

POWER SOLUTIONS INTERNATIONAL, INC.

Form 424B3

May 10, 2013

Table of Contents

Filed Pursuant to Rule 424(b)(3) and Rule 424(c)

Registration File Nos. 333-176653 and 333-174543

Prospectus Supplement No. 5

POWER SOLUTIONS INTERNATIONAL, INC.

1,461,340 Shares of Common Stock

This prospectus supplement no. 5 supplements the prospectus dated April 23, 2012, as supplemented by prospectus supplement no. 1 dated May 15, 2012 (Supplement No. 1), prospectus supplement no. 2 dated August 14, 2012 (Supplement No. 2) prospectus supplement no. 3 dated September 4, 2012 (Supplement No. 3) and prospectus supplement no. 4 dated November 11, 2012 (Supplement No. 4), which forms a part of each of our registration statements on Form S-1 (Registration File Nos. 333-176653 and 333-174543). This prospectus supplement is being filed to update and supplement the information included or incorporated by reference in the prospectus with the information contained in our quarterly report on Form 10-Q, filed with the Securities and Exchange Commission on May 10, 2013 (the Report). Accordingly, we have attached the Report to this prospectus supplement.

The prospectus and this prospectus supplement relate to the sale of up to 1,461,340 shares of Power Solutions International, Inc. common stock, par value \$0.001 per share, by the selling securityholders named in the Selling Securityholders section of the prospectus. We will not receive any proceeds from the sale of our shares by the selling securityholders.

Our common stock is quoted on the OTC Bulletin Board and the OTC Markets OTCQB tier under the symbol PSIX. On May 9, 2013, the last reported closing bid price of our common stock as reported on the OTC Bulletin Board was \$30.15 per share. These over-the-counter quotations reflect inter-dealer prices, without retail mark-up, mark-down or commission and may not necessarily represent actual transactions.

Investing in the securities involves a high degree of risk. You should read the prospectus, Supplement No. 1, Supplement No. 2, Supplement No. 3, Supplement No. 4, and this prospectus supplement carefully before you invest. See Risk Factors beginning on page 5 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities offered hereby or passed upon the adequacy or accuracy of this prospectus. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is May 10, 2013

Table of Contents

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended: March 31, 2013

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: 000-52213

Power Solutions International, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

33-0963637
(IRS Employer
Identification No.)

201 Mittel Drive

Wood Dale, IL
(Address of Principal Executive Offices)

60191
(Zip Code)

Registrant's telephone number, including area code: (630) 350-9400

(Former name or former address, 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 No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Website, 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

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

As of May 1, 2013, there were 9,216,621 outstanding shares of Common Stock, par value \$0.001, of the registrant.

Table of Contents

Table of Contents

POWER SOLUTIONS INTERNATIONAL, INC.

QUARTER ENDED MARCH 31, 2013

INDEX

<u>Part I. Financial Information</u>	3
Item 1. <u>Condensed Consolidated Financial Statements</u>	3
<u>Condensed Consolidated Balance Sheets as of March 31, 2013 (Unaudited) and December 31, 2012 (Unaudited)</u>	3
<u>Condensed Consolidated Statements of Operations for the three months ended March 31, 2013 (Unaudited) and</u>	
<u>March 31, 2012 (Unaudited)</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2013 (Unaudited) and March 31, 2012</u>	
<u>(Unaudited)</u>	5
<u>Notes to Condensed Consolidated Financial Statements (Unaudited)</u>	6
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	16
Item 4. <u>Controls and Procedures</u>	22
<u>Part II. Other Information</u>	22
Item 1. <u>Legal Proceedings</u>	22
Item 6. <u>Exhibits</u>	22
<u>Signatures</u>	23

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements**

POWER SOLUTIONS INTERNATIONAL, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

	March 31, 2013	December 31, 2012
(Dollar amounts in thousands, except per share amounts)		
ASSETS		
Current assets		
Cash	\$ 295	\$ 543
Accounts receivable, net	36,687	37,480
Inventories, net	41,546	39,968
Prepaid expenses and other current assets	1,568	1,910
Deferred income taxes	2,176	2,176
Total current assets	82,272	82,077
Property, plant & equipment, net	7,828	7,145
Other noncurrent assets	1,373	1,543
TOTAL ASSETS	\$ 91,473	\$ 90,765
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 22,107	\$ 26,579
Income taxes payable	1,988	1,074
Accrued liabilities	4,346	5,011
Total current liabilities	28,441	32,664
LONG-TERM OBLIGATIONS		
Revolving line of credit	31,945	30,942
Deferred income taxes	136	136
Private placement warrants	7,055	3,666
Other noncurrent liabilities	628	623
TOTAL LIABILITIES	68,205	68,031
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY		
Series A convertible preferred stock \$0.001 par value. Authorized: 114,000 shares. Issued and outstanding: -0- shares at March 31, 2013 and December 31, 2012.		
Common stock \$0.001 par value. Authorized: 50,000,000 shares. Issued: 10,047,546 and 9,909,212 shares at March 31, 2013 and December 31, 2012, respectively. Outstanding: 9,216,621 and 9,078,287 at March 31, 2013 and December 31, 2012, respectively.		
	10	10
Additional paid-in-capital	14,323	10,862
Retained earnings	13,185	16,112

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Treasury stock, at cost, 830,925 shares at March 31, 2013 and December 31, 2012.	(4,250)	(4,250)
TOTAL STOCKHOLDERS EQUITY	23,268	22,734
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 91,473	\$ 90,765

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

Table of Contents

POWER SOLUTIONS INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(Dollar amounts in thousands, except per share amounts)	Three months ended March 31, 2013	Three months ended March 31, 2012
Net sales	\$ 52,576	\$ 48,072
Cost of sales	43,407	39,843
Gross profit	9,169	8,229
Operating expenses:		
Research & development and engineering	1,771	1,727
Selling and service	1,880	1,702
General and administrative	2,438	1,764
Total operating expenses	6,089	5,193
Operating income	3,080	3,036
Other expense:		
Interest expense	194	227
Other expense, net	4,846	628
Total other expense	5,040	855
(Loss) income before income taxes	(1,960)	2,181
Income tax provision	967	1,031
Net (loss) income	\$ (2,927)	\$ 1,150
Weighted-average common shares outstanding:		
Basic	9,100,111	9,064,537
Diluted	9,100,111	9,064,537
(Loss) earnings per share basic		
Common shares	\$ (0.32)	\$ 0.13
(Loss) earnings per share diluted		
Common shares	\$ (0.32)	\$ 0.13

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

Table of Contents

POWER SOLUTIONS INTERNATIONAL, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	Three months ended March 31, 2013	Three months ended March 31, 2012
(Dollar amounts in thousands)		
Cash flows from operating activities		
Net (loss) income	\$ (2,927)	\$ 1,150
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation and amortization	364	232
Deferred income taxes		(308)
Equity based compensation expense	207	
Increase (decrease) in accounts receivable allowances	(16)	42
Increase in valuation of private placement warrants	4,846	593
Loss on disposal of assets		36
(Increase) decrease in operating assets:		
Accounts receivable	809	1,896
Inventories	(1,578)	(8,820)
Prepaid expenses and other current assets	503	(522)
Increase (decrease) in operating liabilities:		
Accounts payable	(4,852)	8,089
Accrued liabilities	(665)	(246)
Income taxes payable	914	1,184
Other noncurrent liabilities	14	(26)
Net cash (used in) provided by operating activities	(2,381)	3,300
Cash flows from investing activities		
Purchases of property, plant and equipment	(667)	(345)
Net cash used in investing activities	(667)	(345)
Cash flows from financing activities		
Decrease in cash overdraft		(3,780)
Advances from revolving line of credit-post March 20, 2012 amendment	27,503	561
Repayments of revolving line of credit-post March 20, 2012 amendment	(26,500)	(3,725)
Net change in revolving line of credit-prior to March 20, 2012 amendment		4,249
Payments on long-term debt and capital lease obligations		(6)
Proceeds from exercise of private placement warrants	1,797	
Cash paid for transaction and financing fees		(98)
Net cash provided by (used in) financing activities	2,800	(2,799)
Net change in cash	(248)	156
Cash at beginning of period	543	
Cash at end of period	\$ 295	\$ 156

Supplemental disclosures of cash flow information

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Cash paid for interest	\$	201	\$	189
Cash paid for income taxes		55		155
Supplemental disclosure of non-cash transactions				
Unpaid property, plant, equipment and other assets	\$	371	\$	75
Fair value of private placement warrants exercised		1,457		
Transaction fees				105

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

Table of Contents

POWER SOLUTIONS INTERNATIONAL, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

(Tabular dollar amounts in thousands, except per share amounts)

1. Description of the Company and business operations

Description of the company

Power Solutions International, Inc., a Delaware corporation, is the successor in a migratory merger to Power Solutions International, Inc., a Nevada corporation (Power Solutions International and PSI refer to Power Solutions International, Inc., a Nevada corporation, prior to the consummation of the migratory merger, and Power Solutions International, Inc., a Delaware corporation, following the consummation of the migratory merger).

Power Solutions International, Inc., a Nevada corporation, was formerly known as Format, Inc. (Format), and prior to the consummation of a reverse recapitalization, was engaged, to a limited extent, in EDGARizing corporate documents for filing with the Securities and Exchange Commission (SEC) and in providing limited commercial printing services. On April 29, 2011, Format consummated a reverse acquisition transaction with The W Group, Inc. and its subsidiaries (The W Group), and in connection with this transaction, Format changed its corporate name to Power Solutions International, Inc. The W Group remained as the surviving corporation of the reverse acquisition, becoming a wholly-owned subsidiary of Power Solutions International.

The W Group was the accounting acquiror in the reverse recapitalization with Format, Inc. Accordingly, with respect to the period prior to the reverse recapitalization, it is The W Group s historical financial position and results of operations that are presented in the unaudited condensed consolidated financial statements, with The W Group s historical equity restated to reflect the originally issued and outstanding equity of Format, plus the equity issued by Power Solutions International, pursuant to the reverse recapitalization.

Unless the context otherwise requires, the Company refers to The W Group prior to the closing of the reverse recapitalization on April 29, 2011, and Power Solutions International, Inc. as successor to the business of The W Group, following the completion of the reverse recapitalization.

Refer to Note 4, Reverse recapitalization of The W Group, private placement, reverse split and migratory merger, for further description of these transactions.

Nature of business operations

The Company is a global producer and distributor of a broad range of high performance, certified low emission, power systems for original equipment manufacturers of off-highway industrial equipment (industrial OEMs). The Company s customers include companies that are large, industry-leading and/or multinational organizations, and the Company is a sole source provider of alternative fuel power systems for most of its customers. The Company s products and services are sold predominantly to customers throughout North America, as well as, to customers located throughout Asia and Europe. The Company operates as one business and geographic segment.

The Company s power systems are highly engineered, comprehensive systems which, through its technologically sophisticated development and manufacturing processes, including its in-house design, prototyping, testing and engineering capabilities and its analysis and determination of the specific components to be integrated into a given power system (driven in large part by emission standards and cost restrictions required, or desired, to be met), allow the Company to provide to its customers power systems customized to meet specific industrial OEM application requirements, other technical specifications of customers, and requirements imposed by environmental regulatory bodies. The Company s power system configurations range from a basic engine integrated with appropriate fuel system components to completely packaged power systems that include any combination of cooling systems, electronic systems, air intake systems, fuel systems, housings, power takeoff systems, exhaust systems, hydraulic systems, enclosures, brackets, hoses, tubes and other assembled componentry. The Company purchases engines from third party suppliers and has recently begun producing an internally-designed engine, all of which engines are then integrated into the Company s power systems. Additionally, the Company has begun designing and developing other engines in-house. Of the other components that the Company integrates into its power systems, a substantial portion consist of internally designed components and components for which the Company coordinates significant design efforts with third party suppliers, with the remainder consisting largely of parts that are sourced off-the-shelf from third party suppliers. Some of the key components (including all of the engines) embody proprietary intellectual property of the