

**BOWLIN TRAVEL CENTERS, INC.**

**Financial Statements**

**For the Quarterly Period Ended**

**October 31, 2013**

**(unaudited)**

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

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

	<b>October 31, 2013 (Unaudited)</b>	<b>January 31, 2013</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,766	\$ 2,366
Marketable securities	910	850
Accounts receivable	43	73
Inventories	3,562	3,493
Prepaid expenses	207	238
Deferred income taxes	72	57
Interest receivable	2	—
Income taxes	374	515
Notes receivable, current maturities	—	1
Total current assets	7,936	7,593
Property and equipment, net	9,768	10,199
Capital lease, net	145	188
Assets held for sale	413	413
Intangible assets, net	33	40
Investment in real estate	419	419
Total assets	\$ 18,714	\$ 18,852
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 843	\$ 656
Current installments of long-term debt	259	251
Current maturity of obligation under capital lease	62	59
Accrued liabilities	610	592
Deferred revenue	30	21
Total current liabilities	1,804	1,579
Deferred income taxes	799	903
Obligation under capital lease	83	130
Long-term debt, less current installments	4,543	4,737
Total liabilities	7,229	7,349
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at October 31, 2013 and January 31, 2013	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,131,550 issued and outstanding at October 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	9,268	9,288
Retained earnings	2,213	2,211
Total stockholders' equity	11,485	11,503
Total liabilities and stockholders' equity	\$ 18,714	\$ 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>Nine Months Ended</u>	
	<u>October 31, 2013 (Unaudited)</u>	<u>October 31, 2012 (Unaudited)</u>	<u>October 31, 2013 (Unaudited)</u>	<u>October 31, 2012 (Unaudited)</u>
Gross sales	\$ 6,803	\$ 6,943	\$ 22,009	\$ 22,168
Less discounts on sales	49	77	155	368
Net sales	6,754	6,866	21,854	21,800
Cost of goods sold	4,573	4,862	14,946	15,156
Gross profit	2,181	2,004	6,908	6,644
General and administrative expenses	(2,047)	(1,940)	(6,147)	(5,881)
Depreciation and amortization	(237)	(242)	(722)	(745)
Operating income (loss)	(103)	(178)	39	18
Non-operating income (expense):				
Interest income	2	1	5	6
Gain (loss) on sale of property and equipment	8	8	8	8
Interest expense	(49)	(81)	(147)	(244)
Rental income	41	40	118	130
Total non-operating expense (income)	2	(32)	(16)	(100)
Gain (loss) before extraordinary item	(101)	(210)	23	(82)
Income tax (expense) benefit	36	76	(21)	20
Extraordinary item – sale of cell tower lease and easement, net of income tax expense	—	73	—	73
Net income (loss)	<u>\$ (65)</u>	<u>\$ (61)</u>	<u>\$ 2</u>	<u>\$ 11</u>
Earnings per share, basic and diluted:				
Income before extraordinary item	<u>\$ —</u>	<u>\$ (0.032)</u>	<u>\$ —</u>	<u>\$ (0.014)</u>
Extraordinary item, net of income tax expense	<u>\$ —</u>	<u>\$ 0.017</u>	<u>\$ —</u>	<u>\$ 0.017</u>
Income (loss) per share	<u>\$ (0.016)</u>	<u>\$ (0.015)</u>	<u>\$ 0.000</u>	<u>\$ 0.003</u>
Weighted average common shares outstanding	<u>4,131,550</u>	<u>4,159,002</u>	<u>4,131,550</u>	<u>4,159,002</u>

See accompanying notes to condensed financial statements.

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

	<b>For the Nine Months Ended</b>	
	<b>October 31, 2013 (Unaudited)</b>	<b>October 31, 2012 (Unaudited)</b>
Cash flows from operating activities:		
Net income	\$ 2	\$ 11
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	722	745
Amortization of loan fee	4	5
Deferred income taxes, net	(119)	(95)
Gain on sale of assets	(8)	(8)
Changes in operating assets and liabilities, net	346	286
Net cash provided by operating activities	947	944
Cash flows from investing activities:		
Proceeds from the sale of assets	6	—
Purchases of property and equipment, net	(251)	(302)
Marketable securities	(60)	—
Accrued interest receivable	(2)	(2)
Notes receivable, net	10	10
Net cash used in investing activities	(297)	(294)
Cash flows from financing activities:		
Payments on long-term debt	(186)	(141)
Payments for obligation under capital lease	(44)	(41)
Additional paid-in capital, treasury stock	(20)	(36)
Net cash used in financing activities	(250)	(218)
Net increase (decrease) in cash and cash equivalents	400	432
Cash and cash equivalents at beginning of period	2,366	2,061
Cash and cash equivalents at end of period	\$ 2,766	\$ 2,493

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 nine months ended October 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 October 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 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 14,992 of its outstanding common shares for the nine months ended October 31, 2013, at an average price per share of approximately \$1.38, for a total repurchase of \$20,649. The common stock issued and outstanding was reduced by 14,992 shares or \$15 (14,992 shares times the par value of \$0.001), and additional paid in capital was reduced by \$20,634. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

4. On December 1, 2012, the Company's interest rate on its debt with its primary lender changed from 5.92% to 3.14%. The interest rate is subject to adjustment every five years and is based on the CMT interest rate plus 2.5%.