

CSP INC /MA/
Form 10-Q
August 14, 2017

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, 2017
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 04-2441294
(State of incorporation) (I.R.S. Employer Identification No.)
175 Cabot Street - Suite 210
Lowell, Massachusetts 01854
(978) 954-5038
(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, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer" "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

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

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 9, 2017, the registrant had 3,923,583 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, 2017 (Unaudited)	September 30, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 16,001	\$ 13,103
Accounts receivable, net of allowances of \$248 and \$240	20,307	18,997
Unbilled accounts receivable	832	567
Inventories, net	9,136	5,580
Deferred costs	2,215	635
Deferred income taxes	1,466	1,331
Other current assets	1,188	1,586
Total current assets	51,145	41,799
Property, equipment and improvements, net	1,547	1,680
Other assets:		
Intangibles, net	197	287
Deferred costs	26	18
Deferred income taxes	1,741	1,723
Cash surrender value of life insurance	3,264	3,015
Other assets	187	185
Total other assets	5,415	5,228
Total assets	\$ 58,107	\$ 48,707
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$ 19,484	\$ 11,932
Deferred revenue	6,189	4,704
Pension and retirement plans	523	581
Income taxes payable	331	166
Total current liabilities	26,527	17,383
Pension and retirement plans	13,605	13,441
Other long term liabilities	28	228
Total liabilities	40,160	31,052
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.01 par value per share; authorized, 7,500 shares; issued and outstanding 3,923 and 3,821 shares, respectively	40	39
Additional paid-in capital	13,440	12,924
Retained earnings	16,415	16,623
Accumulated other comprehensive loss	(11,948)	(11,931)

Total shareholders' equity	17,947	17,655
Total liabilities and shareholders' equity	\$ 58,107	\$ 48,707

See accompanying notes to unaudited consolidated financial statements.

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

	For the three months ended		For the nine months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Sales:				
Product	\$23,512	\$20,345	\$56,834	\$58,320
Services	7,020	6,567	18,930	19,407
Total sales	30,532	26,912	75,764	77,727
Cost of sales:				
Product	19,934	16,460	48,037	47,750
Services	3,797	3,247	10,779	11,249
Total cost of sales	23,731	19,707	58,816	58,999
Gross profit	6,801			