

Reconditioned Systems, Inc.
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News Release

Contact: Investor Relations

“RSI reports second Quarter 2014 results”
Tempe, Arizona, November 8, 2013

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) had a profitable quarter. After a loss last quarter, we have stabilized our business and the additional expenses related to finishing and moving into the new building are finally behind us. I look forward to reporting continuing improvements for the rest of this year to you.

We have been operating in our new building since July, and our lease on the building in Tempe expired on September 1, 2013. We are finally where we want to be and I could not be more optimistic about our future. Although our building’s roof was badly damaged by a storm in July, our insurance covered the loss and except for some inconvenience, we have dealt with the problem. Going forward, our costs are mostly fixed, and I am hopeful that our margins will start to expand.

For the three months ending September 30, 2013, RSI made \$57.4 thousand from operations on sales of \$2.76 million. This compares to a profit of \$46.7 thousand on sales of \$2.85 million for the quarter ending September 30, 2012. While sales were below last year’s second quarter, we were above our first (June 2013) quarter’s sales of \$2.33 million. In addition, we made a gain on the sale of some assets from the old building and a gain on the net insurance for the roof damage which made the quarter’s total net income \$186.7 thousand.

Our Director of Sales, Kerrie Janik, has implemented a new program of using independent sales representatives in addition to our own salesmen in an effort to boost sales. I believe that this is an excellent way to augment sales in those territories where we have not had good penetration. Although we are starting slowly and in only a few areas, I believe that this could have a major impact on our sales. I look forward to reporting our progress in this area.

Our GSA sales effort has been badly affected by the “Sequester”. Nonetheless, I am very pleased by the progress in this area. Headed by David Ryan, we are beginning to be recognized as a provider of quality furniture to the government and are quoting more in that line. Our contract has been renewed for five years and we are positioned to do well once the government returns to normal. I remain very optimistic about GSA sales and believe it could become a huge business for us. We are one of only three remanufacturing companies with a GSA contract.

The economy continues to recover albeit with very nominal growth. Although unemployment remains high, corporate profits have been strong. Like most corporations we are keeping our costs in check and are using overtime rather than hiring new employees. Going forward, the Federal Reserve has decided to remain accommodative, and inflation and interest rates remain low. All things considered it is an excellent environment for business. I hope we can 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, 2013 (Unaudited)	September 30, 2012 (Unaudited)	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)
Sales	\$2,759,604	\$2,849,375	\$5,086,371	\$5,413,352
Gross profit	\$444,542	\$439,832	\$797,312	\$880,853
Selling and administrative expenses	\$(350,051)	\$(378,732)	\$(704,417)	\$(745,076)
Income from operations	\$94,491	\$61,100	\$92,895	\$135,777
Non-operating building and moving expenses	\$(84,610)	\$(10,229)	\$(193,397)	\$(15,665)
Other income (expenses)	\$297,696	\$21,704	\$252,819	\$(34,919)
Net income before provision for income taxes	\$307,577	\$72,575	\$152,317	\$85,193
Net income	\$186,758	\$46,723	\$92,484	\$54,384
Basic earnings per share	\$0.19	\$0.05	\$0.09	\$0.05
Basic weighted average number of common shares outstanding	986,296	994,505	988,605	996,335
Diluted earnings per common and equivalent share	\$0.19	\$0.05	\$0.09	\$0.05
Diluted weighted average number of common and equivalent shares outstanding	986,296	995,449	988,605	997,691

Summary Balance Sheet as of					
	September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)		September 30, 2013 (Unaudited)	September 30, 2012 (Unaudited)
Assets			Liabilities and Equity		
Cash & marketable securities	\$875,443	\$721,538	Accounts payable & short term notes payable	\$1,212,632	\$718,066
Accounts receivable	1,457,930	1,109,778	Customer deposits	47,924	121,770
Inventory	1,935,529	1,907,158	Accrued compensation & benefits	339,298	308,893
Property & equipment	4,996,669	4,411,130	Short term notes payable	223,033	0
Long term notes receivable	126,891	253,589	Other liabilities	3,383,504	3,408,549
Other assets	202,137	333,871	Stockholders' equity	4,388,208	4,179,786
Total	\$9,594,599	\$8,737,064	Total	\$9,594,599	\$8,737,064

Note: The Company's quarterly press releases are available on our website www.RSIsystems furniture.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.