

CSP INC /MA/  
Form 10-Q  
August 10, 2012

United States  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 10-Q

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

For the Quarterly Period Ended June 30, 2012

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 0-10843

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CSP Inc.

(Exact name of Registrant as specified in its Charter)

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Massachusetts  
(State of incorporation)

04-2441294  
(I.R.S. Employer Identification No.)

43 Manning Road  
Billerica, Massachusetts 01821-3901  
(978) 663-7598  
(Address and telephone number of principal executive offices)

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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 the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting

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company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

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 August 7, 2012, the registrant had 3,428,676 shares of common stock issued and outstanding.

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## PART I. FINANCIAL INFORMATION

## Item 1. Financial Statements

CSP INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Amounts in thousands, except par value)

	June 30, 2012 (Unaudited)	September 30, 2011
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$18,037	\$15,874
Accounts receivable, net of allowances of \$181 and \$302	14,146	13,148
Inventories	6,378	6,777
Refundable income taxes	187	231
Deferred income taxes	104	158
Other current assets	3,136	1,690
Total current assets	41,988	37,878
Property, equipment and improvements, net	905	833
Other assets:		
Intangibles, net	513	574
Deferred income taxes	612	663
Cash surrender value of life insurance	3,127	2,918
Other assets	221	242
Total other assets	4,473	4,397
Total assets	\$47,366	\$43,108
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$14,477	\$12,103
Deferred revenue	3,722	2,937
Pension and retirement plans	672	709
Income taxes payable	226	121
Total current liabilities	19,097	15,870
Pension and retirement plans	8,835	9,056
Other long term liabilities	417	286
Total liabilities	28,349	25,212
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.01 par value per share; authorized, 7,500 shares; issued and outstanding 3,428 and 3,417 shares, respectively	34	34
Additional paid-in capital	10,882	10,880
Retained earnings	14,220	12,885

Accumulated other comprehensive loss	(6,119	)	(5,903	)
Total shareholders' equity	19,017		17,896	
Total liabilities and shareholders' equity	\$47,366		\$43,108	

See accompanying notes to unaudited consolidated financial statements.

CSP INC. AND SUBSIDIARIES  
 UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS  
 (Amounts in thousands, except for per share data)

	For the three months ended		For the nine months ended	
	June 30, 2012	June 30, 2011	June 30, 2012	June 30, 2011
<b>Sales:</b>				
Product	\$ 16,328	\$ 14,726	\$ 43,607	\$ 42,784
Services	6,026	4,063	18,869	14,261
Total sales	22,354	18,789	62,476	57,045
<b>Cost of sales:</b>				
Product	13,899	12,255	37,274	35,631
Services	3,226	2,913	10,435	9,016
Total cost of sales	17,125	15,168	47,709	44,647
Gross profit	5,229	3,621	14,767	12,398
<b>Operating expenses:</b>				
Engineering and development	444	442	1,301	1,460
Selling, general and administrative	3,580	3,450	10,828	10,135
Total operating expenses	4,024	3,892	12,129	11,595
Operating income (loss)	1,205	(271 )	2,638	803
<b>Other (expense):</b>				
Foreign exchange (loss)	(5 )	(9 )	(31 )	—
Other (expense), net	(27 )	(24 )	(71 )	(55 )
Total other (expense), net	(32 )	(33 )	(102 )	(55 )
Income (loss) before income taxes	1,173	(304 )	2,536	748
Income tax expense (benefit)	399	(90 )	859	287
Net income (loss)	\$ 774	\$ (214 )	\$ 1,677	\$ 461
Net income (loss) attributable to common stockholders	\$ 759	\$ (211		