

PIONEER POWER SOLUTIONS, INC.
Form 10-Q/A
September 14, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q/A

(Amendment No. 1)

(Mark One)

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

For the quarterly period ended: June 30, 2012

OR

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

Commission file number: 333-155375

PIONEER POWER SOLUTIONS, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State of incorporation)

27-1347616
(I.R.S. Employer Identification No.)

400 Kelby Street, 9th Floor
Fort Lee, New Jersey 07024
(Address of principal executive offices)

(212) 867-0700
(Registrant's telephone number, including area code)

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 R No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes Q No

Edgar Filing: PIONEER POWER SOLUTIONS, INC. - Form 10-Q/A

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

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

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

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

Class	Outstanding at August 13, 2012
Common Stock, \$0.001 par value	5,907,255

PIONEER POWER SOLUTIONS, INC.
TABLE OF CONTENTS

	Page
PART I. FINANCIAL INFORMATION	
Item 1. Financial Statements	
Consolidated Statements of Earnings for the Three and Six Months Ended June 30, 2012 and 2011	1
Consolidated Statements of Comprehensive Income for the Three and Six Months Ended June 30, 2012 and 2011	2
Consolidated Balance Sheets at June 30, 2012 and December 31, 2011	3
Consolidated Statements of Cash Flows for the Six Months Ended June 30, 2012 and 2011	4
Notes to Consolidated Financial Statements	5
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	12
Item 4. Controls and Procedures	18
PART II. OTHER INFORMATION	
Item 6. Exhibits	18

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

PIONEER POWER SOLUTIONS, INC.
Consolidated Statements of Earnings
(In thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Revenues	\$21,820	\$16,412	\$42,137	\$32,138
Cost of goods sold	17,056	12,860	32,783	24,265
Gross profit	4,764	3,552	9,354	7,873
Operating expenses				
Selling, general and administrative	3,310	2,507	6,551	5,095
Foreign exchange (gain) loss	(14)	5	(86)	(12)
Total operating expenses	3,296	2,512	6,465	5,083
Operating income	1,468	1,040	2,889	2,790
Interest and bank charges	249	99	443	221
Other expense (income)	1	441	30	441
Earnings from continuing operations before income taxes	1,218	500	2,416	2,128
Provision for income taxes	358	65	697	528
Earnings from continuing operations	860	435	1,719	1,600
Earnings (loss) from discontinued operations, net of income taxes	(78)	(210)	(161)	(412)
Net earnings	\$782	\$225	\$1,558	\$1,188
Earnings from continuing operations per share:				
Basic	\$0.15	\$0.07	\$0.29	\$0.27
Diluted	\$0.15	\$0.07	\$0.29	\$0.27
Earnings per common share:				
Basic	\$0.13	\$0.04	\$0.26	\$0.20
Diluted	\$0.13	\$0.04	\$0.26	\$0.20
Weighted average common shares outstanding:				
Basic	5,907	5,907	5,907	5,907
Diluted	5,908	5,985	5,907	5,969

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

PIONEER POWER SOLUTIONS, INC.
 Consolidated Statements of Comprehensive Income
 (In thousands)
 (Unaudited)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2012	2011	2012	2011
Net earnings	\$782	\$225	\$1,558	\$1,188
Other comprehensive income, net of tax:				
Foreign currency translation adjustments	(231)	43	(103)	253
Amortization of net prior service costs and net actuarial losses	(65)	(45)	(9)	(26)
Other comprehensive income	(296)	(2)	(112)	227
Comprehensive income	\$486	\$223	\$1,446	\$1,415

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

PIONEER POWER SOLUTIONS, INC.
Consolidated Balance Sheets
(In thousands)

	June 30, 2012	December 31, 2011
ASSETS	(Unaudited)	
Current Assets		
Cash and cash equivalents	\$ 150	\$ 1,398
Accounts receivable	10,305	8,172
Inventories	15,235	13,711
Income taxes receivable	171	517
Deferred income taxes	600	753
Prepaid expenses and other current assets	701	421
Current assets of discontinued operations	240	457
Total current assets	27,402	25,429
Property, plant and equipment	10,798	9,983
Noncurrent deferred income taxes	1,096	679
Notes receivable	600	300
Intangible assets	5,441	5,585
Goodwill	6,861	6,862
Total assets	\$52,198	\$ 48,838
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Bank overdrafts	\$ 1,049	\$ -
Accounts payable and accrued liabilities	11,974	11,316
Current maturities of long-term debt and capital lease obligations	9,010	8,870
Income taxes payable	318	445
Current liabilities of discontinued operations	333	554
Total current liabilities	22,684	21,185
Long-term debt and capital lease obligations, net of current maturities	9,342	9,015
Pension deficit	581	569
Noncurrent deferred income taxes	3,244	3,301
Total liabilities	35,851	34,070
Shareholders' Equity		
Preferred stock, par value \$0.001; 5,000,000 shares authorized; none issued	-	-
Common stock, par value \$0.001; 30,000,000 shares authorized; 5,907,255 shares issued and outstanding	6	6
Additional paid-in capital	7,928	7,795
Accumulated other comprehensive income (loss)	(935)	(823)
Retained earnings	9,348	7,790
Total shareholders' equity	16,347	14,768
Total liabilities and shareholders' equity	\$52,198	\$ 48,838

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

PIONEER POWER SOLUTIONS, INC.
Consolidated Statements of Cash Flows
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2012	2011
Operating activities		
Net earnings (loss)	\$1,558	\$1,188
Depreciation	587	334
Amortization of intangibles	143	107
Deferred tax expense	(320)	(281)
Accrued pension	3	(36)
Stock-based compensation	133	126
Restructuring and asset impairment charges, discontinued operations	49	-
Changes in current operating assets and liabilities		
Accounts receivable, net	(2,153)	(152)
Inventories	(1,539)	(1,020)
Prepaid expenses and other current assets	(283)	(444)
Income taxes	224	97
Accounts payable and accrued liabilities	656	726
Discontinued operations assets and liabilities, net	(55)	(87)
Net cash provided by (used in) operating activities	(997)	558
Investing activities		
Additions to property, plant and equipment	(1,421)	(422)
Note receivable	(300)	-
Net cash used in investing activities	(1,721)	(422)
Financing activities		
Increase (decrease) in bank overdrafts	1,064	1,441
Increase (decrease) in revolving credit facilities	392	2,009
Increase in long-term debt	1,074	10,269
Repayment of long-term debt and capital lease obligations	(982)	(340)
Net cash provided by (used in) financing activities	1,548	13,379
Increase (decrease) in cash and cash equivalents	(1,170)	13,515
Effect of foreign exchange on cash and cash equivalents	(78)	66
Cash and cash equivalents		
Beginning of year	1,398	516
End of period	\$150	\$14,097

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

1. Basis of Presentation

Unless the context requires otherwise, references in this Form 10-Q to the “Company,” “Pioneer,” “we,” “our” and “us” refer to Pioneer Power Solutions, Inc. and its subsidiaries, including Pioneer Electrogrouop Canada Inc., Pioneer Transformers Ltd., Bemag Transformer Inc., Jefferson Electric, Inc. and Pioneer Wind Energy Systems Inc.

These unaudited consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation. Certain prior year amounts have been reclassified to conform to the current year presentation, including amounts related to Pioneer Wind Energy Systems Inc. which are reported as discontinued operations.

These unaudited consolidated financial statements have been prepared pursuant to the rules of the Securities and Exchange Commission (“SEC”). Certain information and footnote disclosures, normally included in annual financial statements prepared in accordance with accounting principles generally accepted in the United States (“U.S. GAAP”), have been condensed or omitted pursuant to those rules and regulations. We believe that the disclosures made are adequate to make the information presented not misleading. In the opinion of management, all adjustments, consisting only of normal recurring adjustments, necessary to fairly state the financial position, results of operations and cash flows with respect to the interim consolidated financial statements have been included. The results of operations for the interim period are not necessarily indicative of the results for the entire fiscal year. The year-end balance sheet data was derived from audited financial statements, but does not include all disclosures required by U.S. GAAP.

These unaudited consolidated financial statements should be read in conjunction with the risk factors, audited consolidated financial statements and notes thereto of the Company and its subsidiaries included in its Annual Report on Form 10-K for the year ended December 31, 2011, which was filed with the SEC on March 30, 2012.

Reverse Stock Split

The Company’s board of directors authorized a one-for-five reverse stock split on June 1, 2011, which took effect on June 20, 2011. All share and related stock option and warrant information presented in these financial statements and accompanying footnotes has been retroactively adjusted to reflect the reduced number of shares resulting from this action.

2. Summary of Significant Accounting Policies