

Reconditioned Systems, Inc.
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News Release

Contact: Investor Relations

“RSI reports Second Quarter 2015 results”

November 14, 2014

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) had a profitable quarter. Clearly the new marketing initiatives have helped to increase our sales; we now have to increase our margins. We have been operating in our new building for over a year and our costs have been fixed as much as possible. Any increase in margins will have to come from the revenue side.

For the three months ending September 30, 2014, RSI made \$96.6 thousand on sales of \$3.35 million. This compares to a profit from operations of \$57.4 thousand on sales of \$2.76 million for the quarter ending September 30, 2013. Last year’s income for the September quarter was actually \$187 thousand because of an extraordinary gain. This quarter’s sales were not only better than last year’s September quarter, but also better than the last quarter’s (June 30, 2014) sales of \$2.77 million. This is a good performance and I hope that we continue to make progress increasing our sales for the second half of this fiscal year.

Our Director of Sales, Kerrie Janik, has resigned. This is a tremendous loss for the company and we shall sorely miss her; her contributions to RSI over the years have been extraordinary, both as a Director, Chief Financial Officer and more recently as the head of marketing. Fortunately, she has implemented a marketing plan which we will continue to execute. We will endeavor to add more outside marketing entities where it makes sense. I continue to believe that this is an excellent way to augment sales in those territories where we have not had good penetration.

Our GSA sales effort is starting to see a comeback after the disaster of the “Sequester”. David Ryan continues to work to establish us as a provider of quality furniture to the government and we are starting to quote more in that line. I remain optimistic about GSA sales and still believe it could become a huge business for us. We are one of only three remanufacturing companies with a GSA contract.

Quantitative Easing has finally ended and it remains to be seen what effect this will have on our economy. The huge accumulated debt has yet to be addressed, which is the biggest problem our country faces. Although Europe continues to struggle, the United States economy continues to register nominal growth. Unemployment has continued to decline, and inflation and interest rates remain low. All things considered, it continues to be an excellent environment for business. We will try to take advantage of it.

/S/ Scott W. Ryan

Scott W. Ryan
Chairman of the Board

Summary Statement of Operations				
	For The Three Months Ended		For the Six Months Ended	
	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Sales	\$3,349,197	\$2,759,604	\$6,116,663	\$5,086,371
Gross profit	\$604,502	\$444,542	\$1,096,420	\$797,312
Selling and administrative expenses	\$(399,667)	\$(350,051)	\$(758,718)	\$(704,417)
Income from operations	\$204,835	\$94,491	\$337,702	\$92,895
Non-operating building and moving expenses	\$-	\$(84,610)	\$-	\$(193,397)
Other income (expenses)	\$(45,800)	\$297,696	\$(84,082)	\$252,819
Net income before provision for income taxes	\$159,035	\$307,577	\$253,620	\$152,317
Net income	\$96,566	\$186,758	\$154,000	\$92,484
Basic earnings per share	\$0.10	\$0.19	\$0.16	\$0.09
Basic weighted average number of common shares outstanding	978,919	986,296	980,388	988,605
Diluted earnings per common and equivalent share	\$0.10	\$0.19	\$0.16	\$0.09
Diluted weighted average number of common and equivalent shares outstanding	978,919	986,296	980,388	988,605

Summary Balance Sheet as of					
	September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)		September 30, 2014 (Unaudited)	September 30, 2013 (Unaudited)
Assets			Liabilities and Equity		
Cash & cash equivalents	\$929,133	\$875,443	Accounts payable & short term notes payable	\$849,161	\$1,212,632
Accounts receivable	1,329,494	1,457,930	Customer deposits	188,659	47,924
Inventory	1,818,791	1,935,529	Accrued compensation & benefits	326,348	339,298
Property & equipment	4,837,436	4,996,669	Short term notes payable	233,743	223,033
Long term notes receivable	52,631	126,891	Other liabilities *	3,029,395	3,383,504
Other assets	206,571	202,137	Stockholders' equity *	4,546,750	4,388,208
Total	\$9,174,056	\$9,594,599	Total	\$9,174,056	\$9,594,599

* 2015 Income taxes have been estimated at approx. 39% of pretax income, respectively and may be revised upon completion of the company's tax returns.

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.