

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 2018 results”

August 25, 2017

Dear Fellow Shareholders:

Unfortunately, Reconditioned Systems, Inc. (“RSI”) started this fiscal year with a small loss. As I said in my letter in the Annual Report, fiscal 2018 will again be very challenging, but I am hopeful that we can increase sales and earnings over last year.

For the three months ending June 30, 2017, RSI had a pretax loss of \$14.8 thousand on sales of \$2.4 million. This compares to a profit of \$63.4 thousand on sales of \$2.78 million for the quarter ending June 30, 2016. Given the decline in sales, the loss is not surprising.

Business conditions remain favorable with energy costs, interest and inflation near their lows. However labor costs, especially in Arizona, are increasing our production costs and generally making it difficult to find good workers. If President Trump can deliver on lower taxes and regulations, that would help our company along with all other domestic business.

Global debt remains 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. The Federal Reserve will have to start dealing with the huge debt relatively soon.

Your company has paid annual dividends for the last eleven years. This year the board voted to pay an annual dividend of \$0.10 payable on August 31, 2017, to shareholders of record July 9, 2017. 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, 2017 (Unaudited)	June 30, 2016 (Unaudited)
Sales	\$2,423,956	\$2,784,557
Gross profit	\$352,379	\$515,474
Selling and administrative expenses	\$(332,422)	\$(378,347)
Other	\$(34,762)	\$(34,018)
Net income (loss) before provision for income taxes	\$(14,805)	\$103,109
Net income (loss)	\$(8,360)	\$63,423
Basic earnings (loss) per share	\$(.01)	\$.07
Basic weighted average number of common shares outstanding	960,878	960,978
Diluted earnings (loss) per common and equivalent share	\$(.01)	\$.07
Diluted weighted average number of common and equivalent shares outstanding	960,878	960,978

Summary Balance Sheet as of					
	June 30, 2017 (Unaudited)	June 30, 2016 (Unaudited)		June 30, 2017 (Unaudited)	June 30, 2016 (Unaudited)
Assets			Liabilities and Equity		
Cash & cash equivalents	\$1,228,743	\$1,095,723	Accounts payable	\$686,985	\$648,413
Accounts receivable	725,274	1,131,384	Customer deposits	193,990	100,829
Inventory	2,097,737	2,243,724	Dividend payable	96,088	240,245
Property & equipment	4,638,960	4,727,042	Accrued compensation & benefits	161,125	268,371
Other assets	135,205	87,802	Current note payable and other current liabilities	279,593	329,685
			Other liabilities	1,856,763	2,555,639
			Stockholders' equity	5,551,375	5,442,493
Total	\$8,825,919	\$9,528,164	Total	8,825,919	\$9,285,675

* 2018 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.