

**CSP Inc.**  
**43 Manning Road**  
**Billerica, MA 01821**  
**(800) 325-3110 / (978) 663-7598**  
**Fax: (978) 663-0150**  
**www.cspi.com**



## **CSP Inc. Announces First-Quarter Fiscal 2008 Financial Results**

**BILLERICA, MA, Feb 13, 2008** - CSP Inc. (NASDAQ: CSPI), a provider of IT solutions, systems integration services and dense cluster computing systems, today reported financial results for the first quarter of fiscal 2008 ended December 31, 2007.

For the first quarter of fiscal 2008, CSP Inc. sales were \$17.9 million compared with \$21.1 million in the first quarter of fiscal 2007. Net loss for the first quarter of fiscal 2008 was \$259 thousand, or \$0.07 per share, compared with net income of \$978 thousand, or \$0.26 per diluted share, in the first quarter of fiscal 2007. Net income in the first quarter of fiscal 2008 includes a tax benefit of \$139 thousand compared with a tax provision of \$847 thousand in the year-ago quarter.

### *Management Comments*

"During the first fiscal quarter, CSP's Service and Systems Integration business performed very well, while our Systems business was affected by delayed defense appropriations for strategic programs due to shifting military priorities," stated Alexander R. Lupinetti, CSP chairman and chief executive officer. "We expect that the Systems segment will continue to be affected by delayed defense appropriations. In addition, because of the fulfillment of the large contract with Raytheon in fiscal 2007, year-over-year comparisons will be difficult for much of fiscal 2008."

"The excellent growth we have been seeing from Service and Systems Integration continued during the first quarter," continued Lupinetti. "Our U.S.-based Systems and Solutions Division (SSD) is beginning to take on larger projects, including a major storage network project. We expect to see significant demand for SSD's infrastructure solutions throughout the year. Our U.K. operation also performed well, reporting their first profitable quarter in more than a year."

"Going forward, we expect demand to be strong across the board at our Service and Systems Integration businesses," said Lupinetti. "We are pleased with the progress of our new Lifecycle Management, Archiving and Network Migration professional consulting practice in Germany, and we plan to add additional practices that complement our core expertise. Our strategy to grow our professional services business is evolving and we anticipate that this trend will result in margin improvement over the long-term."

--more--

**About CSP Inc.**

Based in Billerica, Massachusetts and founded in 1968, CSP Inc. and its subsidiaries develop and market best-of-breed IT solutions, systems integration services, and high-performance computer systems. CSP's Systems segment includes the MultiComputer Division, which supplies high-performance Linux cluster systems for a broad array of defense applications, including radar, sonar and surveillance signal processing. The Company's MODCOMP, Inc. subsidiary, also part of its Service and Systems Integration segment founded in 1970, 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.

More information about CSP is available on the company's website at [www.cspi.com](http://www.cspi.com).

To learn more about MODCOMP, Inc., consult [www.modcomp.com](http://www.modcomp.com)

Also see the [Financial Table, Consolidated statements of operations and Consolidated balance sheet.](#)

**'Safe Harbor Provision' Statement'**

The Company wishes to take advantage of the "Safe Harbor" provisions of the Private Securities Litigation Reform Act of 1995 with respect to statements that may be deemed to be forward-looking under the Act. Such forward-looking statements may include, but are not limited to, the strong demand environment across the board at MODCOMP, the shift at the Service and Systems Integration businesses toward consulting services and the expectations for margin improvement over the long-term, the addition of new practices at MODCOMP's Germany subsidiary, and future defense appropriations. The Company cautions that numerous factors could cause actual results to differ materially from any forward-looking statements made by the Company. Such risks include general economic conditions, market factors, competitive factors and pricing pressures, and others described in the Company's filings with the SEC. Please refer to the section on forward-looking statements included in the Company's filings with the Securities and Exchange Commission.

**Contact:**

Gary Levine

Chief Financial Officer

CSP Inc.

Tel: (978) 663-7598 ext. 1200

Fax: (978) 663-0150