods of 2006. This expense category was seven percent of sales for the both the second quarter of 2007 and 2006. For the first six months, these expenses were seven percent of sales for 2007 and eight percent of sales for 2006. The increase resulted primarily from higher profit-based incentives for management. In the first quarter of 2006, the Company completed the relocation of Organic Pigments' operations from Greensboro, NC to Spartanburg. A \$213,000 loss was recorded for the move in the first quarter of 2006.

Cash provided from operations of \$4,690,000 in the first six months of 2007 was offset by \$2,376,000 in purchases of property, plant and equipment, a reduction of long-term debt of \$1,861,000 and the payment of a \$927,000 cash dividend. The Company expects that cash flows for the remainder of the year and available borrowings will be sufficient to make debt payments, and fund estimated capital expenditures and normal operating requirements anticipated over the last six months of 2007.

Demand for many of the Specialty Chemicals Segment's products improved over the last part of June and into July, indicating an improvement in market conditions and the Segment is beginning to see results from several new products developed earlier this year. In addition, management is anticipating an increase in orders from a significant contract customer in the third quarter after experiencing lower than normal activity in the first six months. The Consumer Product Safety Commission Mattress Flammability Legislation became effective July 1, 2007, and products manufactured after that date must be compliant. While sales of our fire retardants products have been slower than expected, demand for our products is increasing steadily as manufacturers are beginning to implement the new regulations, many of which are beginning to utilize our products. Fire retardant products are also being supplied to a producer of unique commercial and residential insulation products that are cotton based. The Chemicals Segment is now positioned to ramp up production at both of its sites to meet the anticipated demands of these customers over the next two quarters. All of these factors provide the opportunity for the Segment to improve profits for the remainder of 2007 over the first six months.

The significant decline in nickel prices in recent weeks will result in lower stainless steel surcharges in August and September. This will cause distributors to delay purchases as much as possible to get the lower prices. The volatility of nickel prices makes it impossible to know the level of surcharges beyond September. These factors add uncertainty to the performance of commodity pipe during the third quarter of 2007. However, we believe their impact on profitability will be mitigated because of the significant growth in project business, larger diameter and higher-priced alloy pipe business, most of which are subject to fixed pricing. Piping systems' record backlog, of which management expects about 80 percent to be completed over the next 12 months, should continue to provide a much higher level of sales and profits for piping systems over the balance of 2007 compared to the same period last year. Management's optimism about the piping systems business is further enhanced due to the large dollar amount of projects we expect to bid during the balance of 2007. With over 85 percent of the backlog coming from energy and wastewater treatment projects, management is confident that it has positioned the Metals Segment to benefit from the long term growth of these areas.

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

#### Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995

This Form 10-Q includes and incorporates by reference "forward-looking statements" within the meaning of the securities laws. All statements that are not historical facts are "forward-looking statements." The words "estimate," "project," "intend," "expect," "believe," "anticipate," "plan" and similar expressions identify forward-looking statements. The forward-looking statements are subject to certain risks and uncertainties, including without limitation those identified below, which could cause actual results to differ materially from historical results or those anticipated. Readers are cautioned not to place undue reliance on these forward-looking statements. The following factors could cause actual results to differ materially from historical results or those anticipated: adverse economic conditions, the impact of competitive products and pricing, product demand and acceptance risks, raw material and other increased costs, customer delays or difficulties in the production of products, unavailability of debt financing on acceptable terms and exposure to increased market interest rate risk, inability to comply with covenants and ratios required by our debt financing arrangements and other risks detailed from time-to-time in Synalloy's Securities and Exchange Commission filings. Synalloy Corporation assumes no obligation to update the information included in this Form 10-Q.

#### Item 3. Market Risk.

Information about the Company's exposure to market risk was disclosed in its Annual Report on Form 10-K for the year ended December 30, 2006, which was filed with the Securities and Exchange Commission on March 29, 2007. There have been no material quantitative or qualitative changes in market risk exposure since the date of that filing.

#### Item 4. Controls and Procedures.

Based on the evaluation required by 17 C.F.R. Section 240.13a-15(b) or 240.15d-15(b) of the Company's disclosure controls and procedures (as defined in 17 C.F.R. Sections 240.13a-15(e) and 240.15d-15(e)), the Company's chief executive officer and chief financial officer concluded that such controls and procedures, as of the end of the period covered by this quarterly report, were effective.

There has been no change in the registrant's internal control over financial reporting during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting.

## **Synalloy Corporation PART II: OTHER INFORMATION**

#### Item 1A. Risk Factors.

There has been no material change in the risk factors as previously disclosed in the Company's Form 10-K filed for the period ended December 30, 2006.

#### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the second quarter ended June 30, 2007, the Registrant issued shares of common stock to the following classes of persons upon the exercise of options issued pursuant to the Registrant's 1998 Stock Option Plan. Issuance of these shares was exempt from registration pursuant to Section 4(2) of the Securities Act of 1933 because the issuance did not involve a public offering.

Date Issued	Class of Purchasers	Number of Shares Issued	Agg	regate Exercise Price
4/05/2007	Officers and employees	1,500	\$	6,975
4/30/2007	Officers and employees	11,000		122,125
4/30/2007	Directors	1,500		22,688
5/17/2007	Officers and employees	4,000		18,600
5/31/2007	Officers and employees	2,000		9,300
6/19/2007	Officers and employees	5,500		25,575
		25,500	\$	205,263

Issuer Purchases of Equity Securities			Total Number	Maximum Number
issuer raionases of Equity Securities			of Shares	of Shares
			Purchased as Part of	that may yet be
Quarter		Average	Publicly Announced	Purchased Under
Ended 2007	Total Number	Price Paid	Plans	the Plans
for the Period	of Shares (1)	per Share (1)	or Programs	or Programs
4-1 to 4-28	-	-	-	-
4-29 to 5-26	1,130	\$ 41.13	-	-
5-27 to 6-30		-		
Total	1,130	\$ 41.13		

<sup>(1)</sup> This column reflects the surrender of previously owned shares of common stock to pay the exercise price in connection with the exercise of stock options.

#### Item 4. Submission of Matters to a Vote of Security Holders.

The Annual Meeting of Shareholders was held April 26, 2007 at the Company's corporate headquarters, Spartanburg, South A. Carolina.

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

	·	Votes
Name	Votes For	Withheld
Sibyl N. Fishburn	5,661,681	23,656
James G. Lane, Jr.	5,376,403	308,934
Ronald H. Braam	5,667,268	8,069
Craig C. Bram	5,667,962	7,375
Carroll D. Vinson	5,574,587	110,750
Murray H. Wright	5,675,488	9,849

#### Item 6. Exhibits

The following exhibits are included herein:

- Rule 13a-14(a)/15d-14(a) Certifications of Chief Executive Officer and Chief Financial Officer
- 32 Certifications Pursuant to 18 U.S.C. Section 1350

#### 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 7, 2007

By: /s/ Ronald H. Braam
Ronald H. Braam
President and Chief Executive Officer

By: /s/ Gregory M. Bowie
Gregory M. Bowie
Vice President Finance and Chief Financial Officer

#### CERTIFICATIONS

- I, Ronald H. Braam, certify that:
- 1. I have reviewed this quarterly report on Form 10-Q of Synalloy Corporation;
- 2. Based on my knowledge, this 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 report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:
- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared:
- c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2007

/s/Ronald H. Braam

Ronald H. Braam Chief Executive Officer

- I, Gregory M. Bowie, certify that:
- 1. I have reviewed this quarterly report on Form 10-O of Synalloy Corporation;
- 2. Based on my knowledge, this 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 report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this 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 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-15(e) and 15d-15(e)) for the registrant and have:
- a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, 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 report is being prepared;
- c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
- d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
- 5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
- b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2007 /s/Gregory M. Bowie

Gregory M. Bowie
Vice President, Finance and
Chief Financial Officer

#### Certifications Pursuant to 18 U.S.C. Section 1350

The undersigned, who are the chief executive officer and the chief financial officer of Synalloy Corporation, each hereby certifies that, to the best of his knowledge, the accompanying Form 10-Q of the issuer fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the issuer.

August 7, 2007

s/Ronald H. Braam

Ronald H. Braam Chief Executive Officer

s/Gregory M. Bowie

Gregory M. Bowie Vice President, Finance and Chief Financial Officer