April 28, 2011

Clearfield, Inc. Reports Fiscal 2011 2nd Quarter Results

Year-Over-Year Revenue Growth Expands; Demand and Backlog Increase

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Revenues:     $7.1 million, up 51% from second quarter fiscal 2010
         Gross profit:     $2.9 million, up 67% from second quarter fiscal 2010
           Net income:                                                  $532,000
Net income per share:                                  $.04 per share diluted
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Clearfield, Inc. (Nasdaq:CLFD), the specialist in fiber management and connectivity solutions, today announced results for the second quarter of fiscal 2011, which ended March 31, 2011.

Revenue for the second quarter of fiscal 2011 was $7,120,000 in comparison to $4,725,000 for the comparable second quarter of fiscal 2010, an increase of 51%. Gross profit was $2,894,000 for the second quarter of fiscal year 2011 in comparison to $1,733,000 for the prior year second quarter, an increase of 67%. Gross margin for the second quarter of fiscal year 2011 was 40.6%, up 4.0% for the comparable quarter of fiscal 2010. Net income was $532,000 for the quarter ended March 31, 2011, compared to a net loss of $108,000 for the quarter ended March 31, 2010.

Operating expenses were $2,368,000 for the second quarter of fiscal year 2011, an increase of 27% from $1,865,000 in the same quarter of fiscal year 2010. The Company continues to invest in revenue growth and gross profit enhancement.

Year to Date Performance

Revenue for the six month period ending March 31, 2011 was $14,366,000 in comparison to $9,667,000 for the comparable period in fiscal 2010, an increase of 49%. Gross profit was $5,860,000 for the six month period ending March 31, 2011, in comparison to $3,435,000 for the comparable period in fiscal 2010, an increase of 71%. Gross margin for the period was 40.8%, up from 35.5% in the previous year. Net income was $1,034,000 for the six month period ended March 31, 2011, compared to a net loss of $268,000 in the 2010 equivalent time frame.

Orders in backlog as of March 31, 2011 totaled $3,679,000, an increase of $1,291,000 over the backlog for the previous quarter ending December 31, 2010 and an increase of $1,917,00 over the backlog for the quarter ending March 31, 2010.

Comments on Operations

"We are in an exciting period of opportunity for Clearfield," commented Cheri Beranek,

president and CEO of Clearfield. "We remain focused on growth within the broadband service provider community, while expanding our product mix and customer base.

"With our year-to-date revenue growth 51% ahead of last year, and with bookings outpacing revenue by nearly a million dollars for the six month period, we are appreciative of the market's approval of Clearfield's product.

"Market attention remains focused on the broadband stimulus funds associated with the American Recovery and Reinvestment Act (ARRA). As RenderVanderslice, an industry market research firm has published, slightly more than one third of the stimulus award winners are in the beginning stages of their build process and an equal amount are about to commence. The remaining are in the planning and engineering stages. The study illustrates how our industry is just now beginning to benefit from this initiative. There has been some market concern regarding the Federal government's long-standing broadband-funding program within the Rural Utilities Service (RUS). While we are pleased that the RUS program has been re-instated and that the ARRA is underway, these programs – while an important element of our customers' growth plans – are just one facet of the dynamics within our market and our marketing initiatives. In addition to our product developments within Fiber to the Premises (FTTp markets), our recent product announcements into distributed fiber, such as cell backhaul and fiber-fed mobile broadband, provide multiple growth opportunities now and into the future.

"During the last quarter, we continued our momentum in extending our reach into national account customers and to private label suppliers that service a broad range of client communities. Looking ahead, we remain focused on continual cost reductions within our product offerings, an expansion of our sales and marketing resources in order to reach a broader client community, and the development of an ever expanding suite of innovative product and service offerings."

About Clearfield, Inc.

Clearfield, Inc. sets the standard for fiber performance with FiberDeep while lowering the cost of broadband deployment with the FieldSmart fiber management platform and the CraftSmart OSP enclosure system. FieldSmart is the only fiber management platform to be designed around a single architecture – the Clearview Cassette and xPAK— for the inside plant, outside plant and access network. Scaling from 1 to 1728 ports, FieldSmart supports a wide range of panel and cabinet configurations, densities, connectors and adapter options, and are offered alongside an assortment of passive optical components. CraftSmart is the industry's only field enclosure system optimized for fiber deployment. FiberDeep is a new class of fiber patch cords that guarantees performance at .2dB insertion loss — fully half that of the industry standard. Clearfield provides a complete line of fiber and copper assemblies for inside plant, outside plant and access networks. "FiberDeep," "FieldSmart," "CraftSmart OSP," "Clearview Cassette" and "xPAK" are proprietary or registered trademarks and trade names of Clearfield, Inc. Clearfield is a public company traded on NASDAQ: CLFD.

Forward-Looking Statements

Forward-looking statements contained herein are made pursuant to the safe harbor provisions of the Private Litigation Reform Act of 1995. These statements are based upon the Company's current expectations and judgments about future developments in the

Company's business. Certain important factors could have a material impact on the Company's performance, including, without limitation the effect of the significant downturn in the U.S. economy on Clearfield's customers; the impact of the American Recovery and Reinvestment Act or any other legislation on customer demand and purchasing patterns; cyclical selling cycles; need to introduce new products and effectively compete against competitive products; dependence on third-party manufacturers; limited experience in manufacturing; reliance on key customers; rapid changes in technology; the negative effect of product defects; the need to protect its intellectual property; the impact on its financial results or stock price of its ability to use its deferred tax asset, consisting primarily of net operating loss carryforwards, to offset future taxable income; the valuation of its goodwill and the effect of its stock price, among other factors, on the evaluation of goodwill; and other factors set forth in Clearfield's Annual Report on Form 10-K for the year ended September 30, 2010 as well as other filings with the Securities and Exchange Commission. The Company undertakes no obligation to update these statements to reflect actual events.

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	Three Months Ended March 31,		
	2011	2010	
Revenues	$ 7,119,564	$ 4,724,766	$ 14
Cost of sales	4,225,825	2,991,390	
Gross profit	2,893,739	1,733,376	
Operating expenses			
Selling, general and administrative	2,368,299	1,864,722	
Income (loss) from operations	525,440	(131,346)	
Other income (expense)			
Interest income	26,953	37,578	
Interest expense	-	(236)	
Other income	15,000	9,837	
	41,953	47,179	
Income before income taxes	567,393	(84,167)	
Income tax expense	34,906	24,203	
Net income (loss)	$ 532,487	$ (108,370)	$ 1,
Net income (loss)per share:			
Basic	$0.04	($.01)	
Diluted	$0.04	($.01)	
Weighted average shares outstanding:			
Basic	12,047,962	11,991,544	
Diluted	12,757,259	11,991,544	

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	March 31, 2010	September 30, 2010
Assets		
Current Assets		
Cash and cash equivalents	$ 7,399,767	$
Short-term investments	2,550,000	
Accounts receivable, net	2,982,733	
Inventories	1,813,708	
Assets held for sale	639,160	
Other current assets	259,626	
Total current assets	15,644,994	
Property, plant and equipment, net	611,380	
Other Assets		
Long-term investments	1,984,163	
Goodwill	2,570,511	
Deferred taxes - long term	2,103,151	
Other	199,467	
Total other assets	6,857,292	
Total Assets	$23,113,666	$
Liabilities and Shareholders' Equity		
Total current liabilities	2,583,618	
Deferred rent	71,119	
Total Liabilities	2,654,737	
Shareholders' Equity		
Common stock	120,532	
Additional paid-in capital	52,767,872	
Accumulated deficit	(32,429,475)	
Total shareholders' equity	20,458,929	
Total Liabilities and Shareholders' Equity	$23,113,666	$

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Source: Clearfield, Inc.