

**Reconditioned Systems, Inc.**  
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**News Release**

**Contact: Investor Relations**

**“RSI reports third quarter 2016 results”**  
**Chandler, Arizona, February 13, 2016**

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) had another profitable quarter.

For the three months ended December 31 2015, RSI made \$244 thousand on sales of \$3.5 million. This compares to a profit of \$157 thousand on sales of \$3.36 million for the quarter ending December 31, 2014. Sales were slightly below last quarter’s outstanding sales of \$3.66 million, which is normal given the holidays in the December quarter. I am pleased by our performance this year and hope we have a strong final quarter for the fiscal year.

We continue to hold margins as we keep our costs in line. Given the anemic growth in the domestic economy, we are doing very well. Most of the major companies in our industry are seeing slowing sales and down earnings. This will likely increase competition and prevent any possible price increases.

The United States economy continues its slow growth; however the business environment remains excellent. The Federal Reserve voted to have the first interest rate increase in seven years. I believe that it is long overdue and 0.25% should not negatively affect business in 2016. Meanwhile we have a strong dollar, low inflation, low interest rates and low energy costs. I can work with that! The dramatic drop in oil prices acts as a tax cut for the American consumer and business. Although this drop has clearly hurt the energy companies, the majority of American business is benefiting from the lower costs. Hopefully, RSI will continue to take advantage of the good business conditions. Europe, Japan and the rest of the world are having a difficult time and their economies are in danger of falling into recession. The EU continues to struggle and more problems are likely to occur there with their version of Quantitative Easing. They are much more exposed to the Chinese economy, which has been weakening lately.

I am hopeful that our final quarter, ending March 31, will also be a profitable one, and that this fiscal year will be as good as last year.

/S/ Scott W. Ryan  
Chairman of the Board

<b>Summary Statement of Operations</b>				
	<b>For The Three Months Ended</b>		<b>For the Nine Months Ended</b>	
	<b>December 31, 2015 (Unaudited)</b>	<b>December 31, 2014 (Unaudited)</b>	<b>December 31, 2015 (Unaudited)</b>	<b>December 31, 2014 (Unaudited)</b>
Sales	\$3,499,204	\$3,357,008	\$10,553,721	\$9,473,671
Gross profit	\$887,055	\$704,097	\$2,487,007	\$1,800,517
Selling and administrative expenses	\$(462,216)	\$(384,964)	\$(1,280,543)	\$(1,143,686)
Income from operations	\$424,839	\$319,133	\$1,206,464	\$656,831
Other income (expenses)	\$(22,351)	\$(35,111)	\$(106,830)	\$(119,191)
Net income before provision for income taxes	\$402,488	\$284,022	\$1,099,634	\$537,640
Net income	\$244,388	\$156,833	\$663,194	\$310,831
Basic earnings per share	\$0.25	\$0.16	\$0.69	\$0.32
Basic weighted average number of common shares outstanding	961,062	977,166	962,500	979,324
Diluted earnings per common and equivalent share	\$0.25	\$0.16	\$0.69	\$0.32
Diluted weighted average number of common and equivalent shares outstanding	961,062	977,166	962,500	979,324

<b>Summary Balance Sheet as of</b>					
	<b>December 31, 2015 (Unaudited)</b>	<b>December 31, 2014 (Unaudited)</b>		<b>December 31, 2015 (Unaudited)</b>	<b>December 31, 2014 (Unaudited)</b>
Assets			Liabilities and Equity		
Cash & cash equivalents	\$1,556,417	\$932,674	Accounts payable & short term notes payable	\$641,891	\$430,324
Accounts receivable	992,116	1,237,606	Customer deposits	366,211	60,123
Inventory	2,138,323	1,671,930	Accrued compensation & benefits	400,382	389,135
Property & equipment	4,802,905	4,797,579	Short term notes payable	253,577	487,562
Long term notes receivable	\$-	47,945	Other liabilities *	2,630,467	2,824,218
Other assets	162,637	196,904	Stockholders' equity *	5,359,870	4,693,276
Total	\$9,652,398	\$8,884,638	Total	\$9,652,398	\$8,884,638

\*2016 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](http://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.