

BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

July 31, 2013

(unaudited)

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

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

	<u>July 31, 2013 (Unaudited)</u>	<u>January 31, 2013</u>
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,676	\$ 2,366
Marketable securities	910	850
Accounts receivable	23	73
Inventories	3,680	3,493
Prepaid expenses	195	238
Deferred income taxes	62	57
Interest receivable	2	—
Income taxes	382	515
Notes receivable, current maturities	1	1
Total current assets	7,931	7,593
Property and equipment, net	9,929	10,199
Capital lease, net	160	188
Assets held for sale	413	413
Intangible assets, net	35	40
Investment in real estate	419	419
Total assets	\$ 18,887	\$ 18,852
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 989	\$ 656
Current installments of long-term debt	256	251
Current maturity of obligation under capital lease	61	59
Accrued liabilities	478	592
Deferred revenue	3	21
Total current liabilities	1,787	1,579
Deferred income taxes	831	903
Obligation under capital lease	99	130
Long-term debt, less current installments	4,608	4,737
Total liabilities	7,325	7,349
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at July 31, 2013 and January 31, 2013	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,139,824 issued and outstanding at July 31, 2013 and 4,146,542 issued and outstanding at January 31, 2013	5	5
Less: Treasury stock	1	1
Common stock outstanding	4	4
Additional paid in capital	9,279	9,288
Retained earnings	2,279	2,211
Total stockholders' equity	11,562	11,503
Total liabilities and stockholders' equity	\$ 18,887	\$ 18,852

See accompanying notes to condensed financial statements.

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

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>July 31, 2013 (Unaudited)</u>	<u>July 31, 2012 (Unaudited)</u>	<u>July 31, 2013 (Unaudited)</u>	<u>July 31, 2012 (Unaudited)</u>
Gross sales	\$ 8,273	\$ 8,318	\$ 15,206	\$ 15,224
Less discounts on sales	<u>57</u>	<u>151</u>	<u>105</u>	<u>291</u>
Net sales	8,216	8,167	15,101	14,933
Cost of goods sold	<u>5,488</u>	<u>5,499</u>	<u>10,373</u>	<u>10,294</u>
Gross profit	2,728	2,668	4,728	4,639
General and administrative expenses	(2,198)	(2,056)	(4,100)	(3,941)
Depreciation and amortization	<u>(239)</u>	<u>(247)</u>	<u>(485)</u>	<u>(503)</u>
Operating income	291	365	143	195
Non-operating income (expense)				
Interest income	1	2	3	5
Interest expense	(50)	(82)	(98)	(163)
Rental income	<u>40</u>	<u>47</u>	<u>77</u>	<u>91</u>
Total non-operating expense	<u>(9)</u>	<u>(33)</u>	<u>(18)</u>	<u>(67)</u>
Income before income taxes	282	332	125	128
Income tax expense	<u>(113)</u>	<u>(130)</u>	<u>(57)</u>	<u>(56)</u>
Net income	<u>\$ 169</u>	<u>\$ 202</u>	<u>\$ 68</u>	<u>\$ 72</u>
Earnings per share				
Basic and diluted, net income	<u>\$ 0.04</u>	<u>\$ 0.05</u>	<u>\$ 0.02</u>	<u>\$ 0.02</u>
Weighted average common shares outstanding	<u>4,139,824</u>	<u>4,167,332</u>	<u>4,139,824</u>	<u>4,167,332</u>

See accompanying notes to condensed financial statements.

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

	For the Six Months Ended	
	July 31, 2013 (Unaudited)	July 31, 2012 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 68	\$ 72
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	485	503
Amortization of loan fee	3	3
Deferred income taxes, net	(77)	(76)
Changes in operating assets and liabilities, net	240	122
Net cash provided by operating activities	719	624
Cash flows from investing activities:		
Proceeds from sale of assets	6	—
Purchases of property and equipment, net	(191)	(194)
Marketable securities	(60)	—
Accrued interest receivable	(2)	(2)
Net cash used in investing activities	(247)	(196)
Cash flows from financing activities:		
Payments on long-term debt	(124)	(94)
Payments for obligation under capital lease	(29)	(26)
Additional paid-in capital, treasury stock	(9)	(26)
Net cash used in financing activities	(162)	(146)
Net increase in cash and cash equivalents	310	282
Cash and cash equivalents at beginning of period	2,366	2,061
Cash and cash equivalents at end of period	\$ 2,676	\$ 2,343

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 six months ended July 2013 and 2012 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, 2013. 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 \$413,000 has been reclassified as assets held for sale in the July 31, 2013 and the January 31, 2013 balance sheets. On October 31, 2007, the Company closed the Edgewood location.

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 2012, 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 6,718 of its outstanding common shares for the six months ended July 31, 2013, at an average price per share of \$1.36, for a total repurchase of \$9,148. The common stock issued and outstanding was reduced by 6,718 shares or \$7 (6,718 shares times the par value of \$0.001), and additional paid in capital was reduced by \$9,141. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.