

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 June 30, 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.**

*(Exact name of registrant as specified in its charter)*

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**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 July 28, 2011, there were 11,744,909 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 June 30, 2011, initially filed with the U.S. Securities and Exchange Commission ( SEC ) on August 8, 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 nine months ended June 30, 2011 are being restated to correct accounting errors at our Canadian operation ( Powell Canada ) related to inaccurate recording of customer change orders, an erroneous journal entry, incorrect close-out of estimated costs on certain jobs, and the incorrect application of a manufacturing overhead rate to construction contracts 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 June 30, 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 June 30, 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 August 8, 2011.

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

	\$000,000	\$000,000
	<b>Three Months Ended June 30, 2011</b>	<b>Nine Months Ended June 30, 2011</b>
<b>Revenue:</b>		
As previously reported	\$ 142,135	\$ 392,407
Adjustments	(766)	(1,254)
As restated	\$ 141,369	\$ 391,153
<b>Cost of goods sold:</b>		
As previously reported	\$ 118,637	\$ 317,401
Adjustments	868	1,147
As restated	\$ 119,505	\$ 318,548
<b>Gross Profit:</b>		
As previously reported	\$ 23,498	\$ 75,006
Adjustments to revenue	(766)	(1,254)
Adjustments to cost of goods sold	(868)	(1,147)
As restated	\$ 21,864	\$ 72,605
<b>Operating Income:</b>		
As previously reported	\$ 2,851	\$ 9,472
Adjustments to revenue	(766)	(1,254)
Adjustments to cost of goods sold	(868)	(1,147)
As restated	\$ 1,217	\$ 7,071



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	\$000,000	\$000,000
<b>Income before income taxes:</b>		
As previously reported	\$ 2,829	\$ 10,578
Adjustments to revenue	(766)	(1,254)
Adjustments to cost of goods sold	(868)	(1,147)
<b>As restated</b>	<b>\$ 1,195</b>	<b>\$ 8,177</b>
<b>Net income:</b>		
As previously reported	\$ 1,707	\$ 6,638
Adjustments to revenue	(766)	(1,254)
Adjustments to cost of goods sold	(868)	(1,147)
<b>As restated</b>	<b>\$ 73</b>	<b>\$ 4,237</b>
<b>Earnings per share:</b>		
<b>Basic:</b>		
As previously reported	\$ 0.15	\$ 0.57
Adjustments	(0.14)	(0.21)
<b>As restated</b>	<b>\$ 0.01</b>	<b>\$ 0.36</b>
<b>Diluted:</b>		
As previously reported	\$ 0.14	\$ 0.56
Adjustments	(0.13)	(0.20)
<b>As restated</b>	<b>\$ 0.01</b>	<b>\$ 0.36</b>

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

	<b>June 30, 2011</b>
<b>Cost and estimated earnings in excess of billings on uncompleted contracts:</b>	
As previously reported	\$ 43,927
Adjustments to estimated contract revenue on uncompleted contracts	(1,263)
<b>As restated</b>	<b>\$ 42,664</b>
<b>Inventories, net:</b>	
As previously reported	\$ 41,344
Adjustments to cost of goods sold	(135)
<b>As restated</b>	<b>\$ 41,209</b>
<b>Accounts payable:</b>	
As previously reported	\$ 46,777
Adjustments to cost of goods sold	1,003
<b>As restated</b>	<b>\$ 47,780</b>
<b>Retained earnings:</b>	
As previously reported	\$ 251,607
Adjustments to net income	(2,401)

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As restated

\$ 249,206

**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)**

	<b>June 30, 2011</b>	<b>September 30, 2010</b>
	<b>(Unaudited)</b>	
	<b>(As restated, see Note M)</b>	
<b>ASSETS</b>		
Current Assets:		
Cash and cash equivalents	\$ 137,266	\$ 115,353
Accounts receivable, less allowance for doubtful accounts of \$759 and \$907, respectively	106,809	91,766
Costs and estimated earnings in excess of billings on uncompleted contracts	42,664	38,064
Inventories, net	41,209	38,244
Income taxes receivable	5,191	6,726
Deferred income taxes	5,307	3,087
Prepaid expenses and other current assets	6,870	8,951
<b>Total Current Assets</b>	<b>345,316</b>	<b>302,191</b>
Property, plant and equipment, net	59,874	63,676
Goodwill	1,003	1,003
Intangible assets, net	24,469	26,132
Other assets	7,722	7,710
<b>Total Assets</b>	<b>\$ 438,384</b>	<b>\$ 400,712</b>
<b>LIABILITIES AND EQUITY</b>		
Current Liabilities:		
Current maturities of long-term debt and capital lease obligations	\$ 1,378	\$ 1,683
Income taxes payable	3,408	1,500
Accounts payable	47,780	41,850
Accrued salaries, bonuses and commissions	16,220	25,064
Billings in excess of costs and estimated earnings on uncompleted contracts	64,565	31,009
Accrued product warranty	5,078	5,929
Other accrued expenses	6,729	7,711
<b>Total Current Liabilities</b>	<b>145,158</b>	<b>114,746</b>
Long-term debt and capital lease obligations, net of current maturities	4,387	5,202
Deferred compensation	3,279	2,730
Other liabilities	884	731
<b>Total Liabilities</b>	<b>153,708</b>	<b>123,409</b>

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; 11,744,909 and 11,676,955 shares issued and outstanding, respectively	117	117
Additional paid-in capital	35,204	33,569
Retained earnings	249,206	244,969
Accumulated other comprehensive income (loss)	149	(1,352)
Total Stockholders' Equity	284,676	277,303
Total Liabilities and Equity	\$ 438,384	\$ 400,712

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

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	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>June 30, 2011</b>	<b>June 30, 2010</b>	<b>June 30, 2011</b>	<b>June 30, 2010</b>
	(As restated, see Note M)		(As restated, see Note M)	
Revenues	\$ 141,369	\$ 138,880	\$ 391,153	\$ 416,931
Cost of goods sold	119,505	100,636	318,548	304,337
Gross profit	21,864	38,244	72,605	112,594
Selling, general and administrative expenses	19,410	21,084	61,876	62,821
Amortization of intangible assets	1,237	1,132	3,658	3,193
Operating income	1,217	16,028	7,071	46,580
Other income				