

# Corporate Fact Sheet

May 2006



Systems & Integration Solutions

## Corporate Profile

To meet the diverse requirements of its industrial, commercial, scientific and defense customers worldwide, CSPI and its subsidiaries develop and market best-of-breed IT solutions, systems integration services, and high-performance computer systems.

## Strategy

CSP Inc. has a five point strategy to grow the company:

- 1) develop architecturally superior high performance cluster computer systems based on open systems technologies
- 2) provide cutting-edge IT integration solutions for complex IT environments
- 3) leverage core competencies to extend key technologies to new growth markets like rugged Linux cluster systems
- 4) provide pipeline of innovative products to maintain strong relationships with customers
- 5) seek additional opportunities for growth through acquisitions and strategic partner

## Businesses

MODCOMP, Inc.

The Company's MODCOMP, Inc. subsidiary, founded in 1970 which includes the 2003 acquisition of Technisource, is a leading provider of IT solutions and systems integration services. MODCOMP works with third parties to develop customized solutions in the global IT markets and has offices in the U.S., U.K. and Germany.

CSP Inc., MultiComputer Division

The MultiComputer Division helps its customers solve high-performance computing problems in the defense market by supplying very dense and rugged cluster computer systems with powerful real-time I/O capabilities that require minimum physical space or power. These systems are used on land, airborne and shipboard platforms in a broad array of applications, including software defined radio, radar, sonar and surveillance signal processing.

## Highlights

CSP Inc. Reports Fourth-Quarter and Year-End Fiscal 2005 Financial Results

For the fourth quarter of fiscal 2005, CSP Inc. reported sales from continuing operations of \$13.1 million compared with \$14.2 million from continuing operations in the fourth quarter of fiscal 2004. CSP's fourth-quarter loss from continuing operations was \$445,000, or \$0.12 per diluted share, compared with income from continuing operations of \$491,000, or \$0.13 per diluted share, for the fourth quarter a year ago.

For the fiscal year ended September 30, 2005, CSP reported sales from continuing operations of \$57.5 million compared with sales of \$51.4 million from continuing operations for fiscal year 2004. For fiscal year 2005, income from continuing operations was \$770,000, or \$0.20 per diluted share, compared with income from continuing operation of \$1.3 million, or \$0.34 per diluted share, for the prior year.

## Highlights Continued

"During fiscal 2005, we made important investments in both our Service and Systems Integration segment and the Systems segment, attracted new customers to both businesses and grew sales by 12 percent for the full year. Significant investments in research and development at our MultiComputer business and in our direct sales force at our Systems and Solutions division primarily contributed to a year-over-year decline in operating income for fiscal 2005.

We are excited by our growth prospects in both of our business segments in fiscal 2006. We look forward to capitalizing on the demand for IT systems integration services and in continuing to grow our sales force to capture a greater share of the integrated IT solutions market. We expect that our investments in MultiComputer products that meet the specific needs of our defense customers will result in sales opportunities in fiscal 2006 and beyond," stated CSP President and CEO Alex Lupinetti.

CSP Inc. Announces FastCluster 3000 SERIES VXS Systems

April 24, 2006 - CSP Inc. MultiComputer Division announced the 3000 SERIES, its 2nd generation of FastCluster systems. Building upon the momentum of the 2000 SERIES, the new VXS systems deliver unrivaled performance in bi-section bandwidth and processing density while preserving absolute code reuse at the application layer. The 3000 SERIES is targeted to high performance digital signal processing (DSP), SIGINT, radar and sonar applications in airborne, shipboard and UAV platforms where space and power are at a premium.

CSP Inc. Delivers FastCluster 2000 SERIES Systems to Lockheed Martin  
March 30, 2006 - CSP Inc. MultiComputer Division announced that Lockheed Martin (NYSE: LMT) has selected the FastCluster 2000 SERIES for its real-time computing platform in support of the Radar Scene Generation (RSG) Program. The RSG provides a test and evaluation resource at the U.S. Navy's Combat System Engineering Development Site (CSEDS) for the Aegis Combat System (ACS) in Moorestown, N.J.

CSPI shipped several FastCluster systems, for an approximate value of \$1 million, in support of the first phase of the program. Follow-on orders are expected to fulfill the requirements of the RSG program.

MODCOMP expands its telecommunications portfolio with Narus  
September 01, 2005 -The German subsidiary of MODCOMP, an international IT service provider, and Narus, a global provider of unified IP Management and Security, have entered into a strategic partnership. As part of the agreement, MODCOMP can now include Narus products in its telecommunications portfolio and offer these in addition to its established software and technical services for mobile and fixed carriers.

Narus provides a unified IP Management and Security Platform for the largest, most profitable networks in the world. The Narus IP Platform offers a "Total Network View" through the real-time collection and analysis of one packet to billions of packets across multiple networks at up to OC192 rates. In addition to mobile network use, applications such as revenue assurance, fraud detection and prevention, business intelligence or interconnect billing are possible with the Narus platform.

## Financial Highlights (as of Year-End Fiscal 2005)

(Amounts in thousands, except per share amounts)

### Selected Five Year Financial Data

Fiscal Year:	2005	2004	2003	2002	2001
Sales	\$57,490	\$51,402	\$31,173	\$26,568	\$40,029
Net income (loss)	\$753	\$1,211	\$(1,384)	\$(5,663)	\$(2,885)
Net income (loss) per share-diluted	\$0.20	\$0.32	\$(0.39)	\$(1.61)	\$(0.82)
Weighted average number of shares outstanding-diluted	3,822	3,743	3,534	3,524	3,527

### Selected Quarterly Financial Data

Quarter Ended:	9/30/05	6/30/05	3/31/05	12/31/04
Sales	\$13,134	\$11,543	\$18,721	\$14,092
Net income	(\$445)	\$211	\$750	\$237
Net income per share-diluted	(\$0.12)	\$0.06	\$0.20	\$0.06
Weighted average number of shares outstanding-diluted	3,677	3,828	3,814	3,860

### Selected Quarterly Balance Sheet Data

Quarter Ended:	9/30/05	6/30/05	3/31/05	12/31/04
<u>Assets</u>				
Current Assets	\$24,252	\$25,967	\$26,634	\$24,873
Property, equipment & improvements, net	1,179	1,152	1,157	1,224
Other assets	5,513	5,212	5,303	5,298
Total assets	<u>\$30,944</u>	<u>\$32,331</u>	<u>\$33,094</u>	<u>\$31,395</u>

### Liabilities & Shareholders' Equity

Total current liabilities	7,581	8,709	\$9,471	\$8,467
Other liabilities	7,295	7,941	8,353	8,322
Shareholders' equity	<u>16,068</u>	<u>15,681</u>	<u>15,270</u>	<u>14,606</u>
Total liabilities and shareholders' equity	<u>\$30,944</u>	<u>\$32,331</u>	<u>\$33,094</u>	<u>\$31,395</u>

## Stock Information

NASDAQ symbol:	CSPi
Shareholders' equity (12/31/05):	\$15.5 million
Shares outstanding (12/31/05):	3.68 million
CY '05 52 week high / low:	\$11.96/\$6.08
Stock price (12/30/05):	\$7.05

## Management

Alexander R. Lupinetti  
*Chairman of the Board, President and Chief Executive Officer*  
 Tel: 978-663-7598 Ext.1000  
 email: alupinet@cspi.com

Gary W. Levine  
*Vice President of Finance and Chief Financial Officer*  
 Tel: 978-663-7598 Ext.1200  
 email: glevine@cspi.com

## Offices

CSP Inc. 43 Manning Road Billerica, MA 01821	Tel: 978-663-7598 Fax: 978-663-0150 web: www.cspi.com
MODCOMP, Inc. 1500 N. Powerline Rd. Deerfield Beach, FL 33442	Tel: 954-571-4600 Fax: 954-571-4700 web: www.modcomp.com

CSP Inc., MultiComputer Division 43 Manning Road Billerica, MA 01821	Tel: 978-663-7598 Fax: 978-663-0150 web: www.cspi.com/multicomputer
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