

PIONEER POWER SOLUTIONS, INC.

Form 10-Q

May 15, 2014

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2014

OR

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

Commission file number: 001-35212

PIONEER POWER SOLUTIONS, INC.

(Exact name of registrant as specified in its charter)

Delaware 27-1347616
(State of incorporation) (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 No

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

Yes No

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

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(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

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

Class	Outstanding at May 14, 2014
Common Stock, \$0.001 par value	7,172,255

PIONEER POWER SOLUTIONS, INC.

Form 10-Q

For the Quarter Ended March 31, 2014

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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 March 31,	
	2014	2013
Revenues	\$ 20,893	\$ 22,551
Cost of goods sold	15,973	17,470
Gross profit	4,920	5,081
Operating expenses		
Selling, general and administrative	3,969	3,521
Foreign exchange (gain) loss	(44)	61
Total operating expenses	3,925	3,582
Operating income	995	1,499
Interest expense	136	185
Other expense	2	93
Earnings before income taxes	857	1,221
Provision for income taxes	267	308
Net earnings	\$ 590	\$ 913
Earnings per common share:		
Basic	\$ 0.08	\$ 0.15
Diluted	\$ 0.08	\$ 0.15
Weighted average common shares outstanding:		
Basic	7,172	5,907
Diluted	7,249	5,919

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

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PIONEER POWER SOLUTIONS, INC.

Consolidated Statements of Comprehensive Income (Loss)

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Net earnings	\$ 590	\$ 913
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(676)	(134)
Amortization of net prior service costs and net actuarial losses	63	53
Other comprehensive loss	(613)	(81)
Comprehensive income (loss)	\$ (23)	\$ 832

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

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PIONEER POWER SOLUTIONS, INC.

Consolidated Balance Sheets

(In thousands)

	March 31, 2014 (Unaudited)	December 31, 2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ -	\$ 425
Accounts receivable, net	12,371	9,739
Inventories, net	13,393	12,643
Income taxes receivable	62	65
Deferred income taxes	2,188	1,982
Prepaid expenses and other current assets	1,373	1,291
Total current assets	29,387	26,145
Property, plant and equipment	11,796	12,213
Noncurrent deferred income taxes	1,067	1,091
Other assets	1,180	1,129
Intangible assets, net	5,162	5,285
Goodwill	7,950	7,998
Total assets	\$ 56,542	\$ 53,861
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Bank overdrafts	\$ 1,619	\$ -
Revolving credit facilities	1,614	795
Accounts payable and accrued liabilities	10,020	8,370
Current maturities of long-term debt and capital lease obligations	2,114	2,108
Income taxes payable	490	1,072
Total current liabilities	15,857	12,345
Long-term debt, net of current maturities	6,524	7,205
Pension deficit	107	213
Noncurrent deferred income taxes	3,248	3,306
Total liabilities	25,736	23,069
Shareholders' Equity		
Preferred stock, par value \$0.001; 5,000,000 shares authorized; none issued	-	-
	7	7

Common stock, par value \$0.001; 30,000,000 shares authorized; 7,172,255 shares issued and outstanding		
Additional paid-in capital	16,201	16,164
Accumulated other comprehensive loss	(2,042)	(1,429)
Retained earnings	16,640	16,050
Total shareholders' equity	30,806	30,792
Total liabilities and shareholders' equity	\$ 56,542	\$ 53,861

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

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PIONEER POWER SOLUTIONS, INC.

Consolidated Statements of Cash Flows

(In thousands)

(Unaudited)

	Three Months Ended March 31,	
	2014	2013
Operating activities		
Net earnings	\$ 590	\$ 913
Depreciation	325	288
Amortization of intangibles	79	71
Deferred tax expense	(237)	(195)
Accrued pension	(98)	(72)
Stock-based compensation	36	78
Foreign currency remeasurement gain	(117)	-
Changes in current operating assets and liabilities:		