

**BOWLIN TRAVEL CENTERS, INC.**

**Financial Statements**

**For the Quarterly Period Ended**

**October 31, 2014**

**(unaudited)**

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

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

	<u>October 31, 2014 (Unaudited)</u>	<u>January 31, 2014</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 3,530	\$ 2,554
Marketable securities	900	860
Accounts receivable	41	25
Inventories	3,406	3,374
Prepaid expenses	211	216
Deferred income taxes	56	43
Interest receivable	2	—
Income taxes	515	515
Total current assets	<u>8,661</u>	<u>7,587</u>
Property and equipment, net	9,551	9,649
Capital lease, net	83	130
Assets held for sale	412	412
Intangible assets, net	50	40
Investment in real estate	419	419
Total assets	<u>\$ 19,176</u>	<u>\$ 18,237</u>
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 934	\$ 633
Current maturity of long-term debt	291	260
Current maturity of obligation under capital lease	66	63
Accrued liabilities	684	624
Deferred revenue	31	21
Total current liabilities	<u>2,006</u>	<u>1,601</u>
Deferred income taxes	912	779
Obligation under capital lease, less current maturities	17	67
Long-term debt, less current maturities	4,805	4,480
Total liabilities	<u>7,740</u>	<u>6,927</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at October 31, 2014 and January 31, 2014	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,111,997 issued and outstanding at October 31, 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	9,240	9,268
Retained earnings	<u>2,192</u>	<u>2,038</u>
Total stockholders' equity	<u>11,436</u>	<u>11,310</u>
Total liabilities and stockholders' equity	<u>\$ 19,176</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)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>October 31, 2014 (Unaudited)</u>	<u>October 31, 2013 (Unaudited)</u>	<u>October 31, 2014 (Unaudited)</u>	<u>October 31, 2013 (Unaudited)</u>
Gross sales	\$ 6,975	\$ 6,803	\$ 23,050	\$ 22,009
Less discounts on sales	67	49	194	155
Net sales	6,908	6,754	22,856	21,854
Cost of goods sold	4,567	4,573	15,357	14,946
Gross profit	2,341	2,181	7,499	6,908
General and administrative expenses	(2,142)	(2,047)	(6,513)	(6,147)
Depreciation and amortization	(236)	(237)	(704)	(722)
Operating income (loss)	(37)	(103)	282	39
Non-operating income (expense)				
Interest income	1	2	4	5
Interest expense	(53)	(49)	(148)	(147)
Gain on sale of assets	6	8	17	8
Rental income	38	41	119	118
Total non-operating income (expense)	(8)	2	(8)	(16)
Income before income taxes	(45)	(101)	274	23
Income tax benefit (expense)	13	36	(120)	(21)
Net income (loss)	<u>\$ (32)</u>	<u>\$ (65)</u>	<u>\$ 154</u>	<u>\$ 2</u>
Earnings per share				
Basic and diluted, net income (loss)	<u>\$ (0.01)</u>	<u>\$ (0.02)</u>	<u>\$ 0.04</u>	<u>\$ 0.00</u>
Weighted average common shares outstanding	<u>4,111,997</u>	<u>4,131,550</u>	<u>4,111,997</u>	<u>4,131,550</u>

See accompanying notes to condensed financial statements.

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

	For the Nine Months Ended	
	October 31, 2014 (Unaudited)	October 31, 2013 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 154	\$ 2
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	704	722
Amortization of loan fee	4	4
Deferred income taxes, net	120	(119)
Gain on sale of assets	(17)	(8)
Retirement of debt issuance fees	3	—
Changes in operating assets and liabilities, net	329	346
Net cash provided by operating activities	1,297	947
Cash flows from investing activities:		
Proceeds from sale of assets	23	6
Purchases of property and equipment, net	(560)	(251)
Accrued interest receivable	(2)	(2)
Marketable securities	(40)	(60)
Notes receivable, net	—	10
Net cash used in investing activities	(579)	(297)
Cash flows from financing activities:		
Payments on long-term debt	(200)	(186)
Retirement of long-term debt	(945)	—
Payments for obligation under capital lease	(47)	(44)
Payments for debt issuance costs	(22)	—
Proceeds from borrowing	1,500	—
Additional paid-in capital, treasury stock	(28)	(20)
Net cash provided in (used in) financing activities	258	(250)
Net increase in cash and cash equivalents	976	400
Cash and cash equivalents at beginning of period	2,554	2,366
Cash and cash equivalents at end of period	\$ 3,530	\$ 2,766

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 and nine months ended October 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 October 31, 2014 and the January 31, 2014 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. The lease expired June 30, 2014 and the current tenants continue to lease the property on a month-to-month basis.

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 19,553 of its outstanding common shares for the nine months ended October 31, 2014 at an average price per share of approximately \$1.40, for a total repurchase of approximately \$27,457. The common stock issued and outstanding was reduced by 19,553 shares or \$20 (19,553 shares times the par value of \$0.001), and additional paid in capital was reduced by \$27,437. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

4. On June 30, 2014, the Company entered into a commercial loan agreement with WestStar Bank in the amount of \$1,500,000 with an interest rate of 4.75% for the first five years, then subject to adjustment June 30, 2019. The Company's real property in Bernalillo County, New Mexico and one property in Dona Ana County, New Mexico will serve as security for the new loan. The new commercial loan agreement matures June 30, 2024. A portion of the proceeds were used to pay off an existing loan with Bank of the West which released the Company's real property in Cochise County, Arizona that was serving as collateral for the debt.

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