

Reconditioned Systems, Inc.
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News Release

Contact: Investor Relations

**“RSI reports fourth Quarter 2016 results”
Chandler, Arizona, May 13, 2016**

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) was profitable this quarter. For the fiscal year we even exceeded last year’s sales and earnings; in fact, the earnings were the best since I joined the company in 1995! The decision to buy our own building has proven to be a very good decision, and has definitely helped us to control our costs.

For the three months ending March 31 2016, RSI had a pretax gain of \$280.7 thousand on sales of \$3.39 million. This compares to a pretax gain of \$338.1 thousand on sales of \$2.68 million for the quarter ending March 31, 2015. This is clearly an exceptional performance, and we all owe Dirk Anderson and his team our congratulations and thanks for a terrific job well done!

The economy continues to grow, but at the same slow rate of about 2%. Employment also continues to grow at about 200,000 jobs per month, which is not bad given the slow economic growth; it is the driver for our industry’s sales. Domestically, business conditions continue to be excellent. Inflation, interest rates and energy prices remain very low by historical standards. However, the global economy continues to struggle. The situation in Europe is worse, and there will be more problems there for sure.

RSI has paid annual cash dividends for the last eleven years. This year the Board of Directors voted to pay \$.25 per share, a 25% increase from last year; the dividend is payable August 29, 2016 to shareholders of record July 8, 2016. That is an annual yield of over 4%, based on our current share price! As always, future dividends will depend on business conditions and our cash needs.

Fiscal year 2017 will prove to be very challenging. We are overdue for a US recession and growth in our industry will be problematic. We are already seeing increased competition in our space and I suspect it will be difficult to maintain our current level of sales.

/S/ Scott W. Ryan
Chairman of the Board

Summary Statement of Operations				
	For The Three Months Ended		For the Twelve Months Ended	
	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)
Sales	\$3,397,150	\$2,677,506	\$13,950,871	\$12,151,177
Gross profit	\$719,734	\$625,192	\$3,206,358	\$2,425,708
Selling and administrative expenses	\$(378,251)	\$(361,234)	\$(1,658,793)	\$(1,504,916)
Income from operations	\$341,483	\$263,958	\$1,547,565	\$920,792
Other income (expenses)	\$(60,784)	\$74,154	\$(167,614)	\$(45,038)
Net income before provision for income taxes	\$280,699	\$338,112	\$1,379,951	\$875,754
Net income *	\$170,439	\$273,544	\$833,251	\$584,377
Basic earnings per share	\$0.18	\$0.28	\$0.87	\$0.60
Basic weighted average number of common shares outstanding	961,062	974,630	962,141	978,558
Diluted earnings per common and equivalent share	\$0.18	\$0.28	\$0.87	\$0.60
Diluted weighted average number of common and equivalent shares outstanding	961,062	974,630	962,141	978,558

Summary Balance Sheet as of					
	March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)		March 31, 2016 (Unaudited)	March 31, 2015 (Unaudited)
Assets			Liabilities and Equity		
Cash & cash equivalents	\$1,433,971	\$1,196,702	Accounts payable & short term notes payable	\$531,224	\$556,651
Accounts receivable	1,166,868	1,250,342	Customer deposits	45,247	133,190
Inventory	2,029,336	1,739,333	Accrued compensation & benefits	482,335	400,577
Property & equipment	4,758,397	4,776,728	Short term notes payable	257,734	241,450
Long term notes receivable	\$-	\$-	Other liabilities *	2,605,660	2,770,870
Other assets	63,556	85,914	Stockholders' equity *	5,529,928	4,946,281
Total	\$9,452,128	\$9,049,019	Total	\$9,452,128	\$9,049,019

* 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 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.