

POWELL INDUSTRIES INC
Form 10-Q/A
December 09, 2011
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-Q/A

(Amendment No. 1)

(Mark One)

☐ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2011

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-12488

Powell Industries, Inc.

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(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

88-0106100
(I.R.S. Employer
Identification No.)

8550 Mosley Drive,

Houston, Texas
(Address of principal executive offices)

77075-1180
(Zip Code)

Registrant's telephone number, including area code:

(713) 944-6900

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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

At April 29, 2011, there were 11,725,043 outstanding shares of the registrant's common stock, par value \$0.01 per share.

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POWELL INDUSTRIES, INC. AND SUBSIDIARIES

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This Amendment No. 1 on Form 10-Q/A (Form 10-Q/A) to our Quarterly Report on Form 10-Q for the three month period ended March 31, 2011, initially filed with the U.S. Securities and Exchange Commission (SEC) on May 4, 2011 (Original Filing), reflects a restatement of our Condensed Consolidated Financial Statements as discussed in Note M of Notes to Condensed Consolidated Financial Statements. Our previously issued financial statements as of and for the three and six months ended March 31, 2011 are being restated to correct accounting errors at our Canadian operation (Powell Canada) related to inaccurate recording of customer change orders, and the incorrect close-out of estimated costs on certain jobs, which resulted in a decrease in net income, earnings per share, total assets, and total stockholders' equity.

In addition, we have also revised the data and information in Management's Discussion and Analysis of Financial Condition and Results of Operations to reflect the impact of the adjustments on the restated Condensed Consolidated Financial Statements.

The Company has re-evaluated its disclosure controls and procedures and internal control over financial reporting as of March 31, 2011, and concluded that because of the errors noted above that resulted in the restatement of amounts previously reported, the Company had material weaknesses in internal control over financial reporting. See Item 4 for further discussions and remediation measures that are in progress.

This Amendment No. 1 on Form 10-Q/A speaks as of the end of the three month period ended March 31, 2011 as required by Form 10-Q on and as of the date of the Original Filing. It does not update any of the statements contained therein, unless noted above. This Form 10-Q/A contains forward-looking statements that were made at the time of the Original Filing on May 4, 2011.

The effects of the restatement adjustments on the Company's unaudited Condensed Consolidated Statement of Operations follow (in thousands):

	Three Months Ended March 31, 2011	Six Months Ended March 31, 2011
Revenue:		
As previously reported	\$ 125,598	\$ 250,272
Adjustments	(487)	(487)
As restated	\$ 125,111	\$ 249,785
Cost of goods sold:		
As previously reported	\$ 99,955	\$ 198,764
Adjustments	279	279
As restated	\$ 100,234	\$ 199,043
Gross Profit:		
As previously reported	\$ 25,643	\$ 51,508
Adjustments to revenue	(487)	(487)
Adjustments to cost of goods sold	(279)	(279)
As restated	\$ 24,877	\$ 50,742
Operating Income:		
As previously reported	\$ 2,851	\$ 6,621
Adjustments to revenue	(487)	(487)
Adjustments to cost of goods sold	(279)	(279)
As restated	\$ 2,085	\$ 5,855
Income before income taxes:		
As previously reported	\$ 4,048	\$ 7,749

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Adjustments to revenue	(487)	(487)
Adjustments to cost of goods sold	(279)	(279)
As restated	\$ 3,282	\$ 6,983
Net income:		
As previously reported	\$ 2,499	\$ 4,931
Adjustments to revenue	(487)	(487)
Adjustments to cost of goods sold	(279)	(279)
As restated	\$ 1,733	\$ 4,165
Earnings per share:		
Basic:		
As previously reported	\$ 0.21	\$ 0.42
Adjustments	(0.06)	(0.06)
As restated	\$ 0.15	\$ 0.36
Diluted:		
As previously reported	\$ 0.21	\$ 0.42
Adjustments (A)	(0.06)	(0.07)
As restated	\$ 0.15	\$ 0.35

The effects of the restatement adjustments on the Company's unaudited Condensed Consolidated Balance Sheet follow (in thousands):

	March 31, 2011
Cost and estimated earnings in excess of billings on uncompleted contracts:	
As previously reported	\$ 36,399
Adjustments to estimated contract revenue on uncompleted contracts	(487)
As restated	\$ 35,912
Other accrued expenses:	
As previously reported	\$ 5,886
Adjustments to reflect estimated loss on uncompleted contracts	279
As restated	\$ 6,165
Retained earnings:	
As previously reported	\$ 249,900
Adjustments to net income	(766)
As restated	\$ 249,134

Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Condensed Consolidated Financial Statements****POWELL INDUSTRIES, INC. AND SUBSIDIARIES****Condensed Consolidated Balance Sheets****(In thousands, except share and per share data)**

	March 31, 2011 (Unaudited) (As restated, see Note M)	September 30, 2010
ASSETS		
Current Assets:		
Cash and cash equivalents	\$ 122,056	\$ 115,353
Accounts receivable, less allowance for doubtful accounts of \$1,508 and \$907, respectively	102,539	91,766
Costs and estimated earnings in excess of billings on uncompleted contracts	35,912	38,064
Inventories, net	39,365	38,244
Income taxes receivable	4,555	6,726
Deferred income taxes	4,164	3,087
Prepaid expenses and other current assets	8,114	8,951
Total Current Assets	316,705	302,191
Property, plant and equipment, net	61,440	63,676
Goodwill	1,003	1,003
Intangible assets, net	25,744	26,132
Other assets	7,808	7,710
Total Assets	\$ 412,700	\$ 400,712
LIABILITIES AND EQUITY		
Current Liabilities:		
Current maturities of long-term debt and capital lease obligations	\$ 1,446	\$ 1,683
Income taxes payable	1,316	1,500
Accounts payable	43,094	41,850
Accrued salaries, bonuses and commissions	14,329	25,064
Billings in excess of costs and estimated earnings on uncompleted contracts	46,941	31,009
Accrued product warranty	5,763	5,929
Other accrued expenses	6,165	7,711
Total Current Liabilities	119,054	114,746
Long-term debt and capital lease obligations, net of current maturities	4,543	5,202
Deferred compensation	3,191	2,730
Other liabilities	884	731
Total Liabilities	127,672	123,409

Commitments and Contingencies (Note J)

Equity:

Stockholders' Equity:

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Preferred stock, par value \$.01; 5,000,000 shares authorized; none issued		
Common stock, par value \$.01; 30,000,000 shares authorized; 11,724,243 and 11,676,955 shares issued and outstanding, respectively	117	117
Additional paid-in capital	35,060	33,569
Retained earnings	249,134	244,969
Accumulated other comprehensive income (loss)	717	(1,352)
Total Stockholders' Equity	285,028	277,303
Total Liabilities and Equity	\$ 412,700	\$ 400,712

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

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	Three Months Ended		Six Months Ended	
	March 31,	March 31,	March 31,	March 31,
	2011	2010	2011	2010
	(As restated, see note M)		(As restated, see note M)	
Revenues	\$ 125,111	\$ 142,135	\$ 249,785	\$ 278,051
Cost of goods sold	100,234	105,602	199,043	203,701
Gross profit	24,877	36,533	50,742	74,350
Selling, general and administrative expenses	21,538	19,958	42,466	41,737
Amortization of intangible assets	1,254	1,199	2,421	2,061
Operating income	2,085	15,376	5,855	30,552
Other income	(1,229)		(1,229)	
Interest expense	94	228		