

**Reconditioned Systems, Inc.**  
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**News Release**

**Contact: Investor Relations**

**“RSI reports Second Quarter 2016 results”**

**November 20, 2015**

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) had another profitable quarter. We have continued to generate increased sales, which has helped our margins since our building and some other operating costs are relatively fixed.

For the three months ending September 30, 2015, RSI made \$223.2 thousand on sales of \$3.66 million. This compares to a profit of \$96.6 thousand on sales of \$3.35 million for the quarter ending September 30, 2014. Again this quarter’s sales were not only better than last year’s September quarter, but also better than last quarter’s (June 30, 2015) outstanding sales of \$3.39 million. This is an excellent performance and I hope that we continue to make progress increasing our sales for the second half of this fiscal year. Last year was our best performance in many years, so it will take a tremendous effort to equal it.

The US economy continues to basically tread water with anemic growth, but business conditions remain very favorable. Interest rates, inflation, and energy costs are all very low. Although the strong dollar makes conditions for multinational businesses difficult, domestic businesses like ours should do very well for at least the next year. The Federal Reserve will likely increase interest rates this year, but I do not believe that the small increase will negatively affect overall business conditions. Indeed, I believe that it is well past time for us to normalize our interest rate policy and hopefully begin to address the enormous US and global debt that has been accumulated over the past seven years.

Europe and the emerging countries continue to struggle which should help to keep our economy from overheating. However, their problems are indigenous to their cultures and countries and should not directly impact our economy other than to restrain our exports. Barring an unforeseen catastrophe or terrorism, I continue to expect a good year for RSI and I look forward to reporting our progress to you.

Your company is in the best condition in several years. We own our building, we are paying off the corresponding debt and we are increasing sales, which is helping our margins and performance. We will not take our recent success for granted, and we will continue to work hard to perform for you, our shareholders.

/S/ Scott W. Ryan

Scott W. Ryan  
Chairman of the Board

| <b>Summary Statement of Operations</b>                                      |   |   |   |   |
|---|---|---|---|---|
|   | <b>For The Three Months Ended</b>             |   | <b>For the Six Months Ended</b>               |   |
|   | <b>September 30,<br/>2015<br/>(Unaudited)</b> | <b>September 30,<br/>2014<br/>(Unaudited)</b> | <b>September 30,<br/>2015<br/>(Unaudited)</b> | <b>September 30,<br/>2014<br/>(Unaudited)</b> |
| Sales   | \$3,664,089                                   | \$3,349,197                                   | \$7,054,517                                   | \$6,116,663                                   |
| Gross profit  | \$842,748                                     | \$604,502                                     | \$1,599,952                                   | \$1,096,420                                   |
| Selling and administrative expenses   | \$(424,009)                                   | \$(399,667)                                   | \$(818,329)                                   | \$(758,718)                                   |
| Income from operations  | \$418,739                                     | \$204,835                                     | \$781,623                                     | \$337,702                                     |
| Other income (expenses)   | \$(50,684)                                    | \$(45,800)                                    | \$(84,480)                                    | \$(84,082)                                    |
| Net income before provision for income taxes                                | \$368,055                                     | \$159,035                                     | \$697,143                                     | \$253,620                                     |
| Net income  | \$223,187                                     | \$96,566                                      | \$418,803                                     | \$154,000                                     |
| Basic earnings per share  | \$0.23  | \$0.10  | \$0.43  | \$0.16  |
| Basic weighted average number of common shares outstanding                  | 961,062                                       | 978,919                                       | 963,220                                       | 980,388                                       |
| Diluted earnings per common and equivalent share                            | \$0.23  | \$0.10  | \$0.43  | \$0.16  |
| Diluted weighted average number of common and equivalent shares outstanding | 961,062                                       | 978,919                                       | 963,220                                       | 980,388                                       |
|   |   |   |   |   |

| <b>Summary Balance Sheet as of</b> |   |   |   |   |   |
|------------------------------------|---|---|---|---|---|
|                                    | <b>September<br/>30, 2014<br/>(Unaudited)</b> | <b>September<br/>30, 2013<br/>(Unaudited)</b> |   | <b>September<br/>30, 2015<br/>(Unaudited)</b> | <b>September<br/>30, 2014<br/>(Unaudited)</b> |
| Assets                             |   |   | Liabilities and Equity                      |   |   |
| Cash & cash equivalents            | \$1,723,715                                   | \$929,133                                     | Accounts payable & short term notes payable | \$766,540                                     | \$849,161                                     |
| Accounts receivable                | 1,055,234                                     | 1,329,494                                     | Customer deposits                           | 682,749                                       | 188,659                                       |
| Inventory                          | 2,198,549                                     | 1,818,791                                     | Accrued compensation & benefits             | 373,705                                       | 326,348                                       |
| Property & equipment               | 4,728,090                                     | 4,837,436                                     | Short term notes payable                    | 249,473                                       | 233,743                                       |
| Long term notes receivable         | -   | 52,631  | Other liabilities *                         | 2,599,213                                     | 3,029,395                                     |
| Other assets                       | 81,572  | 206,571                                       | Stockholders' equity *                      | 5,115,480                                     | 4,546,750                                     |
| Total                              | \$9,787,160                                   | \$9,174,056                                   | Total                                       | \$9,787,160                                   | \$9,174,056                                   |

\* 2016 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](http://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.