UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

FORM 10-Q

(Mark one)

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended April 30, 2003

or

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from _________ to _________

COMMISSION FILE NUMBER 0-6050

POWELL INDUSTRIES, INC.

(Exact name of registrant as specified in its charter)

NEVADA	88-0106100
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
8550 Mosley Drive, Houston, Texas	77075-1180
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (713) 944-6900

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

Yes X No ___

Indicate by "X" whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Yes ___ No X

Common Stock, par value $.01 per share; 10,579,103 shares outstanding as of May 27, 2003.

Part I - Financial Information

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)
(IN THOUSANDS, EXCEPT SHARE AND PER SHARE DATA)

	APRIL 30, 2003	OCTOBER 31, 2002
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 29,689	$ 14,362
Accounts receivable, less allowance for doubtful accounts of $1,065 and $1,209, respectively	50,858	69,521
Costs and estimated earnings in excess of billings	33,714	32,828
Inventories	19,190	19,558
Prepaid expenses and other current assets	3,745	2,230
Total Current Assets	137,196	138,499
Property, plant and equipment, net	45,277	45,020
Other assets	5,550	6,124
Total Assets	$ 188,023	$ 189,643
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Current maturities of long-term debt and capital lease obligations	$ 4,031	$ 4,746
Accounts and income taxes payable	14,505	15,030
Accrued salaries, bonuses and commissions	6,660	9,774
Billings in excess of costs and estimated earnings	11,577	13,478
Accrued product warranty	2,049	2,123
Other accrued expenses	6,812	6,882
Total Current Liabilities	45,634	52,033
Long-term debt and capital lease obligations, net of current maturities	7,233	7,264
Deferred compensation expense	1,565	1,522
Other liabilities	577	617
Total Liabilities	55,009	61,436
Commitments and contingencies		
Stockholders' Equity:		
Preferred stock, par value $.01; 5,000,000 shares authorized; none issued		
Common stock, par value $.01; 30,000,000 shares authorized; 10,984,000 and 10,979,000 shares issued, respectively; 10,579,000 and 10,595,000 shares outstanding, respectively	110	110
Additional paid-in capital	8,419	8,345
Retained earnings	130,413	125,872
Treasury stock, 404,875 shares and 383,920 shares respectively, at cost	(3,914)	(3,925)
Accumulated other comprehensive (loss): fair value of interest rate swap	(43)	(87)
Deferred compensation-ESOP	(1,971)	(2,108)
Total Stockholders' Equity	$ 133,014	$ 128,207
Total Liabilities and Stockholders' Equity	$ 188,023	$ 189,643

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	THREE MONTHS ENDED APRIL 30,	
	2003	2002
Revenues	$ 64,201	$ 80,286
Cost of goods sold	52,077	63,019
Gross profit	12,124	17,267
Selling, general and administrative expenses	8,909	9,917
Income before interest and income taxes	3,215	7,350
Interest expense	81	320
Interest income	(88)	(57)
Income before income taxes	3,222	7,087
Income tax provision	1,204	2,573
Net income	$ 2,018	$ 4,514
Earnings per common share:		
Basic	$ 0.19	$ 0.43
Diluted	0.19	0.42
Weighted average number of common shares outstanding	10,580	10,457
Weighted average number of common and common equivalent shares outstanding	10,657	10,685

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

SIX MONTHS ENDED APRIL 30,	2003	2002
Revenues	$ 135,781	$ 156,773
Cost of goods sold	109,425	123,915
Gross profit	26,356	32,858
Selling, general and administrative expenses	18,318	19,338
Income before interest and income taxes	8,038	13,520
Interest expense	167	676
Interest income	(180)	(108)
Income from continuing operations before income taxes and cumulative effect of change in accounting principle	8,051	12,952
Income tax provision	2,999	4,703
Income from continuing operations before cumulative effect of change in accounting principle	5,052	8,249
Cumulative effect of change in accounting principle, net of $285 tax	(510)	--
Net income	$ 4,542	$ 8,249
Earnings per common share:		
Basic:		
Earnings from continuing operations	$ 0.48	$ 0.79
Cumulative effect of change in accounting principle	(0.05)	--
Net earnings	$ 0.43	$ 0.79
Diluted:		
Earnings from continuing operations	$ 0.47	$ 0.77
Cumulative effect of change in accounting principle	(0.04)	--
Net earnings	$ 0.43	$ 0.77
Weighted average number of common shares outstanding	10,577	10,452
Weighted average number of common and common equivalent shares outstanding	10,665	10,676

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

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)
(IN THOUSANDS)

	SIX MONTHS ENDED APRIL 30, 2003	2002
Operating Activities:		
Net income	$ 4,542	$ 8,249
Adjustments to reconcile net income to net cash provided by operating activities:		
Cumulative effect of change in accounting principle, net of tax	510	--
Depreciation and amortization	2,499	2,315
Loss on disposition of assets	79	30
Deferred income tax provision (benefit)	467	(24)
Changes in operating assets and liabilities:		
Accounts receivable, net	18,663	19,153
Costs and estimated earnings in excess of billings	(886)	3,702
Inventories	368	(3,075)
Prepaid expenses and other current assets	(1,515)	(1,057)
Other assets	(333)	(460)
Accounts payable and income taxes payable	(238)	(904)
Accrued liabilities	(3,645)	(631)
Billings in excess of costs and estimated earnings	(1,901)	(1,622)
Deferred compensation expense	181	234
Other liabilities	(28)	(144)
Net cash provided by operating activities	18,763	25,766
Investing Activities:		
Purchases of property, plant and equipment	(2,802)	(9,037)
Net cash used in investing activities	(2,802)	(9,037)
Financing Activities:		
Repayments on revolving line of credit	--	(9,000)
Repayments of debt	(714)	(714)
Proceeds from issuance of common stock	70	--
Proceeds from exercise of stock options	10	398
Net cash used in financing activities	(634)	(9,316)
Net increase in cash and cash equivalents	15,327	7,413
Cash and cash equivalents at beginning of period	14,362	6,520
Cash and cash equivalents at end of period	$ 29,689	$ 13,933
Supplemental disclosures of cash flow information (in thousands): Cash paid during the period for:		
Interest	$ 177	$ 348
Income taxes	$ 2,193	$ 500
Non-cash investing and financing activities: Change in fair value of interest rate swap during the period, net of $24 and $31 income taxes, respectively	$ 44	$ 47

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

Part I
Item 1

POWELL INDUSTRIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

A. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q. Certain information in the notes to the condensed consolidated financial statements normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America has been condensed or omitted pursuant to these rules and regulations. In the opinion of management, these condensed consolidated financial statements include all adjustments, consisting of normal recurring adjustments, which are necessary for a fair presentation of the Company's financial position, results of operations, and cash flows. These financial statements should be read in conjunction with the financial statements and related footnotes included in the Company's annual report on Form 10-K for the year ended October 31, 2002. The interim period results are not necessarily indicative of the results to be expected for the full fiscal year.

Effective November 1, 2002, we adopted Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets". Under the new rules, goodwill and other intangible assets with indefinite useful lives are no longer subject to amortization. As a result, we discontinued the amortization of goodwill beginning November 1, 2002. Upon adoption of SFAS No. 142, we performed an impairment analysis to assess the fair value of our reporting units as compared to their carrying values. As a result of this analysis, we recorded an impairment charge to write-off impaired goodwill amounts as a cumulative effect of a change in accounting principle during the first quarter of 2003. For additional information regarding the effect of the adoption of SFAS No. 142 and the pro forma net income and earnings per share for the three months and six months ended April 30, 2002 as if SFAS No. 142 had been adopted as of the beginning of 2002, see Note G of these Notes to Condensed Consolidated Financial Statements.

New Accounting Standards

In August 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." SFAS No. 144 supercedes SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." SFAS No. 144 establishes a single accounting model for long-lived assets to be disposed of by sale and requires that those long-lived assets be measured at the lower of carrying amount or fair value less cost to sell, whether reported in continuing operations or in discontinued operations. We adopted SFAS No. 144 on November 1, 2002. The adoption of SFAS No. 144 did not have a material impact on our financial statements.

In April 2002, the FASB issued SFAS No. 145 "Rescission of FASB Statements No. 4, 44, and 64, Amendment of FASB Statement No. 13, and Technical Corrections." This statement rescinds SFAS No. 4, "Reporting Gains and Losses from Extinguishment of Debt," and an amendment of that statement, SFAS No. 44, "Accounting for Intangible Assets of Motor Carriers," and SFAS No. 64, "Extinguishments of Debt Made to Satisfy Sinking-Fund Requirements". This statement amends SFAS No. 13, "Accounting for Leases," to eliminate inconsistencies between the required accounting for sale-leaseback transactions and the required accounting for certain lease modifications that have economic effects that are similar to sale-leaseback transactions. Also, this statement amends other existing authoritative pronouncements to make various technical corrections, clarify meanings, or describe their applicability under changed conditions. Provisions of SFAS No. 145 related to the rescission of SFAS No. 4 were effective for the Company on November 1, 2002 and provisions affecting SFAS No. 13 were effective for transactions occurring after May 15, 2002. The adoption of SFAS No. 145 did not have a material impact on our financial statements.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities." This statement covers restructuring type activities beginning with plans initiated after December 31, 2002. Activities covered by this standard that are entered into after that date will be recorded in accordance with the provisions of SFAS No. 146. We have adopted SFAS No. 146 and there has been no impact on our consolidated financial position or results of operations.

In November 2002, the FASB issued FASB Interpretation No. 45 "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others" ("FIN 45"). FIN 45 requires that upon issuance of a guarantee, a guarantor must recognize a liability for the fair value of the obligation assumed under the guarantee. FIN 45 also requires additional disclosures about guarantees in the interim and annual financial statements. The provisions of FIN 45 related to initial recognition and measurement of guarantee agreements were effective for any guarantees issued or modified after December 31, 2002. The adoption of these recognition and measurement provisions did not have any impact on our consolidated financial position or results of operations. In accordance with the disclosure provisions of FIN 45, we have included in Note C a reconciliation of the changes in our product warranty liability for the three months and six months ended April 30, 2003 and 2002. We provide for estimated warranty costs at the time of sale based upon historical experience rates. Our products contain warranties for parts and service for the earlier of 18 months from the date of shipment or 12 months from the date of initial operations.

In December 2002, the FASB issued SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure, an amendment of FASB Statement No. 123." This statement provides alternative methods of transition for a voluntary change in the method of accounting for stock-based employee compensation to the fair value method. The statement also amends the disclosure requirements of SFAS No. 123, "Accounting for Stock-Based Compensation." Under SFAS No. 148, annual and interim financial statements are required to have prominent disclosures about the method of accounting for stock-based employee compensation and the effect of the method used on reported results. This statement was effective for fiscal years ending after December 15, 2002. This statement did not have any impact on our consolidated financial statements as we have adopted the disclosure only provisions of SFAS No. 123. The additional disclosure requirements are included in Note E of this Form 10-Q.

B. EARNINGS PER SHARE

The following table sets forth the computation of basic and diluted earnings per share (in thousands, except per share data):

	Three Months Ended April 30, 2003	Three Months Ended April 30, 2002	Six Months Ended April 30, 2003	Six Months Ended April 30, 2002
Numerator: Net income from continuing operations available to common stockholders	$ 2,018	$ 4,514	$ 5,052	$ 8,249
Cumulative effect of change in accounting principle	--	--	(510)	--
Net income available to common stockholders	$ 2,018	$ 4,514	$ 4,542	$ 8,249
Denominator: Denominator for basic earnings per share-weighted average shares	10,580	10,457	10,577	10,452
Dilutive effect of stock options	77	228	88	224
Denominator for diluted earnings per share-adjusted weighted average shares with assumed conversions	10,657	10,685	10,665	10,676
Basic earnings per share: From continuing operations	$ 0.19	$ 0.43	$ 0.48	$ 0.79
Cumulative effect of change in accounting principle	--	--	(0.05)	--
Net earnings per share	$ 0.19	$ 0.43	$ 0.43	$ 0.79
Diluted earnings per share: From continuing operations	$ 0.19	$ 0.42	$ 0.47	$ 0.77
Cumulative effect of change in accounting principle	--	--	(0.04)	--
Net earnings per share	$ 0.19	$ 0.42	$ 0.43	$ 0.77

For the three months ended April 30, 2003 and 2002, outstanding stock options of 494 thousand and 10 thousand, respectively, were excluded from the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common stock. For the six months ended April 30, 2003 and 2002 outstanding stock options of 494 thousand and 10 thousand, respectively, were excluded from the computation of diluted earnings per share because the options' exercise prices were greater than the average market price of the common stock.

C. DETAIL OF CERTAIN BALANCE SHEET ACCOUNTS

Activity in our allowance for doubtful accounts receivable consists of the following (in thousands):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2003	2002	2003	2002
Balance at beginning of period	$ 1,165	$ 501	$ 1,209	$ 551
Adjustments to the reserve	(16)	94	(58)	116
Deductions for uncollectible accounts written off, net of recoveries	(84)	6	(86)	(66)
Balance at end of period	$ 1,065	$ 601	$ 1,065	$ 601

Activity in our accrued product warranty account consists of the following (in thousands):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2003	2002	2003	2002
Balance at beginning of period	$ 2,114	$ 2,129	$ 2,123	$ 1,860
Adjustments to the reserve	387	731	911	1,423
Deductions for warranty charges	(452)	(471)	(985)	(894)
Balance at end of period	$ 2,049	$ 2,389	$ 2,049	$ 2,389

The components of inventories are summarized below (in thousands):

	April 30, 2003	October 31, 2002
Raw materials, parts and subassemblies	$13,109	$14,111
Work-in-process	6,081	5,447
Total inventories	$19,190	$19,558

Property, plant and equipment is summarized below (in thousands):

	April 30, 2003	October 31, 2002
Land	$ 5,073	$ 5,093
Buildings and improvements	37,089	35,791
Machinery and equipment	38,640	37,191
Furniture & fixtures	3,012	3,012
Construction in process	6,314	6,463
	90,128	87,550
Less-accumulated depreciation	(44,851)	(42,530)
Total property, plant and equipment, net	$ 45,277	$ 45,020

Depreciation expense for the six months ended April 30, 2003 and 2002 was $2.5 million and $2.2 million, respectively.

The components of costs and estimated earnings in excess of billings are summarized below (in thousands):

	April 30, 2003	October 31, 2002
Costs and estimated earnings	$ 198,589	$ 190,106
Progress billings		

....
(164,875) (157,278) --------- --------- Total costs and estimated earnings in excess of billings .... $ 33,714 $ 32,828 ========= =========

The components of billings in excess of costs and estimated earnings are summarized below (in thousands):

	April 30, 2003	October 31, 2002
Progress billings	$ 136,619	$ 131,840
Costs and estimated earnings	(125,042)	(118,362)
Total billings in excess of costs and estimated earnings	$ 11,577	$ 13,478

D. COMPREHENSIVE INCOME

We adopted SFAS No. 133, as amended, on November 1, 2000. Accordingly, at that time, we recorded the fair value of our interest rate swap agreement which is used as a cash flow hedge in the management of interest rate exposure. We realized this amount as a component of comprehensive income. Our comprehensive income, which encompasses net income and the change in fair value of hedge instruments, is as follows (in thousands):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2003	2002	2003	2002
Net income	$2,018	$4,514	$4,542	$8,249
Change in fair value of hedge instrument	23	12	44	47
Comprehensive income	$2,041	$4,526	$4,586	$8,296

E. STOCK-BASED COMPENSATION

In accordance with the provisions of SFAS No. 123, "Accounting for Stock-Based Compensation," we have elected to account for our stock-based employee compensation plans under the intrinsic value method established by Accounting Principles Board ("APB") Opinion No. 25, "Accounting for Stock Issued to Employees." Under APB No. 25, no compensation expense is recorded when the exercise price of the employee stock option is greater than or equal to the market price of the common stock on the grant date.

If compensation expense for our stock option plans had been determined based on the fair value at the grant date for awards through April 30, 2003 consistent with the provisions of SFAS No. 123, our net income and earnings per share would have been as follows:

	Three Months Ended April 30,		Six Months Ended April 30,	
	2003	2002	2003	2002
Net income, as reported	$ 2,018	$ 4,514	$ 4,542	$ 8,249
Less: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(168)	(218)	(337)	(470)
Pro forma net income	$ 1,850	$ 4,296	$ 4,205	$ 7,779
Basic earnings per share: As reported	$ 0.19	$ 0.43	$ 0.43	$ 0.79
Pro forma	0.17	0.41	0.40	0.74
Diluted earnings per share: As reported	$ 0.19	$ 0.42	$ 0.43	$ 0.77
Pro forma	0.17	0.40	0.39	0.73

F. BUSINESS SEGMENTS

We manage our business through operating subsidiaries, which are combined into two reportable business segments: Electrical Power Products and Process Control Systems. Electrical Power Products includes equipment and systems for the distribution and control of electrical energy. Process Control Systems consists principally of instrumentation, computer controls, communications and data management systems.

Our Electrical Power Products segment serves the electrical utility and various industrial markets with equipment and systems. Electrical Power Products was previously reported as two separate segments: Switchgear and Bus Duct. Because these segments share basic characteristics, including common raw materials, engineering techniques and manufacturing processes, and operate in the same competitive environment with substantially similar general economic and industrial conditions, we determined that reporting the business activities of Switchgear and Bus Duct products as one segment - Electrical Power Products - more accurately reflects our business operations. Historically, we reported our Electrical Power Products segment as two segments principally as a reflection of our organizational structure. The three months and six months ended April 30, 2002 have been revised to conform to the new segment structure.

The tables below reflect certain information relating to our operations by segment. All revenues represent sales from unaffiliated customers. The accounting policies of the segments are the same as those described in the summary of significant accounting policies included in our annual report on Form 10-K for the year ended October 31, 2002. For purposes of this presentation, all general corporate expenses have been allocated among operating segments based primarily on revenues. In addition, the corporate assets are mainly cash and cash equivalents transferred to the corporate office from the segments.

Detailed information regarding our business segments is shown below (in thousands):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2003	2002	2003	2002
Revenues				
Electrical Power Products	$ 58,153	$ 75,104	$ 123,714	$ 146,231
Process Control Systems	6,048	5,182	12,067	10,542
Total Revenues	$ 64,201	$ 80,286	$ 135,781	$ 156,773
Income (loss) from continuing operations before income taxes and cumulative effect of change in accounting principle				
Electrical Power Products	$ 2,993	$ 7,319	$ 7,606	$ 12,961
Process Control Systems	229	(232)	445	(9)
Total income from continuing operations before income taxes and cumulative effect of change in accounting principle	$ 3,222	$ 7,087	$ 8,051	$ 12,952

	April 30, 2003	October 31, 2002
Assets		
Electrical Power Products	$139,274	$156,584
Process Control Systems	14,330	14,937
Corporate	34,419	18,122
Total Assets	$188,023	$189,643

G. GOODWILL AND OTHER INTANGIBLE ASSETS

Effective November 1, 2002, we adopted SFAS No. 142, "Goodwill and Other Intangible Assets". Under the new rules, goodwill and other intangible assets with indefinite useful lives are no longer subject to amortization. As a result, we discontinued the amortization of goodwill beginning November 1, 2002, and the results for the first six months of 2003 were favorably impacted by this reduction in amortization expense by $46 thousand, net of $26 thousand taxes, or less than $0.01 per common share. The statement requires a test for impairment to be performed annually, or immediately if conditions indicate that impairment could exist. Intangible assets with definite useful lives will continue to be amortized over their estimated useful lives.

We estimated the fair value of our reporting units using a present value method that discounted estimated future cash flows. The cash flow estimates incorporated assumptions on future cash flow growth, terminal values and discount rates. Because the fair value of some reporting units was below their carrying value, application of SFAS No. 142 required us to complete the second step of the goodwill impairment test and compare the implied fair value of each reporting unit's goodwill with the carrying value. As a result of completing the impairment test, we recorded an impairment charge of $510 thousand, net of $285 thousand taxes, to write-off the impaired goodwill amounts as a cumulative effect of a change in accounting principle in the first quarter of 2003.

We recorded an impairment charge of $380 thousand, net of $214 thousand taxes, in our Process Control Systems segment. In our Electrical Power Products segment, we recorded an impairment charge of $130 thousand, net of $71 thousand taxes.

The following pro forma information is presented to reflect the net income and net earnings per share to exclude amortization of goodwill for the three and six month period ended April 30, 2002, as if SFAS No. 142 had been adopted as of the beginning of that year (in thousands, except per share data):

	Three Months Ended April 30,		Six Months Ended April 30,	
	2003	2002	2003	2002
Income from continuing operations before cumulative effect of change in accounting principle	$ 2,018	$ 4,514	$ 5,052	$ 8,249
Cumulative effect of change in accounting principle	--	--	(510)	--
Reported net income	2,018	4,514	4,542	8,249
Addback: Amortization of goodwill, net of $13 and $26 thousand taxes, respectively	--	23	--	46
Adjusted net income	$ 2,018	$ 4,537	$ 4,542	$ 8,295
Basic earnings per share:				
Net earnings per share - as reported	$ 0.19	$ 0.43	$ 0.43	$ 0.79
Amortization of goodwill	--	--	--	--
Adjusted net earnings per share	$ 0.19	$ 0.43	$ 0.43	$ 0.79
Diluted earnings per share:				
Net earnings per share - as reported	$ 0.19	$ 0.42	$ 0.43	$ 0.77
Amortization of goodwill	--	--	--	--
Adjusted net earnings per share	$ 0.19	$ 0.42	$ 0.43	$ 0.77

A summary of goodwill and other intangible assets follows (in thousands):

	April 30, 2003		October 31, 2002	
	Historical Cost	Accumulated Amortization	Historical Cost	Accumulated Amortization
Goodwill	$ 304	$ 181	$2,133	$1,215
Intangible assets subject to amortization:				
Deferred loan costs	233	18	233	12
Patents and Trademarks	837	472	837	444

The above intangible assets are included in other assets on the consolidated balance sheet. Amortization expense related to intangible assets subject to amortization for the three and six months ended April 30, 2003 was $17 thousand and $34 thousand, respectively. Estimated amortization expense for each of the subsequent five fiscal years is expected to be approximately $70 thousand.

H. COMMITMENTS AND CONTINGENCIES

Certain customers require us to post a bank letter of credit guarantee or performance bonds issued by a surety. These assure our customers that we will perform under terms of our contract and with associated vendors and subcontractors. In the event of default the customer may demand payment from the bank under a letter of credit or performance by the surety under a performance bond. To date there have been no significant expenses related to either for the periods reported. We were contingently liable for secured and unsecured letters of credit of $9.4 million as of April 30, 2003. We also had performance bonds totaling approximately $153.0 million that were outstanding at April 30, 2003.

The Company is a partner in a joint venture (the "Joint Venture"),which provided process control systems to the Central Artery/Tunnel Project (the "Project") in Boston, Massachusetts, under a contract with the Massachusetts Turnpike Authority (the "MTA"). The Joint Venture has submitted claims against the MTA seeking additional reimbursement for work done by the Joint Venture on the project. In a separate matter, the Joint Venture received notice dated May 9, 2002 (the "Notice") from the MTA that a follow-on contractor has asserted a claim against the MTA in connection with work done or to be done by the follow-on contractor on the project. One component of the Project involved the Joint Venture performing specific work that the MTA then bid for the follow-on contractor to complete. Part of the follow-on contractor's claim contains unsubstantiated allegations that such work performed by the Joint Venture was insufficient and defective, thus possibly contributing to the follow-on contractor's claims for damages against the MTA. In the Notice of the potential claim, the MTA advised the Joint Venture that if it is required to pay the follow-on contractor additional amounts and such payment is the result of defective work by the Joint Venture, the MTA will seek indemnification from the Joint Venture for such additional amounts.

The Joint Venture has no reason to believe the systems it delivered under contract to the MTA were defective and accordingly it intends to vigorously defend any such allegations. The ultimate disposition of the Joint Venture's claim against the MTA and the MTA's potential claim for indemnification based on the follow-on contractor's claims are not presently determinable. Although an unfavorable outcome to the follow-on contractor's claim could have a material adverse effect on the Company's financial condition, results of operations, and cash flows, the Company believes that an unfavorable outcome with respect to these matters, under the circumstances and on the basis of the information now available, is unlikely.

Part I
Item 2

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

The following discussion should be read in conjunction with the accompanying condensed consolidated financial statements and related notes. In the course of operations, we are subject to certain risk factors, including but not limited to competition and competitive pressures, sensitivity to general economic and industry conditions, international political and economic risks, availability and price of raw materials and execution of business strategy. Any forward-looking statements made by or on our behalf are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Readers are cautioned that such forward-looking statements involve risks and uncertainties in that the actual results may differ materially from those projected in the forward-looking statements.

RESULTS OF OPERATIONS

Revenue and Gross Profit

Revenues decreased 20% to $64.2 million in the second quarter of fiscal 2003 as compared to the second quarter of fiscal year 2002. For the six months ended April 30, 2003, revenues decreased 13% to $135.8 million compared to $156.8 million for the six months ended April 30, 2002. We believe this decrease in revenues was primarily due to lower net investments in electrical products by the power generation market. Our Electrical Power Products segment recorded revenues for the three months and six months ended April 30, 2003 of $58.2 million and $123.7 million, respectively, compared to $75.1 million and $146.2 million for the same periods of the previous year. Revenues in our Process Control Systems segment were $6.0 million and $12.1 million for the three and six months ended April 30, 2003 compared to $5.2 million and $10.5 million for the same time period of the previous year. Increased billable hours and costs incurred on percentage of completion projects during the quarter resulted in higher revenue recognition for this segment as compared to the previous year.

International revenues increased 82% in the second quarter 2003 to $9.1 million from $5.0 million in the same quarter of the prior year. Revenues outside of the United States accounted for 14% of consolidated revenues in the second quarter of fiscal 2003 compared to 6% in the same period last year. Worldwide investments in oil and gas production facilities have strengthened our export sales.

Gross profit as a percentage of revenues during the second quarter of 2003 decreased to 18.9% from 21.5% in the second quarter of 2002. Gross profit as a percentage of revenues during the first half of fiscal 2003 decreased to 19.4% from 21.0% in the first half of fiscal year 2002. The gross profit for both periods was adversely impacted by the incremental production costs associated with the disruptions caused by requests for delayed shipments. As a result of the depressed market, competitive pricing has also begun to affect gross profit.

Operating Expenses

Selling, general and administrative expenses, including research and development expenditures, were $8.9 million (13.9% of revenues) in the second quarter of 2003 compared to $9.9 million (12.4% of revenues) in the second quarter of fiscal 2002. Selling, general and administrative expenses, including research and development expenditures, were $18.3 million (13.5% of revenues) in the first half of fiscal year 2003 compared to $19.3 million (12.3% of revenues) in the first half of fiscal year 2002. Our volumes decreased during 2003 as our expenditures could not be reduced at the same rate. As a result, the ratio of selling, general, and administrative expenses to revenues increased.

Interest Income and Expense

During the second quarter of 2003, we incurred $81 thousand in interest expense on our term debt and outstanding industrial revenue bonds. The reduction in interest expense from the $320 thousand incurred for the quarter ended April 30, 2002 is due to lower levels of debt as well as lower interest rates. In addition, during the second quarter of 2002, estimates of variable interest expense were recorded which required an adjustment of $196 thousand in the third quarter of 2002 as the estimates of variable interest expense were higher than actual interest incurred. For the six months ended April 30, 2003, we incurred $167 thousand in interest expense compared to $676 thousand in the first six months of 2002. This decrease is also due to the lower levels of debt during 2003 as well as the variable interest expense adjustment that was recorded in the third quarter of 2002. An adjustment of $330 thousand was recorded in the third quarter of 2002 to correct the estimates of variable interest expense for the first six months of 2002.

Interest income increased by $31 thousand to $88 thousand for the second quarter 2003 compared to the same period of the previous year. For the first six months of 2003, interest income increased by $72 thousand compared to the first six months of 2002. The lower interest rate environment has been offset by our higher level of invested funds during 2003.

Provision for Income Taxes

Our provision for income taxes reflects an effective income tax rate on earnings before income taxes of 37.4% in the second quarter of fiscal 2003 compared to 36.3% in the second quarter of fiscal 2002. Our provision for income taxes reflects an effective income tax rate on earnings before income taxes of 37.3% in the first half of fiscal year 2003 compared to 36.3% in the first half of fiscal year 2002. The increase in our effective tax rate is primarily a result of incremental increases in our federal tax rate compared to the previous year as well as higher state taxes.

Net income from continuing operations before cumulative effect of change in accounting principle

Net income from continuing operations before cumulative effect of change in accounting principle was $2.0 million, or $0.19 per diluted share, in the second quarter of fiscal year 2003 compared to $4.5 million, or $0.42 per diluted share in the second quarter of fiscal year 2002. Net income from continuing operations before cumulative effect of change in accounting principle was $5.1 million, or $0.47 per diluted share, in the first half of fiscal year 2003 compared to $8.2 million, or $0.77 per diluted share in the first half of fiscal year 2002. Declines in business volume resulted in earnings weakening in the second quarter and first six months of fiscal 2003 compared to the second quarter and first six months of fiscal 2002.

Cumulative effect of change in accounting principle

As a result of the adoption of Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets", we recorded a goodwill impairment loss of $510 thousand, net of $285 thousand taxes, as a cumulative effect of a change in accounting principle during the first quarter of 2003. The goodwill impairment charge accounted for a loss of $0.04 per diluted share.

Net income

Net income was $2.0 million, or $0.19 per diluted share, in the second quarter of fiscal year 2003 compared to $4.5 million, or $0.42 per diluted share in the second quarter of fiscal year 2002. Net income was $4.5 million, or $0.43 per diluted share, in the first half of fiscal year 2003 compared to $8.2 million, or $0.77 per diluted share in the first half of fiscal year 2002. A decline in business volume and lower gross profits resulted in earnings weakening in the second quarter and first six months of fiscal 2003.

Backlog

The order backlog on April 30, 2003, was $203.0 million, compared to $189.4 million at fiscal year end 2002 and $221.7 million at the end of the second quarter one year ago. New orders placed during the second quarter totaled $98.7 million versus $50.7 million in our first quarter 2003 and $88.7 million for the same period last year.

LIQUIDITY AND CAPITAL RESOURCES

We have maintained a strong liquidity position. Working capital was $91.6 million at April 30, 2003 compared to $86.5 million at October 31, 2002. As of April 31, 2003, current assets exceeded current liabilities by 3.0 times and our debt to capitalization ratio was less than 0.1 to 1.0.

As of April 30, 2003, we had cash and cash equivalents of $29.7 million, a significant increase from year end 2002. Long-term debt, including current maturities, totaled $11.3 million at April 30, 2003 compared to $12.0 million at October 31, 2002. In addition to our long-term debt, we have a $25.0 million revolving credit agreement expiring February 2005. As of April 30, 2003, there were no borrowings under this line of credit. We were in compliance with all debt covenants as of April 30, 2003.

Operating Activities

Operating activities provided $18.8 million for the six months ended April 30, 2003. A net reduction in operating assets and liabilities provided $10.7 million. The remainder of the increase was due to net income adjusted for non-cash costs such as depreciation, amortization and the cumulative effect of a change in accounting principle. For the six months ended April 30, 2002, operating activities provided $25.8 million. The primary difference between the periods is due to the use of cash during the first quarter of 2003 due to increases in operating assets such as accounts receivable and inventories.

Investing Activities

Cash used for the purchase of property, plant and equipment during the first six months of fiscal 2003 was $2.8 million, as compared to $9.0 million for the same period in fiscal 2002. The majority of our 2003 capital expenditures were to increase our manufacturing capabilities available for the manufacture of electrical power control modules. These modules are provided to the oil and gas industry for use on offshore platforms. During 2002, we completed a new facility in Northlake, IL for the manufacture of our isolated phase bus duct product line. The expansion of our North Canton, OH facility, which is used in the manufacture of electrical power products, was also completed. These expansions during 2002, as well as capital expenditures to support process improvements throughout our manufacturing operations, accounted for the increased capital expenditures in the first six months of 2002.

Financing Activities

Financing activities used $634 thousand in the first six months of fiscal 2003. Approximately $714 thousand was used for repayments on our long-term debt. Other financing activities were limited to the issuance of common stock and exercise of stock options. Net cash used in financing activities for the six months ended April 30, 2002 was $9.3 million. The decrease in cash used in financing activities during 2003 is due to lower levels of debt during the time period.

OUTLOOK FOR FISCAL 2003

Due to the current economic environment and the outlook for the markets we serve, we anticipate consolidated revenues to decline in 2003. We anticipate new investments in oil and gas facilities to strengthen our export sales during the coming year. However, additional investments in power generation facilities have already begun to soften in 2003.

For the third quarter of 2003, we expect earnings from continuing operations to range between $0.13 and $0.18 per diluted share. For the fiscal year 2003, we expect earnings from continuing operations to range between $0.60 and $0.75 per diluted share. Fiscal year 2003 revenue is expected to range between $240 million and $250 million.

We will continue to invest in our manufacturing capabilities and expect capital expenditures during fiscal year 2003 to range between $5.0 million and $8.0 million. Of this amount, approximately $4.0 million will be needed to complete a project to increase our manufacturing capacity available for the manufacture of electrical power control modules. This project was initiated during 2002 and will be completed in 2003.

As a result of our internal operating efficiencies, cost containment, and low levels of debt, we anticipate that our cash position will continue to grow during 2003. We believe that working capital, borrowing capabilities, and funds generated from operations should be sufficient to finance anticipated operational activities, capital improvements, debt repayment and possible future acquisitions for the foreseeable future.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires us to make estimates and judgments with respect to the selection and application of accounting policies that affect the reported amounts of assets, liabilities, revenues and expenses, and the disclosures of contingent assets and liabilities. We base our estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

We believe the following critical accounting policy has the greatest impact on the preparation of our consolidated financial statements.

Revenue Recognition

We recognize revenues from product sales upon transfer of title at the time of shipment or delivery according to terms of the contract, when all significant contractual obligations have been satisfied, the price is fixed or determinable, and collectibility is reasonably assured. Contract revenues are recognized on a percentage-of-completion basis primarily using the ratio of labor dollars or hours incurred to date to total estimated labor dollars or hours to measure the stage of completion. Contract costs include direct material and labor, and certain indirect costs. Revenues are not recognized on change orders until customer approval is obtained. Provisions for total estimated losses on uncompleted contracts are recorded in the period in which such losses are estimable. Conditions such as changes in job performance, job conditions, estimated contract costs and profitability may result in revisions to original assumptions in the period in which the change becomes evident. Thus, actual results could differ from original assumptions, resulting in a different outcome for profits or losses than anticipated.

Part 1

Item 3

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to certain market risks arising from transactions we have entered into in the normal course of business. These risks primarily relate to fluctuations in interest rates, foreign exchange rates, and commodity prices.

We manage our exposure to changes in interest rates by optimizing the use of variable and fixed rate debt and an interest rate hedge. A 1.0% increase in interest rates would result in an annual increase in interest expense of less than $100 thousand. We believe that changes in interest rates will not have a material near-term impact on our future earnings or cash flows.

We manage our exposure to changes in foreign exchange rates primarily through arranging compensation in U.S. dollars. Risks associated with changes in commodity prices are primarily managed through utilizing contracts with suppliers. Risks related to foreign exchange rates and commodity prices are monitored and actions could be taken to hedge these risks in the future. We believe that fluctuations in foreign exchange rates and commodity prices will not have a material near-term effect on our future earnings and cash flows.

Part 1
Item 4

CONTROLS AND PROCEDURES

Our Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-4(c) and 15d-14(c) of the Securities Exchange Act of 1934, as amended) as of a date ("Evaluation Date") within 90 days prior to the filing date of this quarterly report. Based on such evaluation, our CEO and CFO have each concluded that as of the Evaluation Date, our disclosure controls and procedures were effective to ensure that information required to be disclosed by us in reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms. There were no significant changes in our internal controls or in other factors that could significantly affect the internal controls subsequent to the Evaluation Date.

Part II

OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is a party to disputes arising in the ordinary course of business. Management does not believe that the ultimate outcome of these disputes will materially affect the financial position or results of operations of the Company.

ITEM 2. Changes in Securities and Use of Proceeds

None

ITEM 3. Defaults Upon Senior Securities

Not applicable

ITEM 4. Submission of Matters to a Vote of Security Holders

At the annual meeting of stockholders of the Company held on March 7, 2003, James F. Clark, Stephen W. Seale, Jr. and Robert C. Tranchon were elected as directors of the Company with terms ending in 2006. The directors continuing in office after the meeting are Joseph L. Becherer, Eugene L. Butler, Thomas W. Powell, Lawrence R. Tanner and Ronald J. Wolny. As to each nominee for director, the number of votes cast for or withheld, as well as the number of abstentions and broker non-votes, were as follows:

Nominee	Votes Cast For	Votes Cast Against	Votes Withheld	Abstentions	Non-Votes
James F. Clark	8,732,583	44,876	--	--	1,802,742
Stephen W. Seale, Jr.	8,712,022	65,437	--	--	1,802,742
Robert C. Tranchon	8,703,391	74,068	--	--	1,802,742

At the annual meeting, the stockholders also approved and ratified the actions of the directors and officers of the Company during fiscal 2002 as the acts of the Company. The number of votes cast for, against, or withheld, as well as the number of abstentions and broker non-votes, with respect to such matter was as follows:

Votes Cast For	Votes Cast Against	Votes Withheld	Abstentions	Non-Votes

8,769,504
7,955 -- -
-
1,802,742

ITEM 5. Other Information

None

ITEM 6. Exhibits and Reports on Form 8-K

a. Exhibits

99.1 - Certification Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

99.2 - Certification Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

b. Reports on Form 8-K

Form 8-K filed on May 15, 2003.

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.

POWELL INDUSTRIES, INC.
Registrant

May 30, 2003	/s/ THOMAS W. POWELL
Date	Thomas W. Powell President and Chief Executive Officer (Principal Executive Officer)
May 30, 2003	/s/ DON R. MADISON
Date	Don R. Madison Vice President and Chief Financial Officer (Principal Financial Officer)

CERTIFICATION

I, Thomas W. Powell, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Powell Industries, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 30, 2003

/s/ THOMAS W. POWELL

Thomas W. Powell,
President and Chief Executive Officer
(Principal Executive Officer)

CERTIFICATION

I, Don R. Madison, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Powell Industries, Inc.;

2. Based on my knowledge, this quarterly report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this quarterly report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have:

   a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this quarterly report is being prepared;

   b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this quarterly report (the "Evaluation Date"); and

   c) presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this quarterly report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: May 30, 2003

/s/ DON R. MADISON

Don R. Madison
Vice President and Chief Financial Officer
(Principal Financial and Accounting Officer)

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION
99.1	- Certification Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.2	- Certification Pursuant to Section 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

EXHIBIT 99.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report (the "Report") of Powell Industries, Inc. (the "Company") on Form 10-Q for the period ended April 30, 2003 as filed with the Securities and Exchange Commission on the date hereof, I, Thomas W. Powell, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Date: May 30, 2003

/s/ THOMAS W. POWELL

Thomas W. Powell
President and Chief Executive Officer

EXHIBIT 99.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report (the "Report") of Powell Industries, Inc. (the "Company") on Form 10-Q for the period ended April 30, 2003 as filed with the Securities and Exchange Commission on the date hereof, I, Don R. Madison, Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly represents, in all material respects, the financial condition and results of operations of the Company.

Date: May 30, 2003

/s/ DON R. MADISON

Don R. Madison
Vice President and Chief Financial Officer