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## FOR IMMEDIATE RELEASE

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### **CSI REPORTS RECORD FIRST QUARTER RESULTS**

#### ***Marks 28<sup>th</sup> Consecutive Quarter of Revenue Growth***

PADUCAH, Ky. (July 7, 2011) – Computer Services, Inc. (CSI) (OTCQX: CSVI) today reported record revenues and net income for the first quarter of fiscal 2012 ended May 31, 2011.

CSI reported record revenues of \$40.4 million for the first fiscal quarter of 2012, a 1.8% increase compared with \$39.7 million for first quarter 2011. Net income for the first quarter of fiscal 2012 rose 5.7% to a record \$5.6 million compared with first quarter 2011 income of \$5.3 million. Net income per fully diluted share increased 5.6% to \$0.38 for the first quarter of 2012 compared with \$0.36 for the prior year's first quarter.

“CSI set new company records for revenue and net income in the first quarter of fiscal 2012,” stated Chief Executive Officer Steven A. Powless. “This was our 28<sup>th</sup> consecutive quarter of revenue growth and highlights our solid base of recurring revenues, organic growth from our major business segments and contributions from acquisitions.

“Our Board of Directors highlighted our continued record performance by announcing an increase in our quarterly cash dividend to \$0.125 per share, a 13.6% increase from the current quarterly dividend payment amount,” continued Mr. Powless. “The dividend increase marked the 23<sup>rd</sup> consecutive annual increase in CSI's cash dividend.

“We enter fiscal 2012 with renewed focus on growing CSI as a goal of our Strategic Growth Initiative (SGI) that was launched recently. We have already taken steps to accelerate our growth by expanding our opportunities in the regulatory and compliance area, seeking new acquisition and investment opportunities to expand our family of products and services, growing existing products and services and adding management depth and new talent to support our continued growth.”

#### ***First Quarter Results***

Consolidated revenues rose 1.8% to \$40.4 million for first quarter 2012 compared with \$39.7 million for first quarter of 2011. Processing revenues rose 2.7% to \$29.6 million compared with \$28.9 million for the first quarter 2011. The growth in processing revenues was primarily driven by sales to new customers, cross-sales to existing customers and increases in transaction volumes from existing customers, offset partially by customers lost primarily to mergers and customers migrating to in-bank check imaging systems. Other revenues were down 0.8% to \$10.8 million compared with first quarter 2011 due primarily to customers postponing large capital investments in technology during the slow economic recovery.

Operating income rose 4.8% to \$9.3 million for the first quarter 2012 compared with \$8.9 million for the first quarter 2011. Operating margin increased to 23.0% in the first quarter of 2012 compared to 22.3% for the first quarter last year. The increase in operating income benefited from a higher sales base and operating costs that rose only 0.9% compared with the first quarter of fiscal 2011.

Net income for the first quarter 2012 rose 5.7% to \$5.6 million compared with \$5.3 million for the first quarter 2011. Net income per diluted share increased 5.6% to \$0.38 for the first quarter 2012 on 14.6 million weighted average diluted shares outstanding compared with \$0.36 for the first quarter 2011 on 14.7 million weighted average diluted shares outstanding. CSI repurchased 25,513 shares of the Company's stock during the first quarter of fiscal 2012 under existing stock repurchase authorizations. CSI had approximately \$3.2 million available under existing stock purchase authorizations outstanding as of May 31, 2011.

CSI's cash flow from operations rose to \$13.8 million in the first quarter 2012, and cash and cash equivalents increased to \$10.1 million at May 31, 2011, compared with \$8.7 million at May 31, 2010. "CSI's balance sheet remained very strong as evidenced by an increase in our cash position and reduced debt compared with prior periods," continued Mr. Powless. "Our cash position grew by \$6.5 million and we reduced notes payable by \$3.0 million in the latest three months. We have reduced our long-term debt to only \$55,000 as of May 31, 2011, and that represents incidental debt of an acquired company. We also returned almost \$1.7 million to CSI stockholders during the first quarter in the form of cash dividends and stock repurchases. Combined with our recent announcement about an increase in our cash dividend, our Board of Directors remains focused on building long-term shareholder value through our cash dividend and stock repurchase programs."

#### ***About Computer Services, Inc.***

Computer Services, Inc. (CSI) delivers core banking, payments processing, Internet, card services, risk assessment, fraud prevention, network management, regulatory compliance and document delivery solutions to financial institutions and corporate entities across the nation. Technology planning, personal account management and world-class customer service explain why CSI is known as one of the nation's premier providers of technology solutions for the financial services industry. CSI's stock is traded on the OTCQX under the symbol CSVI. For more information about CSI, visit [www.csiweb.com](http://www.csiweb.com).

#### ***Forward-Looking Statements***

*This news release contains "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995. All statements except historical statements contained herein constitute "forward-looking statements." Forward-looking statements are inherently uncertain and are based only on current expectations and assumptions that are subject to future developments that may cause results to differ materially. Readers should carefully consider: (i) economic, competitive, technological and governmental factors affecting CSI's operations, customers, markets, services, products and prices; and (ii) other factors discussed in CSI's Information and Disclosure Statements and other documents posted from time to time on the OTCQX website, including without limitation, the description of the nature of CSI's business and its management discussion and analysis of financial condition and results of operations for reported periods. Unless required by law, CSI undertakes no obligation to update, and is not responsible for updating, the information contained in this release beyond the publication date, whether as a result of new information or future events, or to conform the statement to actual results or changes in CSI's expectations, or otherwise or for changes made to this document by wire services or Internet services.*

**COMPUTER SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Statements of Income**  
*(Unaudited)*  
*(in thousands, except share and per share data)*

	<b>Three Months Ended May 31,</b>	
	<b>2011</b>	<b>2010</b>
Processing revenues	\$ 29,638	\$ 28,850
Other revenues	10,794	10,884
Total revenues	40,432	39,734
Operating expenses	31,134	30,864
Operating income	9,298	8,870
Interest income (expense), net	(24)	(63)
Income before income taxes	9,274	8,807
Provision for income taxes	3,640	3,479
Net income	\$ 5,634	5,328
Earnings per share		
Basic	\$ 0.39	\$ 0.36
Diluted	\$ 0.38	\$ 0.36
Shares used in computing earnings per common and common equivalent share		
Basic	14,583,350	14,666,984
Diluted	14,818,475	14,942,980

**COMPUTER SERVICES, INC. AND SUBSIDIARIES**  
**Condensed Consolidated Balance Sheets**  
*(in thousands, except share data)*

	<b>05/31/2011</b> <i>(Unaudited)</i>	<b>02/28/2011</b> <i>(Audited)</i>	<b>05/31/2010</b> <i>(Unaudited)</i>
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 10,051	\$ 3,527	\$ 8,652
Accounts receivable	17,080	19,018	17,288
Income tax receivable	-	2,042	-
Prepaid expenses and other current assets	5,023	5,933	4,478
Total current assets	32,154	30,520	30,418
Property and equipment, net	30,222	30,008	29,988
Software and software licenses, net	16,874	18,245	13,474
Goodwill	48,761	48,761	48,761
Intangible assets	1,414	1,500	2,012
Other assets	6,995	7,088	4,145
Total assets	\$ 136,420	\$ 136,122	\$ 128,798
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
Current liabilities			
Accounts payable and accrued expenses	\$ 10,522	\$ 12,271	\$ 10,183
Deferred revenue	6,146	6,575	6,066
Income tax payable	1,256	-	3,236
Notes payable	189	191	183
Earn-out provision related to acquisition	2,000	2,000	2,000
Total current liabilities	20,113	21,037	21,668
Long-term liabilities			
Notes payable	55	3,099	5,246
Deferred income taxes	4,079	4,269	900
Earn-out provision related to acquisition	-	-	2,000
Other long-term liabilities	861	1,014	882
Total long-term liabilities	4,995	8,382	9,028
Total liabilities	25,108	29,419	30,696
Shareholders' equity			
Preferred stock; shares authorized, 5,000,000; none issued	-	-	-
Common stock, no par; shares authorized, 20,000,000 in fiscal 2012 and 2011; shares issued and outstanding, 14,605,559 at May 31, 2011 and 14,581,602 at February 28, 2011 and 14,701,603 at May 31, 2010	17,831	16,523	16,586
Retained earnings	96,607	93,055	84,500
Restricted stock	(3,126)	(2,875)	(2,984)
Total shareholders' equity	111,312	106,703	98,102
Total liabilities and shareholders' equity	\$ 136,420	\$ 136,122	\$ 128,798