

Reconditioned Systems, Inc.
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News Release

Contact: Investor Relations

“RSI reports fourth Quarter 2017 results”
Chandler, Arizona, May 19, 2017

Dear Fellow Shareholders:

I am happy to report that Reconditioned Systems, Inc. (“RSI”) was profitable this quarter. Given the sales decline from last year, that is truly remarkable. Fortunately, we had expected a decline in sales for this year, since last year was the best in recent history, and we worked hard to control our costs. It is again doubtful that we can come close to 2016’s record results this next year, but I am hopeful that we will show an increase in sales and earnings over 2017 results.

For the three months ending March 31 2017, RSI had a pretax gain of \$99.6 thousand on sales of \$2.35 million. This compares to a pretax gain of \$280.7 thousand on sales of \$3.39 million for the quarter ending March 31, 2016. Very few managers could deal with a 30% drop in sales and be profitable. We owe Dirk Anderson and his team our congratulations and thanks for a job well done!

If President Trump can deliver on his pledge to reduce taxes and regulations, our company would be a major beneficiary. It remains to be seen if Congress will accommodate his plans. Domestically, business conditions continue to be excellent. Inflation, interest rates and energy prices remain very low by historical standards. The situation in Europe is worse, and there will be more problems there for sure. The global economy continues to struggle and world debt is a major problem without a solution.

RSI has paid annual cash dividends for the last twelve years. This year the Board of Directors voted to pay \$.10 per common share. Given the lower earnings, I believe that is appropriate and will still allow us to pay for some needed capital improvements. The dividend is payable August 31, 2017 to shareholders of record July 7, 2017. As always, future dividends will depend on business conditions and our cash needs.

Fiscal year 2018 will again prove to be very challenging. We are in an unprecedented 8th year without a recession. Growth in employment and our industry sales will remain problematic. However as I said above, we are hopeful that we can increase our sales and earnings this next year.

/S/ Scott W. Ryan
Chairman of the Board

Summary Statement of Operations				
	For The Three Months Ended		For the Twelve Months Ended	
	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
Sales	\$2,349,125	\$3,397,150	\$10,154,030	\$13,950,871
Gross profit	\$488,285	\$719,734	\$1,966,382	\$3,206,356
Selling and administrative expenses	\$(352,819)	\$(378,251)	\$(1,415,311)	\$(1,658,793)
Income from operations	\$135,466	\$341,483	\$551,071	\$1,547,563
Other income (expenses)	\$(35,871)	\$(60,784)	\$(141,923)	\$(167,614)
Net income before provision for income taxes	\$99,595	\$280,699	\$409,148	\$1,379,949
Net income *	\$62,445	\$259,826	\$255,308	\$922,636
Basic earnings per share	\$0.06	\$0.27	\$0.27	\$0.96
Basic weighted average number of common shares outstanding	960,878	961,062	960,922	962,141
Diluted earnings per common and equivalent share	\$0.06	\$0.27	\$0.27	\$0.96
Diluted weighted average number of common and equivalent shares outstanding	960,878	961,062	960,922	962,141

Summary Balance Sheet as of					
	March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)		March 31, 2017 (Unaudited)	March 31, 2016 (Unaudited)
Assets			Liabilities and Equity		
Cash & cash equivalents	\$1,315,789	\$1,433,971	Accounts payable & short term notes payable	\$558,660	\$531,224
Accounts receivable	725,253	1,166,868	Customer deposits	21,271	45,247
Inventory	1,911,996	2,029,336	Accrued compensation & benefits	260,040	482,335
Property & equipment	4,657,514	4,758,397	Short term notes payable	275,080	257,734
Other assets	184,975	67,856	Other liabilities *	2,046,703	2,520,573
			Stockholders' equity *	5,633,773	5,619,315
Total	\$8,795,527	\$9,456,428	Total	\$8,795,527	\$9,456,428

* 2017 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.