

Reconditioned Systems, Inc.
235 S. 56th Street
Chandler, Arizona 85226
(480) 968-1772 (Telephone)
(480) 894-1907 (Fax)

News Release

Contact: Investor Relations

“RSI reports First Quarter 2015 results”

August 8, 2014

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) started this fiscal year with a profit. As I have said in my previous letters, the changes we have made should improve our cost control and increase our profit margins, and this is reflected in our current operating results. However, our business remains very competitive and price increases are very difficult to implement. Our labor costs are proving problematic; it is difficult to train and retain good qualified workers. This is putting pressure on our margins and offsetting our other cost control efforts.

For the three months ending June 30, 2014, RSI made \$57 thousand on sales of \$2.77 million. This compares to a loss of \$94.3 thousand on sales of \$2.33 million for the quarter ending June 30, 2013. Our sales are finally starting to increase and I am hopeful that we can build on this success. We now have a new sales video, which can be viewed at our website (<http://www.rsisystemsfurniture.com>) under the tab “About Us”. I recommend that you watch it and would appreciate your comments.

We will continue to use outside sales representatives to cover areas we do not currently sell in. This should increase sales in an efficient way without a major cost outlay. Meanwhile, our overall sales are increasing, which also helps our margins. We have significant excess manufacturing capacity and can easily service higher sales without additional capital investment.

The economy continues to improve, while both interest rates and inflation continue to stay surprisingly low. Corporate profits remain high. Unemployment is much lower and is now below the Federal Reserve’s target; it remains unclear how the “Taper” will affect interest rates and the overall economy. Europe continues to improve, but also has sluggish growth. Global debt is 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. We shall see...

I remain hopeful that our GSA business will recover and our new line, Engage, will continue to gain momentum. This is our focus for this year.

Your company has paid annual dividends for the last nine years. This year the board voted to pay an annual dividend of \$0.15 payable on August 27, 2014, to shareholders of record July 11, 2014. 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, 2014 (Unaudited)	June 30, 2013 (Unaudited)
Sales	\$2,767,466	\$2,326,767
Gross profit	\$491,918	\$352,770
Selling and administrative expenses	\$(359,051)	\$(354,366)
New building and moving expenses	\$-	\$(108,787)
Other	\$(38,282)	\$(44,877)
Net income (loss) before provision for income taxes	\$94,585	\$(155,260)
Net income (loss)	\$57,434	\$(94,275)
Basic earnings (loss) per share	\$0.06	\$(0.10)
Basic weighted average number of common shares outstanding	981,857	990,914
Diluted earnings (loss) per common and equivalent share	\$0.06	\$(0.10)
Diluted weighted average number of common and equivalent shares outstanding	981,857	990,914

Summary Balance Sheet as of					
	June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)		June 30, 2014 (Unaudited)	June 30, 2013 (Unaudited)
Assets			Liabilities and Equity		
Cash & cash equivalents	\$754,764	\$621,101	Accounts payable	\$778,324	\$708,636
Accounts receivable	1,183,141	947,752	Customer deposits	90,043	82,569
Note receivable – current	11,206	10,783	Dividend payable	149,800	99,500
Inventory	1,972,619	1,978,613	Accrued compensation & benefits	297,188	340,786
Property & equipment	4,881,037	5,023,943	Current note payable and other current liabilities	521,166	628,956
Note receivable – long term	59,055	131,222	Other liabilities	2,781,721	2,963,303
Other assets	203,409	317,372	Stockholders' equity	4,446,989	4,207,036
Total	\$9,065,231	\$9,030,786	Total	\$9,065,231	\$9,030,786

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.