CSP INC /MA/
Form 10-Q
May 24, 2017
United States
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

#### FORM 10-Q

QUARTERLY REPORT PURSUANT TO x SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Quarterly Period Ended March 31, 2017 TRANSITION REPORT PURSUANT TO o 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 x No o.

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 x No o.

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 o Accelerated filer o

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

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Emerging growth company o

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. o

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

As of May 5, 2017, the registrant had 3,921,083 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)

A SSETS	March 31, 2017 (Unaudited	2016	80,
ASSETS Current assets:			
Cash and cash equivalents Accounts receivable, net of allowances of \$270 and \$240 Unbilled accounts receivable	\$ 11,038 23,364 954	\$ 13,103 18,997 567	
Inventories, net	6,489	5,580	
Deferred costs	1,718	635	
Deferred income taxes	1,331	1,331	
Other current assets	1,435	1,586	
Total current assets	46,329	41,799	
Property, equipment and improvements, net	1,553	1,680	
Other assets:			
Intangibles, net	227	287	
Deferred costs	26	18	
Deferred income taxes	1,668	1,723	
Cash surrender value of life insurance	3,216	3,015	
Other assets	178	185	
Total other assets	5,315	5,228	
Total assets	\$ 53,197	\$ 48,707	
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable and accrued expenses	\$ 14,548	\$ 11,932	
Deferred revenue	7,277	4,704	
Pension and retirement plans	518	581	
Income taxes payable	53	166	
Total current liabilities	22,396	17,383	
Pension and retirement plans	12,977	13,441	
Other long term liabilities	225	228	
Total liabilities	35,598	31,052	
Commitments and contingencies			
Shareholders' equity:			
Common stock, \$.01 par value per share; authorized, 7,500 shares; issued and outstanding	40	39	
3,918 and 3,821 shares, respectively			
Additional paid-in capital	13,278	12,924	
Retained earnings	16,150	16,623	
Accumulated other comprehensive loss	(11,869	(11,931	)

Total shareholders' equity 17,599 17,655
Total liabilities and shareholders' equity \$53,197 \$48,707

See accompanying notes to unaudited consolidated financial statements.

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# CSP INC. AND SUBSIDIARIES UNAUDITED CONSOLIDATED STATEMENTS OF INCOME

(Amounts in thousands, except for per share data)

For the tl	hree	For the six months		
months e	ended	ended		
March 31, March 31,		March 31 March 31,		
2017	2016	2017	2016	
\$18,684	\$ 20,972	\$33,322	\$ 37,975	
6,632	6,167	11,910	12,840	
25,316	27,139	45,232	50,815	
15,878	17,054	28,103	31,290	
3,743	3,752	6,982	8,002	
19,621	20,806	35,085	39,292	
	months e March 3 2017 \$18,684 6,632 25,316 15,878 3,743	2017 2016 \$18,684 \$20,972 6,632 6,167 25,316 27,139 15,878 17,054 3,743 3,752	months ended ended March 31March 31, March 32017 2016 2017 2016 \$18,684 \$20,972 \$33,322 6,632 6,167 11,910 25,316 27,139 45,232 15,878 17,054 28,103 3,743 3,752 6,982	

Gross profit 5,695