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## **CSP INC. ANNOUNCES SECOND-QUARTER FISCAL 2009 FINANCIAL RESULTS**

**BILLERICA, MA, May 6, 2009-** CSP Inc. (NASDAQ: CSPI), a provider of IT solutions, systems integration services and dense cluster computing systems, today reported financial results for the second quarter of fiscal 2009 ended March 31, 2009.

For the second quarter of fiscal 2009, CSP Inc. sales increased to \$22.5 million compared with \$21.6 million in the second quarter of fiscal 2008. Net income for the second quarter of fiscal 2009 was \$279 thousand, or \$0.08 per diluted share, compared with a net income of \$189 thousand, or \$0.05 per share, in the second quarter of fiscal 2008.

For the first six months of fiscal 2009, CSP Inc. sales were \$46.6 million compared with \$39.6 million in the first six months of fiscal 2008. Net income for the fiscal 2009 six-month period was \$659 thousand, or \$0.18 per share, compared with a net loss of \$70 thousand, or \$0.02 per share, for the first six months of fiscal 2008.

The Company's cash and short-term investments were \$14.3 million as of March 31, 2009 compared with \$14.2 million at December 31, 2008 and \$18.5 million at fiscal year 2008 ended September 30, 2008. The effect of foreign currency translation, higher receivables resulting from orders received late in the quarter, repayment of a short-term note payable and the repurchase of 287 thousand shares of the Company's stock contributed to the lower cash position compared with September 30, 2008.

### *Management Comments on Financial Results*

"CSP continued to deliver increased revenue and net income during the second quarter of fiscal 2009 despite a very difficult economic environment," said CSP Chairman and Chief Executive Officer Alexander R. Lupinetti. "Total revenue grew by 4 percent year over year (or 10% adjusting for currency) as a result of sales increases at both our Systems as well as our Service and Systems Integration businesses. Net income for the quarter grew 48 percent as a result of increased sales volume as well as \$200 thousand in high margin royalty payments at our Systems business."

"The effect of the worldwide recession slowed the sales momentum of our Service and Systems Integration business during the quarter," continued Lupinetti. "As customers move to preserve cash, we are experiencing sales cycle delays and pricing pressure across our MODCOMP subsidiaries. At the same time, our strong balance sheet provides MODCOMP with a competitive advantage as some of our smaller competitors do not have the liquidity to support the large hardware purchases necessary in larger integration solution deals."

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### *Outlook*

“Looking forward, we expect to report revenue and net income growth for the full fiscal year,” said Lupinetti. “However, we do not anticipate the second half of fiscal 2009 to be as strong as the first half. We expect pricing pressure and order delays caused by the economic slowdown will negatively affect our revenues and margins at MODCOMP. Additionally, we do not expect to report royalty revenue related to the E2D Advanced Hawkeye program for the remainder of the fiscal year.”

“During this time, we continue to position our Service and Systems Integration business for growth,” added Lupinetti. “We are adding salespeople and we are seeking to expand our services offerings to capitalize on higher margin opportunities. At the same time, we are continuing our focus on a disciplined approach to cost and expense management to maintain our strong financial position.”

### *Conference Call Details*

CSP Chairman and Chief Executive Officer Alexander R. Lupinetti, and Chief Financial Officer Gary W. Levine will host a conference call at 10:00 a.m. (ET) today to review CSP’s financial results and provide a business update. To listen to a live webcast of the call, please visit the “Investor Relations” section of the Company’s website at [www.cspi.com](http://www.cspi.com). Individuals may also listen to the call via telephone, by dialing (877) 709-8155 or (201) 689-8881. Interested parties unable to participate in the live call may access an archived version of the webcast on CSP’s website.

### **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 for complex IT environments. MODCOMP works with third parties to develop cutting edge 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.

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**'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 effect of the economy on the Service and Systems Integration business, expectations that the company will report increase year-over-year revenue and net income for fiscal 2009, that the second half of fiscal 2009 will not be as strong as the first half, expectations relating to royalty payments in the Systems business in the second half of fiscal 2009, expectations for the future growth of the Service and Systems Integration business, the Company's plans to add salespeople and expand its services offerings to capitalize on higher margin opportunities. The Company cautions that numerous factors could cause actual results to differ materially from 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.

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