

CSP INC /MA/
Form 10-Q
August 13, 2014

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 2014

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

CSP Inc.
(Exact name of Registrant as specified in its Charter)

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)

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

Large accelerated filer Accelerated filer

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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 6, 2014, the registrant had 3,609,648 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, 2014 (Unaudited)	September 30, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	\$16,450	\$18,619
Accounts receivable, net of allowances of \$226 and \$242	15,775	13,529
Inventories, net	6,868	4,791
Refundable income taxes	254	624
Deferred income taxes	1,144	1,313
Other current assets	2,561	2,042
Total current assets	43,052	40,918
Property, equipment and improvements, net	1,446	1,420
Other assets:		
Intangibles, net	578	410
Deferred income taxes	1,674	1,771
Cash surrender value of life insurance	2,763	2,481
Other assets	226	225
Total other assets	5,241	4,887
Total assets	\$49,739	\$47,225
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$11,073	\$10,503
Deferred revenue	5,523	3,816
Pension and retirement plans	768	746
Income taxes payable	—	60
Total current liabilities	17,364	15,125
Pension and retirement plans	8,680	8,660
Other long term liabilities	67	405
Total liabilities	26,111	24,190
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.01 par value per share; authorized, 7,500 shares; issued and outstanding 3,597 and 3,496 shares, respectively	36	35
Additional paid-in capital	11,402	11,137
Retained earnings	17,993	17,728
Accumulated other comprehensive loss	(5,803)	(5,865)
Total shareholders' equity	23,628	23,035
Total liabilities and shareholders' equity	\$49,739	\$47,225

See accompanying notes to unaudited consolidated financial statements.

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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, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Sales:				
Product	\$15,677	\$14,783	\$44,745	\$49,625
Services	6,959	4,250	20,126	16,101
Total sales	22,636	19,033	64,871	65,726
Cost of sales:				
Product	13,048	12,284	37,270	41,184
Services	3,474	2,914	11,705	10,763
Amortization of inventory step-up and intangibles	10	—	177	—
Total cost of sales	16,532	15,198	49,152	51,947
Gross profit	6,104	3,835	15,719	13,779