FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

(Mark one)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For Quarterly Period Ended June 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 1-8462

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

DELAWARE	16-1194720
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
20 FLORENCE AVENUE, BATAVIA, NEW YORK	14020
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including Area Code - 585-343-2216

(Former name, former address and former fiscal year, if changed since last report.)

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

Yes __X__ No _____

Indicate by check mark whether the registrant is an accelerated filer (as defined by Rule 12b-2 of the Act).

Yes __ __ No __X__

As of July 25, 2003, there were outstanding 1,626,756 shares of common stock, $.10 per share.

GRAHAM CORPORATION AND SUBSIDIARIES

FORM 10-Q

JUNE 30, 2003

PART I - FINANCIAL INFORMATION

Unaudited consolidated financial statements of Graham Corporation (the Company) and its subsidiaries as of June 30, 2003 and for the three month periods ended June 30, 2003 and 2002 are presented on the following pages. The financial statements have been prepared in accordance with the Company's usual accounting policies, are based in part on approximations and reflect all normal and recurring adjustments which are, in the opinion of management, necessary to a fair presentation of the results of the interim periods. The March 31, 2003 Consolidated Balance Sheet was derived from the Company's audited financial statements for the year ended March 31, 2003.

This part also includes management's discussion and analysis of the Company's financial condition as of June 30, 2003 and its results of operations for the three month period then ended.

GRAHAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

<TABLE>
<CAPTION>

<S>	June 30, 2003 <C>	March 31, 2003 <C>
Assets		
Current Assets:		
Cash and equivalents	$ 318,000	$ 217,000
Investments	4,467,000	6,446,000
Trade accounts receivable, net	5,977,000	7,295,000
Inventories	9,818,000	10,341,000
Domestic and foreign income taxes receivable	199,000	259,000
Deferred income tax asset	2,199,000	1,846,000
Prepaid expenses and other current assets	676,000	367,000
	23,654,000	26,771,000
Property, plant and equipment, net	9,676,000	9,808,000
Deferred income tax asset	1,413,000	1,610,000
Other assets	85,000	91,000
	$ 34,828,000	$ 38,280,000

</TABLE>

GRAHAM CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Concluded)

<TABLE>
<CAPTION>

<S>	June 30, 2003 <C>	March 31, 2003 <C>
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term debt	$ 1,814,000	$ 1,524,000
Current portion of long-term debt	66,000	80,000
Accounts payable	2,416,000	4,629,000
Accrued compensation	2,788,000	3,283,000
Accrued expenses and other liabilities	2,132,000	2,344,000
Customer deposits	2,227,000	2,132,000
	11,443,000	13,992,000
Long-term debt	127,000	127,000
Accrued compensation	243,000	244,000
Deferred income tax liability	51,000	49,000
Other long-term liabilities	60,000	76,000
Accrued pension liability	1,976,000	1,761,000
Accrued postretirement benefits	2,689,000	3,238,000
Total liabilities	16,589,000	19,487,000
Shareholders' equity:		
Preferred stock, $1 par value - Authorized, 500,000 shares		
Common stock, $.10 par value - Authorized, 6,000,000 shares Issued, 1,724,079 shares at June 30, 2003 and 1,716,572 shares at March 31, 2003	173,000	172,000
Capital in excess of par value	4,813,000	4,757,000
Retained earnings	18,027,000	18,767,000
Accumulated other comprehensive loss	(2,855,000)	(2,990,000)
	20,158,000	20,706,000
Less:		
Treasury stock (99,123 shares on June 30, 2003 and 68,323 shares on March 31, 2003)	(1,385,000)	(1,161,000)
Notes receivable from officers and directors	(534,000)	(752,000)
Total shareholders' equity	18,239,000	18,793,000
	$34,828,000	$38,280,000

</TABLE>

GRAHAM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

<TABLE>
<CAPTION>

<S>	Three Months ended June 30, 2003 <C>	2002 <C>
Net Sales	$ 8,435,000	$10,168,000
Cost and expenses:		
Cost of products sold	7,440,000	8,374,000
Selling, general and administrative	2,407,000	2,468,000

Interest expense	37,000	17,000
Other income	(522,000)	
	9,362,000	10,859,000
Loss before income taxes	(927,000)	(691,000)
Benefit for income taxes	(269,000)	(235,000)
Net loss	(658,000)	(456,000)
Retained earnings at beginning of period	18,767,000	18,888,000
Dividends	(82,000)	
Retained earnings at end of period	$18,027,000	$18,432,000
Per Share Data:		
Basic:		
Net loss	$(.40)	$(.27)
Diluted:		
Net loss	$(.40)	$(.27)

</TABLE>

GRAHAM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002
<S>	<C>	<C>
Operating activities:		
Net loss	$ (658,000)	$ (456,000)
Adjustments to reconcile net loss to net cash provided (used) by operating activities:		
Depreciation and amortization	240,000	218,000
(Increase) Decrease in operating assets:		
Accounts receivable	1,399,000	7,478,000
Inventory, net of customer deposits	737,000	171,000
Prepaid expenses and other current and non-current assets	(293,000)	(146,000)
Increase (Decrease) in operating liabilities:		
Accrued compensation, accrued pension liability, and accrued postemployment benefits	(336,000)	101,000
Domestic and foreign income taxes	61,000	(1,210,000)
Deferred income taxes	(129,000)	(6,000)
Total adjustments	(1,416,000)	3,903,000
Net cash provided (used) by operating activities	(2,074,000)	3,447,000

</TABLE>

GRAHAM CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (Concluded)

<TABLE>
<CAPTION>

	Three Months Ended June 30, 2003	Three Months Ended June 30, 2002
<S>	<C>	<C>
Investing activities:		
Purchase of property, plant and equipment	(58,000)	(145,000)
Collection of notes receivable from officers and directors	14,000	19,000
Purchase of investments	(1,500,000)	(8,462,000)
Redemption of investments at maturity	3,500,000	2,500,000
Net cash provided (used) by investing activities	1,956,000	(6,088,000)
Financing activities:		
Increase (Decrease) in short-term debt	209,000	(86,000)
Proceeds from issuance of long-term debt	5,350,000	
Principal repayments on long-term debt	(5,376,000)	(19,000)
Issuance of common stock	57,000	
Acquisition of treasury stock	(20,000)	
Net cash provided (used) by financing activities	220,000	(105,000)
Effect of exchange rate changes on cash	(1,000)	8,000
Net increase (decrease) in cash and equivalents	101,000	(2,738,000)
Cash and equivalents at beginning of period	217,000	2,901,000
Cash and equivalents at end of period	$ 318,000	$ 163,000

</TABLE>

GRAHAM CORPORATION AND SUBSIDIARIES
NOTES TO FINANCIAL INFORMATION
JUNE 30, 2003

NOTE 1 - INVENTORIES

Major classifications of inventories are as follows:

<TABLE>

<CAPTION>

	June 30, 2003	March 31, 2003
<S>	<C>	<C>
Raw materials and supplies	$ 1,819,000	$ 2,417,000
Work in process	12,630,000	14,968,000
Finished products	2,901,000	1,937,000
	17,350,000	19,322,000
Less - progress payments	7,444,000	8,907,000
- inventory reserve	88,000	74,000
	$ 9,818,000	$10,341,000

</TABLE>

NOTE 2 - STOCK-BASED COMPENSATION

In 2003, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure". This standard provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. Additionally, the standard also requires prominent disclosures in the Company's financial statements about the method of accounting used for stock-based employee compensation, and the effect of the method used when reporting financial results.

The Company accounts for stock-based compensation in accordance with SFAS No. 123, "Accounting for Stock-Based Compensation". As permitted by SFAS No. 123, the Company continues to measure compensation for such plans using the intrinsic value based method of accounting, prescribed by Accounting Principles Board (APB), Opinion No. 25, "Accounting for Stock Issued to Employees". Accordingly, compensation cost for stock options is measured as the excess, if any, of the quoted market price of the Company's stock at the date of grant over the amount an employee must pay to acquire the stock. Compensation cost for share equivalent units is recorded based on the quoted market price of the Company's stock at the end of the period.

Under the intrinsic value method, no compensation expense has been recognized for the Company's stock option plans. Had compensation cost for the Company's stock option plans been determined based on the fair value at the grant date for awards under those plans in accordance with the optional methodology prescribed under SFAS No. 123, the Company's net loss and net loss per share would have been the pro forma amounts indicated below:

<TABLE>
<CAPTION>

		Three months ended June 30, 2003	2002
<S>		<C>	<C>
Net loss as reported		$(658,000)	$(456,000)
Stock-based employee compensation cost net of related tax benefits		(11,000)	(1,000)
Pro forma net loss		$(669,000)	$(457,000)
Basic loss per share	As reported	$(.40)	$(.27)
	Pro forma	$(.41)	$(.28)
Diluted loss per share	As reported	$(.40)	$(.27)
	Pro forma	$(.41)	$(.28)

</TABLE>

For purposes of the disclosure above, the fair value of each option grant is estimated on the date of the grant using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in 2003 and 2002:

	2003	2002
Expected life	5 years	5 years
Volatility	50.06%	50.00%
Risk-free interest rate	2.25%	2.81%
Dividend yield	2.40%	2.35%

NOTE 3 - EARNINGS (LOSS) PER SHARE:

Basic earnings (loss) per share is computed by dividing net income (loss) by the weighted average number of common shares outstanding for the period. Common shares outstanding includes share equivalent units which are contingently issuable shares. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common and, when applicable, potential common shares outstanding during the period. A reconciliation of the numerators and denominators of basic and diluted earnings (loss) per share is presented below:

	Three months ended June 30, 2003	2002
Basic loss per share		
Numerator:		
Net loss	$ (658,000)	$ (456,000)
Denominator:		
Weighted common shares outstanding	1,619,000	1,648,000
Share equivalent units (SEU) outstanding	16,000	11,000
Weighted average shares and SEU's outstanding	1,635,000	1,659,000
Basic loss per share	$(.40)	$(.27)
Diluted loss per share		
Numerator:		
Net loss	$ (658,000)	$ (456,000)
Denominator:		
Weighted average common and potential common shares outstanding	1,635,000	1,659,000
Diluted loss per share	$(.40)	$(.27)

All options to purchase shares of common stock at various exercise prices were excluded from the computation of diluted loss per share as the effect would be antidilutive due to the net loss.

NOTE 4 - PRODUCT WARRANTY LIABILITY

The reconciliation of the changes in the product warranty liability is as follows:

	Three months ended June 30, 2003	2002
Balance at beginning of period	$ 592,000	$182,000
Expense for product warranties	75,000	200,000
Product warranty claims paid	(281,000)	(22,000)
Balance at end of period	$ 386,000	$360,000

NOTE 5 - CASH FLOW STATEMENT

Interest paid was $31,000 and $17,000 for the three months ended June 30, 2003 and 2002, respectively. In addition, income taxes paid (refunded) were $(202,000) and $981,000 for the three months ended June 30, 2003 and 2002, respectively.

Non-cash activities during the three months ended June 30, 2003 included capital expenditures totaling $11,000 which were financed through the issuance of capital leases and dividends of $82,000 which were recorded but not paid. There were no non-cash activities during the three months ended June 30, 2002.

NOTE 6 - COMPREHENSIVE INCOME

Total comprehensive loss was $523,000 and $271,000 for the three months ended June 30, 2003 and 2002, respectively. Other comprehensive income included foreign currency translation adjustments of $135,000 and $185,000 for the quarters ended June 30, 2003 and 2002, respectively.

NOTE 7 - OTHER INCOME

On February 4, 2003, the Employee Benefits Committee of the Board of Directors irrevocably terminated postretirement health care benefits for current U.S. employees, however, benefits payable to retirees of record on April 1, 2003 remained unchanged. As a result of the plan change, a curtailment gain of $522,000 was recognized. This gain is included in the caption "Other Income" in the Consolidated Statement of Operations and Retained Earnings.

NOTE 8 - SEGMENT INFORMATION

The Company's business consists of two operating segments based upon geographic area. The United States segment designs and manufactures heat transfer and vacuum equipment and the operating segment located in the United Kingdom manufactures vacuum equipment. Operating segment information is presented below:

<TABLE>
<CAPTION>

	Three months ended June 30, 2003	2002
<S>	<C>	<C>
Sales to external customers		
U.S.	$7,611,000	$ 8,995,000
U.K.	824,000	1,173,000
Total	$8,435,000	$10,168,000
Intersegment sales		
U.S.	$ 28,000	$ 20,000
U.K.	341,000	419,000
Total	$ 369,000	$ 439,000

Segment net loss		
U.S.	$ (512,000)	$ (566,000)
U.K.	(298,000)	(13,000)
Total	$ (810,000)	$ (579,000)

</TABLE>

The segment net loss above is reconciled to the consolidated totals as follows:

<TABLE>

<S>	<C>	<C>
Total segment net loss	$ (810,000)	$ (579,000)
Eliminations	152,000	123,000
Net loss	$ (658,000)	$ (456,000)

</TABLE>

NOTE 9 - RELATED PARTY TRANSACTION

On April 1, 2003, the Company acquired 30,800 shares of common stock previously issued under the Long-Term Stock Ownership Plan from two former officers. This transaction was accounted for as a purchase. The shares were redeemed at the original issue price of $7.25, as compared to a market price at the time of the closing of $7.55. This transaction resulted in a $224,000 increase to treasury stock, a $204,000 reduction in notes receivable from officers and directors and cash payments to former officers. The cash payments approximate amounts previously paid on the notes.

GRAHAM CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS
June 30, 2003

Graham Corporation consists of two operating segments as determined by geographic areas (USA: Graham Corporation, UK: Graham Vacuum and Heat Transfer, Limited and its wholly-owned subsidiary, Graham Precision Pumps, Ltd.).

Certain statements contained in this document, including within this Management's Discussion and Analysis of Financial Condition and Results of Operations, that are not historical facts, constitute "Forward-Looking Statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements, in general, predict, forecast, indicate or imply future results, performance or achievements and generally use words so indicative. The Company wishes to caution the reader that numerous important factors which involve risks and uncertainties, including but not limited to economic, competitive, governmental and technological factors affecting the Company's operations, markets, products, services and prices, and other factors discussed in the Company's filings with the Securities and Exchange Commission, in the future, could affect the Company's actual results and could cause its actual consolidated results to differ materially from those expressed in any forward-looking statement made by, or on behalf of, the Company.

Results of Operations
- ---------------------

Consolidated sales decreased 17% in the first quarter of fiscal year ending (FYE) March 31, 2004 compared to the same three month period one year ago. Sales from USA and UK operations for the current quarter (including intersegment sales) decreased 15% and 27%, respectively. The decreases are attributable to fewer shippable goods and, in addition, in the USA, fewer workable contracts qualifying for percentage-of-completion revenue recognition. Consolidated backlog on April 1, 2003 was 26% less than the backlog at April 1, 2002 due to fewer new orders booked in FYE 2003.

Cost of sales as a percent of sales for the first quarter was 88% compared to 82% a year ago. Costs of sales as a percent of sales for the USA operating segment for the current quarter was 91% compared to 88% for the quarter ended June 30, 2002. For the UK operating segment, cost of sales as a percent of sales increased to 92% from 69% a year ago. UK cost of sales as a percent of sales increased largely due to a decrease in sales dollars greater than a proportionate decrease in manufacturing costs. USA manufacturing costs as a percent of sales increased due to lower sales, product specification complexities and less overhead cost absorbed into inventory due to lower plant activity.

Selling, general and administrative (SG&A) expenses for the quarter were 2% less than SG&A expenses and for the quarter ended June 30, 2002.

Results of Operations (concluded)
- ---------------------

The elimination of postretirement medical benefits in FYE 2003 for all employees and former employees not retired and receiving medical benefits as of April 1, 2003 resulted in a curtailment gain of $522,000. This gain is reported as Other Income for the current quarter. Other Income for the three months ended June 30, 2002 was zero.

Interest expense increased from $17,000 for the three month period in fiscal year 2002 to $37,000 in the current period. This increase is attributable to higher levels of borrowings in both the USA and UK. Average borrowings during the first quarter of FYE 2004 and 2003 were $2,673,000 and $1,433,000, respectively. Borrowings in the USA were greater due to fewer advanced progress payments on new orders. Borrowings in the UK increased due to financing working capital needs.

The effective income tax rate for the first quarter was 29% compared with the quarter ended June 30, 2002 of 34%. The lower effective rate is due to the anticipated impact of the extra territorial income exclusion benefit from foreign shipments.

The net loss for the quarter ended June 30, 2003 was $658,000 or $.40 per diluted share. This compared to a net loss of $456,000 or $.27 per share for the three months ended June 30, 2002.

Liquidity and Capital Resources

Consolidated cash flow from operations was negative $2,074,000 for the three months ended June 30, 2003 as compared to a positive cash flow from operations of $3,447,000 for the quarter ended June 30, 2002. The swing of $5,521,000 is substantially due to reduced cash collections of $6,079,000 in the current quarter. The unusually large cash collections in the first quarter of FYE 2003 was due to significant project cancellation fees invoiced in the fourth quarter of FYE 2002.

Management expects that the cash flow from operations, investments, and lines of credit will provide sufficient resources to fund the fiscal year 2004 cash requirements.

The long-term debt to equity ratio remained constant at 1% on June 30, 2003 and March 31, 2003. The total liabilities to assets ratio is 48% compared to 51% at March 31, 2003. These ratios are reflective of the continued stability and strength of the Company's financial condition.

New Orders and Backlog

New orders for the first quarter were up 38% at $11,233,000 compared to $8,140,000 for the same period last year. Prior to intercompany eliminations, new orders in the United States were $10,353,000 compared to $7,105,000 for the same period in fiscal year 2003. New orders in the United Kingdom were $2,106,000 compared to $1,214,000 for the same quarter last year. The increase in new orders in both the USA and UK is due to improvement in foreign markets, such as China and India, in

specific under-capacity processing industries.

Backlog of unfilled orders at June 30, 2003 is $28,002,000 compared to $25,069,000 at March 31, 2003 and $31,896,000 at June 30, 2002. Prior to intercompany eliminations, current backlog in the United States of $27,268,000 compares to $24,475,000 at March 31, 2003 and $31,144,000 at June 30, 2002. Current backlog in the United Kingdom of $2,404,000 compares to $1,348,000 at March 31, 2003 and $869,000 at June 30, 2002. Included in the USA backlog is $5,286,000 of orders for electric power plant business that have been suspended by the customer. These orders are protected by cancellation fees. The current consolidated backlog, with the exception of about $7,186,000, is scheduled to be shipped during the next twelve months and represents orders from traditional markets in the Company's established product lines.

Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to changes in interest rates, foreign currency exchange rates and equity prices which may adversely impact its results of operations and financial position. The assumptions applied in preparing quantitative disclosures regarding interest rate, foreign exchange rate and equity price risk are based upon volatility ranges experienced in relevant historical periods, management's current knowledge of the business and market place, and management's judgment of the probability of future volatility based upon the historical trends and economic conditions of the business.

The Company is exposed to interest rate risk primarily through its borrowing activities. Risk associated with interest rate fluctuations on debt is managed by holding interest bearing debt to the absolute minimum and carefully assessing the risks and benefits for incurring long-term debt. Based upon variable rate debt outstanding at June 30, 2003 and 2002, a 1% change in interest rates would impact annual interest expense by $18,000 and $10,000, respectively.

Over the past three years, Graham's international consolidated sales exposure approximates 36% of annual sales. Operating in world markets involves exposure to movements in currency exchange rates. Currency movements can affect sales in several ways. Foremost is the ability to competitively compete for orders against competition having a relatively weaker currency. Business lost due to this cannot be quantified.

Secondly, cash can be adversely impacted by the conversion of sales in foreign currency to local currency. The substantial portion of Graham's sales is collected in the local currencies. In the first quarters of both 2004 and 2003, sales in foreign currencies were 2% of total sales. At certain times, the Company may enter into forward foreign exchange agreements to hedge its exposure against unfavorable changes in foreign currency values on significant sales contracts negotiated in foreign currencies.

Quantitative and Qualitative Disclosures about Market Risk (concluded)
- ---

Graham has limited exposure to foreign currency purchases. During the three month periods ended June 30, 2003 and 2002, purchases in foreign currencies were 7% and 8% of cost of goods sold, respectively. At certain times, forward foreign exchange contracts may be utilized to limit currency exposure.

Foreign operations produced a net loss of $298,000 and $13,000 in the first quarter of fiscal year 2004 and 2003, respectively. As currency exchange rates change, translations of the income statements of our U.K. business into U.S. dollars affects year-over-year comparability of operating results. The Company does not hedge translation risks because cash flows from U.K. operations are mostly reinvested in the U.K. A 10% change in foreign exchange rates would have impacted the U.K. reported net loss by approximately $30,000 and $1,000 in the first quarter of fiscal year 2004 and 2003, respectively.

The Company has a Long-Term Incentive Plan which provides for awards of share equivalent units (SEU) for outside directors based upon the Company's performance. The outstanding SEUs are recorded at fair market value thereby exposing the Company to equity price risk. Gains and losses recognized due to market price changes are included in the quarterly results of operations. Based upon the SEUs outstanding at June 30, 2003 and 2002 and the respective quarter end market price per share, a 50% to 75% change in the respective quarter end market price of the Company's common stock would positively or negatively impact the Company's first quarter operating results by $71,000 to $106,000 for FYE 2004 and $74,000 to $111,000 for FYE 2003. In the first quarters of FYE 2004 and FYE 2003, the impact on net income due to the change in the stock price was not significant. Assuming required net income of $500,000 to award SEUs is met and SEUs are granted to the seven outside directors in accordance with the plan over the next five years, based upon the June 30, 2003 market price of the Company's stock of $8.60 per share, a 50% to 75% change in the stock price would positively or negatively impact the Company's operating results by $125,000 to $250,000 in 2005, $143,000 to $285,000 in 2006, $156,000 to $312,000 in 2007, $170,000 to $339,000 in 2008 and $174,000 to $347,000 in 2009.

Critical Accounting Policies
- ----------------------------

The following discussion addresses the most critical accounting policies, which are those that are most important to the portrayal of the financial condition and results, and that require judgment.

Revenue Recognition
- -------------------

Percentage-of-Completion - The Company recognizes revenue and all related costs on contracts with a duration in excess of three months and with revenues of $1,000,000 and greater using the percentage-of-completion method. The percentage-of-completion is determined by relating actual labor incurred to-date to management's estimate of total labor to be incurred on each contract. Contracts in progress are reviewed monthly, and

Critical Accounting Policies (concluded)
- ----------------------------

sales and earnings are adjusted in current accounting periods based on revisions in contract value and estimated costs at completion.

Completed Contract - Contracts with values less than $1,000,000 are accounted for on the completed contract method. The Company recognizes revenue and all related costs on these contracts upon substantial completion or shipment to the customer. Substantial completion is consistently defined as at least 95% complete with regard to direct labor hours. Customer acceptance is generally required throughout the construction process and the Company has no further obligations under the contract after the revenue is recognized.

Use of Estimates - We have made a number of estimates and assumptions relating to the reporting of assets and liabilities, the disclosure of contingent assets and liabilities, and reported amounts of revenue and expenses in preparing our financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from these estimates.

Forward Looking
- ---------------

Graham is beginning to see early signs of a potential global recovery for its core products. Assisting this recovery is the weakness in the US dollar and the decrease in the Pound Sterling compared to the Euro. Still, there are areas of difficulty ahead. Competitive pricing pressures on new orders remain ferocious.

GRAHAM CORPORATION AND SUBSIDIARIES
FORM 10-Q
JUNE 30, 2003
PART II - OTHER INFORMATION

Item 4. Controls and Procedures

a. Disclosure controls and procedures. Within 90 days before filing this report, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures. Our disclosure controls and procedures are the controls and other procedures that we designed to ensure that we record, process, summarize and report in a timely manner the information we must disclose in reports that we file with or submit to the SEC. Alvaro Cadena, our Chief Executive Officer, and J. Ronald Hansen, our Chief Financial Officer, reviewed and participated in this evaluation. Based on this evaluation, Messrs. Cadena and Hansen concluded that, as of the date of their evaluation, our disclosure controls were effective.

b. Internal controls. Since the date of the evaluation described above, there have not been any significant changes in our internal accounting controls or in other factors that could significantly affect those controls.

Item 5. Other Information

a. The Company's chief executive officer and chief financial officer have furnished to the SEC the certification with respect to this Form 10-Q that is required by Section 906 of the Sarbanes-Oxley Act of 2002.

Item 6. Exhibits and Reports on Form 8-K

a. See index to exhibits.

b. A Form 8-K was filed on June 10, 2003 and included Items 7 and 9. No financial statements were required to be filed as part of the report.

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.

GRAHAM CORPORATION

/s/J. Ronald Hansen

J. Ronald Hansen
Vice President Finance and Administration / CFO (Principal Accounting Officer)

Date 7/25/03

INDEX OF EXHIBITS

(2) Plan of acquisition, reorganization, arrangement, liquidation or succession

Not applicable.

(4) Instruments defining the rights of security holders, including indentures

(a) Equity securities

The instruments defining the rights of the holders of Registrant's equity securities are as follows:

Certificate of Incorporation, as amended of Registrant (filed as Exhibit 3(a) to the Registrant's annual report on Form 10-K for the fiscal year ended December 31, 1989, and incorporated herein by reference.)

By-laws of registrant, as amended (filed as Exhibit 3.2(ii) to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

Stockholder Rights Plan of Graham Corporation (filed as Item 5 to Registrant's current report filed on Form 8-K on August 23, 2000 and Registrant's Form 8-A filed on September 15, 2000, and incorporated herein by reference).

(b) Debt securities

Not applicable.

(10) Material Contracts

1989 Stock Option and Appreciation Rights Plan of Graham Corporation (filed on the Registrant's Proxy Statement for its 1990 Annual Meeting of Stockholders and incorporated herein by reference.)

1995 Graham Corporation Incentive Plan to Increase Shareholder Value (filed on the Registrant's Proxy Statement for its 1996 Annual Meeting of Stockholders and incorporated herein by reference.)

Graham Corporation Outside Directors' Long-Term Incentive Plan (filed as Exhibit 10.3 to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

2000 Graham Corporation Incentive Plan to Increase Shareholder Value (filed on the Registrant's Proxy Statement for its 2001 Annual Meeting of Stockholders and incorporated herein by reference).

Employment Contracts between Graham Corporation and Named Executive Officers (filed as Exhibit 10.4 to the

Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

Senior Executive Severance Agreements with Named Executive Officers (filed as Exhibit 10.5 to the Registrant's annual report on Form 10-K for the fiscal year ended March 31, 1998, and is incorporated herein by reference.)

Long-Term Stock Ownership Plan of Graham Corporation (filed on the Registrant's Proxy Statement for its 2000 Annual Meeting of Stockholders and incorporated herein by reference.)

(11) Statement re-computation of per share earnings

Computation of per share earnings is included in Note 3 of the Notes to Financial Information.

(15) Letter re-unaudited interim financial information

Not applicable.

(18) Letter re-change in accounting principles

Not Applicable.

(19) Report furnished to security holders

None.

(22) Published report regarding matters submitted to vote of security holders

None.

(23) Consents of experts and counsel

Not applicable.

(24) Power of Attorney

Not applicable.

(31) Rule 13a-14(a)/15d-14a Certifications

(32) Section 1350 Certifications

(99) Additional exhibits

Exhibit 31.1

CERTIFICATION OF
CHIEF EXECUTIVE OFFICER

I, Alvaro Cadena, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Graham Corporation;

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-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 quarterly report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   c) Disclosed in this quarterly 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 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;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of 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: July 25, 2003

/s/ Alvaro Cadena
Alvaro Cadena

President and
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF
CHIEF FINANCIAL OFFICER

I, J. Ronald Hansen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Graham Corporation;

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-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 quarterly report is being prepared;

   b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this quarterly report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this quarterly report based on such evaluation; and

   c) Disclosed in this quarterly 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 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;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of the internal control over financial reporting, to the registrant's auditors and the audit committee of 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: July 25, 2003

/s/ J. Ronald Hansen
J. Ronald Hansen
Vice President-Finance &
Administration
Chief Financial Officer

Exhibit 32.1

GRAHAM CORPORATION AND SUBSIDIARIES

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 of Graham Corporation (the "Company") on Form 10-Q for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Alvaro Cadena, President and Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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 presents, in all material respects, the financial condition and results of operations of the Company.

July 25, 2003	/s/ Alvaro Cadena
Date	Alvaro Cadena President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to Graham Corporation and will be retained by Graham Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

GRAHAM CORPORATION AND SUBSIDIARIES

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 of Graham Corporation (the "Company") on Form 10-Q for the period ending June 30, 2003 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, J. Ronald Hansen, Vice President-Finance and Administration and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 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 presents, in all material respects, the financial condition and results of operations of the Company.

July 25, 2003	/s/ J. Ronald Hansen
Date	J. Ronald Hansen Vice President-Finance and Administration and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to Graham Corporation and will be retained by Graham Corporation and furnished to the Securities and Exchange Commission or its staff upon request.