

BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

April 30, 2016

(unaudited)

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

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

	April 30, 2016 (Unaudited)	January 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,212	\$ 3,681
Marketable securities	954	954
Accounts receivable	11	24
Inventories	4,000	3,271
Prepaid expenses	188	224
Deferred income taxes	58	52
Interest receivable	3	1
Total current assets	<u>8,426</u>	<u>8,207</u>
Property and equipment, net	9,541	9,491
Long-term deferred tax assets	22	82
Assets held for sale	487	487
Intangible assets, net	38	40
Investment in real estate	419	419
Total assets	<u>\$ 18,933</u>	<u>\$ 18,726</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,329	\$ 558
Current maturity of long-term debt	306	303
Accrued liabilities	531	1,023
Deferred revenue	12	21
Total current liabilities	<u>2,178</u>	<u>1,905</u>
Deferred income taxes	679	703
Long-term debt, less current maturities	4,353	4,430
Total liabilities	<u>7,210</u>	<u>7,038</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at April 30, 2016 and January 31, 2016	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,078,690 issued and outstanding at April 30, 2016 and 4,078,690 issued and outstanding at January 31, 2016	5	5
Less: Treasury stock, \$0.001 par value: 483,672 shared at April 30, 2016 and 483,672 shares at January 31, 2016	1	1
Common stock outstanding	4	4
Additional paid in capital, net	9,193	9,193
Retained earnings	2,526	2,491
Total stockholders' equity	<u>11,723</u>	<u>11,688</u>
Total liabilities and stockholders' equity	<u>\$ 18,933</u>	<u>\$ 18,726</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, 2016 (Unaudited)	April 30, 2015 (Unaudited)
Gross sales	\$ 5,789	\$ 6,241
Less discounts on sales	83	65
Net sales	5,706	6,176
Cost of goods sold	3,076	3,714
Gross profit	2,630	2,462
General and administrative expenses	(2,316)	(2,175)
Depreciation and amortization	(242)	(236)
Operating income	72	51
Non-operating income (expense):		
Interest income	2	2
Interest expense	(44)	(46)
Rental income	35	37
Total non-operating income (expense)	(7)	(7)
Income before income tax expense	65	44
Income tax expense	(30)	(19)
Net income	\$ 35	\$ 25
Income per share:		
Basic and diluted, net income	\$ 0.01	\$ 0.01
Weighted average common shares outstanding	4,078,690	4,096,426

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, 2016 (Unaudited)	April 30, 2015 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 35	\$ 25
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	242	236
Amortization of loan fee	1	1
Deferred income taxes, net	30	19
Changes in operating assets and liabilities, net	<u>(409)</u>	<u>(72)</u>
Net cash (used in) provided by operating activities	<u>(101)</u>	<u>209</u>
Cash flows from investing activities:		
Purchases of property and equipment, net	(292)	(311)
Accrued interest receivable	<u>(2)</u>	<u>(1)</u>
Net cash used in investing activities	<u>(294)</u>	<u>(312)</u>
Cash flows from financing activities:		
Payments on long-term debt	(74)	(74)
Payments for obligation under capital lease	—	(16)
Additional paid-in capital, treasury stock	<u>—</u>	<u>(5)</u>
Net cash used in financing activities	<u>(74)</u>	<u>(95)</u>
Net decrease in cash and cash equivalents	(469)	(198)
Cash and cash equivalents at beginning of period	<u>3,681</u>	<u>3,614</u>
Cash and cash equivalents at end of period	<u>\$ 3,212</u>	<u>\$ 3,416</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 2016 and 2015 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, 2016. 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 has been identified as a component as defined in FASB ASC 205-20-45 – Accounting for Impairment or Disposal of Long-Lived Assets (as amended). The carrying value of the property of approximately \$487,000 has been reclassified as assets held for sale in the April 30, 2016 and in the January 31, 2016 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 2015, 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 did not repurchase any of its outstanding common shares for the quarter ended April 30, 2016.

4. On August 1, 2000, the Company entered into a long-term lease for office space located at 136 Louisiana, NE, Albuquerque, New Mexico 87108 at an annual rate of \$66,600. The lease terminated on April 30, 2016. The Company has executed a Commercial Listing Agreement to lease the available office space.