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CSI REPORTS RECORD RESULTS FOR THIRD QUARTER FISCAL 2012

Revenues Up 18.5% to \$47.6 Million – Marks 30th Consecutive Quarter of Revenue Growth

PADUCAH, Ky. (January 12, 2012) — Computer Services, Inc. (CSI) ([OTCQX: CSI](http://otcqx.com/CSI)) today reported record revenues and net income for the third quarter and nine months ended November 30, 2011.

Third quarter revenues rose 18.5% to \$47.6 million in fiscal 2012 compared with \$40.2 million in the third quarter of fiscal 2011. Net income rose 9.1% to \$6.2 million, and net income per diluted share increased 7.7% to \$0.42 compared with the prior year's third quarter.

"CSI's record results highlight the continuing strength of our business generated by our long-term contracts and high percentage of recurring revenues," stated Chief Executive Officer Steven A. Powless. "This was our 30th consecutive quarter of revenue growth, and we benefited from continued demand for our core services and the contribution from HEIT Consulting, Inc. ("HEIT") that was acquired effective September 1, 2011. We also experienced strong demand for our new mobile and Internet banking products introduced earlier this year and from our regulatory and compliance services in response to the enactment of the Dodd-Frank bill.

"The HEIT acquisition is a key part of our strategy to expand services to our core bank customers and build on the security and compliance services. We have already integrated HEIT's cloud-based managed compliance, security and IT services into our new Managed Services Division and expect HEIT to be a solid contributor to our future growth. We also expect HEIT to be accretive to our earnings in fiscal 2013," continued Mr. Powless.

Third Quarter Results

Third quarter consolidated revenues rose 18.5% to a record \$47.6 million compared with \$40.2 million for the third quarter ended November 30, 2010. CSI's internal growth rate rose to 7.7% in the third quarter of fiscal 2012 with the remaining growth attributable to the HEIT acquisition. Processing revenues increased 2.1% to \$29.8 million and accounted for 62.7% of total revenues compared with \$29.2 million, or 72.7% of total revenues, in the third quarter of fiscal 2011. The growth in processing revenues benefitted from sales to new customers, cross-sales to existing customers and increases in transaction volumes from existing customers, partially offset by the effect of customers lost primarily due to mergers and government actions. Other revenues increased 62.1% to \$17.8 million compared to \$11.0 million in the third quarter of fiscal 2011. Internal growth rate for other revenues rose to 22.4% in the third quarter with the remaining growth attributable to the HEIT acquisition. Internal growth was driven primarily by sales within our newly formed Document Services Division, eBusiness products and compliance products.

Third quarter operating income rose 8.7% to \$10.3 million compared with \$9.5 million in the third quarter of fiscal 2011. Operating margin was 21.7% in the third quarter of fiscal 2012 compared with 23.6% in the third quarter of fiscal 2011. The decline in margin was primarily due to increased personnel costs associated with planned staffing additions as part of CSI's Strategic Growth Initiative and higher cost of goods sold related to revenue growth in our Document Services Division. Operating expenses rose 21.5% compared with the third quarter of fiscal 2011 and were up primarily due to the HEIT acquisition. Total operating expenses increased as a percentage of revenue to 78.3% in the third quarter of fiscal 2012 compared with 76.4% in the same period of fiscal 2011. Current quarter operating expenses included one-time costs of approximately \$715,000

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associated with the HEIT acquisition that were offset by a \$1 million write down of a \$2 million contingent consideration arrangement related to the Company's acquisition of Myriad Systems, Inc. ("MSI") on October 1, 2009. In accordance with the purchase agreement for that acquisition, CSI and the former owners of MSI are engaged in a process to resolve their differences with respect to the second 12-month period earn-out.

Net income rose 9.1% to a record \$6.2 million in the third fiscal quarter of 2012 compared with \$5.7 million in the prior-year period. Net income per fully diluted share increased 7.7% to \$0.42 compared with \$0.39 in the same quarter of fiscal year 2011. Weighted average shares outstanding were up 0.1% to 14.9 million compared with the third quarter of fiscal year 2011. CSI issued approximately 127,000 shares as part of the HEIT consideration which was partially offset by the repurchase of 53,710 shares during the third quarter of fiscal 2012.

CSI's Board of Directors authorized an additional \$5.0 million to the Company's share repurchase program in December 2011. This amount is in addition to approximately \$1.4 million outstanding at November 30, 2011, under previous share repurchase authorizations.

"Our balance sheet remains strong as we continue to build our cash position and pay down debt," stated Mr. Powless. "We used a portion of our cash and untapped credit lines to fund the HEIT acquisition while continuing to buy back CSI stock. In addition, we increased our cash dividend during the year by 13.6% compared with last year, highlighting our 23rd consecutive yearly increase in our cash dividend. Our Board remains committed to returning a portion of our earnings to shareholders through our dividend and stock buyback programs."

CSI's cash and cash equivalents rose to \$10.0 million as of November 30, 2011, up from \$6.8 million at November 30, 2010. The growth in cash was largely attributable to cash flow from operations that totaled \$11.3 million in the third quarter of fiscal 2012, and a \$7.0 million loan to fund, in part, the acquisition of HEIT. During the quarter, CSI paid down approximately \$5.8 million in debt, paid \$1.8 million in dividends and repurchased \$1.5 million in CSI stock.

Nine Month Results

Consolidated revenues for the first nine months of fiscal 2012 rose 8.0% to a record \$131.5 million compared with \$121.8 million for the same period in fiscal 2011. CSI's growth in revenues benefited from a 4.4% internal growth rate, including higher processing revenues and growth in other revenues. The remaining growth was due in part to the HEIT acquisition.

Operating income rose 5.3% to \$30.2 million for the first nine months of fiscal 2012 compared with \$28.6 million for the same period of fiscal 2011. Operating margin was 22.9% in the first nine months of fiscal 2012 compared with 23.5% in the same period of fiscal 2011. For the first nine months of fiscal 2012, total operating expenses increased as a percentage of revenue to 77.1% compared with 76.5% in the same period of fiscal 2011. The increase was due in part to costs associated with the HEIT acquisition and planned staffing additions as part of CSI's Strategic Growth Initiative.

Net income for the first nine months of fiscal 2012 rose 6.0% to a record \$18.3 million compared with \$17.2 million in the first nine months of fiscal 2011. Net income per diluted share rose 6.9% to \$1.24 for the latest nine month period compared with \$1.16 for the same period of fiscal year 2011. Weighted average fully diluted shares outstanding were down 0.8% to 14.8 million for the first nine month period of fiscal 2012 primarily due to CSI shares repurchased under the Company's stock repurchase program.

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 OTCQX under the symbol CSVI. For more information about CSI, visit 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 (<http://www.otcqx.com/qx/home>), 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)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2011	2010	2011	2010
Processing revenues	\$ 29,818	\$ 29,194	\$ 89,855	\$ 87,179
Other revenues	17,764	10,961	41,672	34,633
Total revenues	47,582	40,155	131,527	121,812
Operating expenses	37,278	30,676	101,373	93,169
Operating income	10,304	9,479	30,154	28,643
Interest income (expense), net	(44)	(37)	(63)	(144)
Income before income taxes	10,260	9,442	30,091	28,499
Provision for income taxes	4,026	3,730	11,810	11,257
Net income	\$ 6,234	\$ 5,712	\$ 18,281	\$ 17,242
Earnings per share				
Basic	\$ 0.42	\$ 0.39	\$ 1.25	\$ 1.18
Diluted	\$ 0.42	\$ 0.39	\$ 1.24	\$ 1.16
Shares used in computing earnings per common and common equivalent share				
Basic	14,720,524	14,588,769	14,636,671	14,636,736
Diluted	14,862,459	14,853,968	14,792,167	14,904,370

COMPUTER SERVICES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS

	11/30/2011 <i>(Unaudited)</i>	02/28/2011 <i>(Audited)</i>	11/30/2010 <i>(Unaudited)</i>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 10,013	\$ 3,527	\$ 6,770
Accounts receivable	19,696	19,018	17,052
Income tax receivable	-	2,042	-
Prepaid expenses and other current assets	5,296	5,933	5,187
Total current assets	35,005	30,520	29,009
Property and equipment, net	31,500	30,008	30,548
Software and software licenses, net	15,762	18,245	16,595
Goodwill	56,166	48,761	48,761
Intangible assets	10,941	1,500	1,707
Other assets	7,565	7,088	6,827
Total assets	\$ 156,939	\$ 136,122	\$ 133,447
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable and accrued expenses	\$ 16,198	\$ 12,271	\$ 15,309
Deferred revenue	7,811	6,575	6,406
Income taxes payable	2,923	-	213
Notes payable	220	191	187
Earn-out provision related to acquisition	1,000	2,000	2,000
Total current liabilities	28,152	21,037	24,115
Long-term liabilities			
Notes payable	2,069	3,099	3,152
Deferred income taxes	3,403	4,269	840
Other long-term liabilities	827	1,014	948
Total long-term liabilities	6,299	8,382	4,940
Total liabilities	34,451	29,419	29,055
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, 14,703,909 at November 30, 2011, 14,581,602 at February 28, 2011, and 14,574,130 at November 30, 2010	21,517	16,523	16,528
Retained earnings	104,077	93,055	90,688
Restricted stock	(3,106)	(2,875)	(2,824)
Total shareholders' equity	122,488	106,703	104,392
Total liabilities and shareholders' equity	\$ 156,939	\$ 136,122	\$ 133,447