

Reconditioned Systems, Inc.
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News Release

Contact: Investor Relations

“RSI reports First Quarter 2017 results”

August 25, 2016

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) started this fiscal year with a profit. Last year was the best in terms of sales and profits since I have been Chairman. As I said in my letter in the Annual Report, fiscal 2017 will be very challenging and I doubt that sales will equal last year.

For the three months ending June 30, 2016, RSI made \$63.4 thousand on sales of \$2.78 million. This compares to a profit of \$195.6 thousand on sales of \$3.39 million for the quarter ending June 30, 2015. Last year’s first quarter was especially strong so I am not surprised with these results. Sales have been sluggish as I expected.

The economy continues to grow at an anemic pace, while interest rates, energy costs and general inflation continue to stay surprisingly low. Even if the Federal Reserve raises rates this year, I expect business conditions to remain favorable. I hope that we can take advantage of these conditions.

Global debt remains at all-time highs relative to GNP in every developed country, including the United States. It remains the biggest problem without a viable solution and is my biggest concern. Puerto Rico may be the first situation we are forced to deal with.

Your company has paid annual dividends for the last ten years. This year the board voted to pay an annual dividend of \$0.25 payable on August 29, 2016, to shareholders of record July 8, 2016. As in the past, any future dividends will depend on our performance and financial position.

/S/ Scott W. Ryan
Scott W. Ryan
Chairman of the Board

	For The Three Months Ended	
	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
Sales	\$2,784,557	\$3,390,431
Gross profit	\$515,474	\$757,204
Selling and administrative expenses	\$(378,347)	\$(394,318)
Other	\$(34,018)	\$(33,793)
Net income (loss) before provision for income taxes	\$103,109	\$329,093
Net income (loss)	\$63,423	\$195,621
Basic earnings (loss) per share	\$0.07	\$.20
Basic weighted average number of common shares outstanding	960,978	965,378
Diluted earnings (loss) per common and equivalent share	\$0.07	\$.20
Diluted weighted average number of common and equivalent shares outstanding	960,978	965,378

Summary Balance Sheet as of					
	June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)		June 30, 2016 (Unaudited)	June 30, 2015 (Unaudited)
Assets			Liabilities and Equity		
Cash & cash equivalents	\$1,095,723	\$1,155,309	Accounts payable	\$648,413	\$828,350
Accounts receivable	1,131,384	1,231,873	Customer deposits	100,829	429,278
Inventory	2,243,724	2,294,366	Dividend payable	240,245	192,212
Property & equipment	4,727,042	4,749,739	Accrued compensation & benefits	268,371	347,809
Other assets	87,802	96,877	Current note payable and other current liabilities	329,685	315,441
			Other liabilities	2,255,639	2,519,779
			Stockholders' equity	5,442,493	4,895,295
Total	\$9,285,675	\$9,528,164	Total	\$9,285,675	\$9,528,164

* 2017 Income taxes have been accrued at the maximum corporate rate of 39% of pretax income, and may be revised upon completion of the company's tax returns. The net income could change materially as a result.

Note: The Company's quarterly press releases are available on our website rsisystemsurniture.com under About Us/ Investor Relations. Any shareholder who would like to sell shares back to the Company should contact the Investor Relations Department at 800-280-5000.