

BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

April 30, 2015

(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, 2015 (Unaudited)</u>	<u>January 31, 2015</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,416	\$ 3,614
Marketable securities	951	951
Accounts receivable	12	16
Inventories	3,509	3,067
Prepaid expenses	168	199
Deferred income taxes	65	60
Interest receivable	2	1
Total current assets	<u>8,123</u>	<u>7,908</u>
Property and equipment, net	9,545	9,453
Capital lease, net	51	67
Long-term deferred tax assets	320	378
Assets held for sale	412	412
Intangible assets, net	46	48
Investment in real estate	419	419
Total assets	<u>\$ 18,916</u>	<u>\$ 18,685</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,269	\$ 662
Current maturity of long-term debt	294	293
Current maturity of obligation under capital lease	51	67
Accrued liabilities	594	858
Deferred revenue	12	21
Total current liabilities	<u>2,220</u>	<u>1,901</u>
Deferred income taxes	692	726
Long-term debt, less current maturities	4,657	4,732
Total liabilities	<u>7,569</u>	<u>7,359</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at April 30, 2015 and January 31, 2015	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,096,426 issued and outstanding at April 30, 2015 and 4,099,676 issued and outstanding at January 31, 2015	5	5
Less: Treasury stock	<u>1</u>	<u>1</u>
Common stock outstanding	4	4
Additional paid in capital	9,219	9,223
Retained earnings	2,124	2,099
Total stockholders' equity	<u>11,347</u>	<u>11,326</u>
Total liabilities and stockholders' equity	<u>\$ 18,916</u>	<u>\$ 18,685</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, 2015 (Unaudited)	April 30, 2014 (Unaudited)
Gross sales	\$ 6,241	\$ 6,877
Less discounts on sales	65	51
Net sales	6,176	6,826
Cost of goods sold	3,714	4,711
Gross profit	2,462	2,115
General and administrative expenses	(2,175)	(2,040)
Depreciation and amortization	(236)	(235)
Operating income (loss)	51	(160)
Non-operating income (expense):		
Interest income	2	1
Interest expense	(46)	(45)
Rental income	37	39
Total non-operating income (expense)	(7)	(5)
Income (loss) before income taxes	44	(165)
Income tax (expense) benefit	(19)	43
Net income (loss)	\$ 25	\$ (122)
Income (loss) per share:		
Basic and diluted	\$ 0.01	\$ (0.03)
Weighted average common shares outstanding	4,096,426	4,127,419

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, 2015 (Unaudited)	April 30, 2014 (Unaudited)
Cash flows from operating activities:		
Net income (loss)	\$ 25	\$ (122)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	236	235
Amortization of loan fee	1	2
Deferred income taxes, net	19	(43)
Changes in operating assets and liabilities, net	<u>(72)</u>	<u>230</u>
Net cash provided by operating activities	<u>209</u>	<u>302</u>
Cash flows from investing activities:		
Purchases of property and equipment, net	(311)	(231)
Accrued interest receivable	<u>(1)</u>	<u>(1)</u>
Net cash used in investing activities	<u>(312)</u>	<u>(232)</u>
Cash flows from financing activities:		
Payments on long-term debt	(74)	(65)
Payments for obligation under capital lease	(16)	(15)
Additional paid-in capital, treasury stock	<u>(5)</u>	<u>(6)</u>
Net cash used in financing activities	<u>(95)</u>	<u>(86)</u>
Net decrease in cash and cash equivalents	(198)	(16)
Cash and cash equivalents at beginning of period	<u>3,614</u>	<u>2,554</u>
Cash and cash equivalents at end of period	<u>\$ 3,416</u>	<u>\$ 2,538</u>

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 2015 and 2014 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, 2015. 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, 2015 and the January 31, 2015 balance sheets. On October 31, 2007, the Company closed the Edgewood location. There has been no activity and therefore no results of operations.

3. In September 2014, 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 3,250 of its outstanding common shares for the quarter ended April 30, 2015 at an average price per share of approximately \$1.43, for a total repurchase of approximately \$4,652. The common stock issued and outstanding was reduced by 3,250 shares or \$3 (3,250 shares times the par value of \$0.001), and additional paid in capital was reduced by \$4,649. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

4. On April 1, 2015, the Company entered into a Marketer PMPA (Petroleum Marketing Practices Act) agreement with Western Refining Wholesale, LLC ("Western"). Western will provide ExxonMobil branded motor fuels to the Company for resale at five of the Company's ExxonMobil branded locations. The agreement has a ten-year term expiring March 31, 2025, and requires the Company to purchase certain annual minimum quantities of gasoline and diesel at a distributor's markup price of \$0.015 per gallon. In addition, Western will award the Company \$225,000 for approved Exxon image upgrades.

Termination of the Company's ExxonMobil distributorship eliminated the dealers the Company was doing business with. Annually this will eliminate approximately \$3,625,000 in fuel sales as well as approximately \$3,620,000 in cost of fuel purchased. The net effect on gross profit of \$5,000 is immaterial to the overall financial statements. The Company will also forfeit a one percent discount on gallons purchased, or approximately \$78,500 each year.