

Reconditioned Systems, Inc.
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News Release

Contact: Investor Relations

“RSI reports First Quarter 2014 results”
Tempe, Arizona, August 30, 2013

Dear Fellow Shareholders:

I regret to report that Reconditioned Systems, Inc. (“RSI”) started this fiscal year with a loss.

For the three months ending June 30, 2013, RSI lost \$94.3 thousand on sales of \$2.33 million. This compares to a gain of \$7.6 thousand on sales of \$2.56 million for the quarter ending June 30, 2012. Our sales have continued to be disappointing; I am hopeful that the rest of this fiscal year will be better.

We moved into the new Chandler building in July and have been operating there without any disruption of production. I am very pleased with this accomplishment. We did, however, incur more expense than we anticipated for the move; this negatively impacted the quarter. As of September 1, 2013, the lease on the Tempe building expires and we finally will be done with the expenses associated with that lease. I am hopeful that the September quarter will be profitable, but going forward we will have a much lower operating expense which should allow our margins to improve.

The economy continues to improve, the business outlook is better and both interest rates and inflation have stayed low; corporate profits remain high. Unemployment remains high, but is improving. Europe continues to struggle and this will also keep our economic growth subdued for at least the next year. In our business, the “Sequester” has had a major impact on the large manufacturers, and that has caused our business to remain very competitive as they aggressively bid on smaller jobs that are our main market. The Sequester has obviously also had a major impact on our GSA business, which was just starting to grow. I remain hopeful that this will become an important part of our business.

Your company has paid annual dividends for the last eight years. This year the board voted to pay an annual dividend of \$0.10 on August 30, 2013, to shareholders of record on July 8, 2013. 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, 2013 (Unaudited)	June 30, 2012 (Unaudited)
Sales	\$2,326,767	\$2,563,977
Gross profit	\$352,770	\$441,021
Selling and administrative expenses	\$(354,366)	\$(366,344)
New building and moving expenses	\$(108,787)	\$(5,436)
Other	\$(44,877)	\$(56,623)
Net income (loss) before provision for income taxes	\$(155,260)	\$12,618
Net income (loss)	\$(94,275)	\$7,661
Basic earnings (loss) per share	\$(0.10)	\$0.01
Basic weighted average number of common shares outstanding	990,914	998,166
Diluted earnings (loss) per common and equivalent share	\$(0.10)	\$0.01
Diluted weighted average number of common and equivalent shares outstanding	990,914	999,932

Summary Balance Sheet as of					
	June 30, 2013 (Unaudited)	June 30, 2012 (Unaudited)		June 30, 2013 (Unaudited)	June 30, 2012 (Unaudited)
Assets			Liabilities and Equity		
Cash & marketable securities	\$621,101	\$925,014	Accounts payable & short term notes payable	\$856,612	\$683,820
Accounts receivable	947,752	909,953	Customer deposits	82,569	178,693
Inventory	1,978,613	1,994,178	Dividend payable	99,500	119,500
Property & equipment	5,023,943	4,382,046	Accrued compensation & benefits	340,786	328,649
Long term notes receivable	131,222	257,789	Other liabilities	3,444,283	3,406,429
Other assets	328,155	496,258	Stockholders' equity	4,207,036	4,248,147
Total	\$9,030,786	\$8,965,238	Total	\$9,030,786	\$8,965,238

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.