

BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

April 30, 2014

(unaudited)

150 Louisiana, NE Albuquerque, NM 87108 (505) 266-5985

BOWLIN TRAVEL CENTERS, INC.
Condensed Balance Sheets
(in thousands, except share data)

	<u>April 30, 2014 (Unaudited)</u>	<u>January 31, 2014</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,538	\$ 2,554
Marketable securities	860	860
Accounts receivable	23	25
Inventories	3,600	3,374
Prepaid expenses	177	216
Deferred income taxes	54	43
Interest receivable	1	—
Income taxes	515	515
Total current assets	<u>7,768</u>	<u>7,587</u>
Property and equipment, net	9,662	9,649
Capital lease, net	115	130
Assets held for sale	412	412
Intangible assets, net	36	40
Investment in real estate	419	419
Total assets	<u>\$ 18,412</u>	<u>\$ 18,237</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,211	\$ 633
Current maturity of long-term debt	261	260
Current maturity of obligation under capital lease	51	63
Accrued liabilities	470	624
Deferred revenue	12	21
Total current liabilities	<u>2,005</u>	<u>1,601</u>
Deferred income taxes	747	779
Obligation under capital lease, less current maturities	64	67
Long-term debt, less current maturities	4,414	4,480
Total liabilities	<u>7,230</u>	<u>6,927</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at April 30, 2014 and January 31, 2014	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,127,419 issued and outstanding at April 30, 2014 and 4,131,550 issued and outstanding at January 31, 2014	5	5
Less: Treasury stock	<u>1</u>	<u>1</u>
Common stock outstanding	4	4
Additional paid in capital	9,262	9,268
Retained earnings	1,916	2,038
Total stockholders' equity	<u>11,182</u>	<u>11,310</u>
Total liabilities and stockholders' equity	<u>\$ 18,412</u>	<u>\$ 18,237</u>

See accompanying notes to condensed financial statements.

BOWLIN TRAVEL CENTERS, INC.
Condensed Statements of Income
(in thousands, except share and per share data)

	Three Months Ended	
	April 30, 2014 (Unaudited)	April 30, 2013 (Unaudited)
Gross sales	\$ 6,877	\$ 6,933
Less discounts on sales	51	48
Net sales	6,826	6,885
Cost of goods sold	4,711	4,884
Gross profit	2,115	2,001
General and administrative expenses	(2,040)	(1,902)
Depreciation and amortization	(235)	(246)
Operating loss	(160)	(147)
Non-operating income (expense):		
Interest income	1	2
Interest expense	(45)	(49)
Rental income	39	37
Total non-operating income (expense)	(5)	(10)
Loss before income taxes	(165)	(157)
Income tax benefit	43	56
Net loss	\$ (122)	\$ (101)
Loss per share:		
Basic and diluted	\$ (0.03)	\$ (0.02)
Weighted average common shares outstanding	4,127,419	4,140,324

See accompanying notes to condensed financial statements.

BOWLIN TRAVEL CENTERS, INC.
Condensed Statements of Cash Flows
(in thousands)

	For the Three Months Ended	
	April 30, 2014 (Unaudited)	April 30, 2013 (Unaudited)
Cash flows from operating activities:		
Net loss	\$ (122)	\$ (101)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	235	246
Amortization of loan fee	2	2
Deferred income taxes, net	(43)	(80)
Changes in operating assets and liabilities, net	230	(10)
Net cash provided by operating activities	302	57
Cash flows from investing activities:		
Purchases of property and equipment, net	(231)	(106)
Accrued interest receivable	(1)	(1)
Marketable securities	—	(50)
Notes receivable, net	—	(1)
Net cash used in investing activities	(232)	(158)
Cash flows from financing activities:		
Payments on long-term debt	(65)	(62)
Payments for obligation under capital lease	(15)	(14)
Additional paid-in capital, treasury stock	(6)	(8)
Net cash used in financing activities	(86)	(84)
Net decrease in cash and cash equivalents	(16)	(185)
Cash and cash equivalents at beginning of period	2,554	2,366
Cash and cash equivalents at end of period	\$ 2,538	\$ 2,181

See accompanying notes to condensed financial statements.

Notes to Condensed Financial Statements (Unaudited)

1. The condensed financial statements of Bowlin Travel Centers, Inc. (the "Company") as of and for the three months ended April 2014 and 2013 are unaudited and reflect all adjustments (consisting only of normal recurring adjustments) which are, in the opinion of management, necessary for a fair presentation of the financial position, operating results and cash flows for the interim periods. The interim financial statements should be read in conjunction with the audited financial statements and notes for the fiscal year ended January 31, 2014. Results of operations for interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole.

2. The Company continues to list for sale one retail location in Edgewood, New Mexico.

The property, fixtures and equipment located in Edgewood that are listed for sale have been identified as a component as defined in FASB ASC 2005-20-45 – Accounting for Impairment or Disposal of Long-Lived Assets (as amended). The carrying value of the property, fixtures and equipment of approximately \$412,000 have been reclassified as assets held for sale in the April 30, 2014 and the January 31, 2014 balance sheets. On October 31, 2007, the Company closed the Edgewood location. There has been no activity and therefore no results of operations.

On July 1, 2013, the Company entered into a periodic tenancy commercial lease agreement for the property. The tenant will have a first right of refusal to purchase the property should the Company receive a third party bona fide offer to sell the property.

3. In September 2013, the Board of Directors voted to continue the stock repurchase program that began in September 2008, whereby up to 1,000,000 shares of its common stock outstanding may be repurchased in the open market or in privately negotiated purchases from time to time, depending on market conditions and other factors. The purchases will be funded from available working capital and will be made in accordance with applicable securities laws and regulations.

The Company repurchased 4,131 of its outstanding common shares for the quarter ended April 30, 2014 at an average price per share of \$1.36, for a total repurchase of \$5,618. The common stock issued and outstanding was reduced by 4,131 shares or \$4 (4,134 shares times the par value of \$0.001), and additional paid in capital was reduced by \$5,614. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.