

BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

April 30, 2017

(unaudited)

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

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

	April 30, 2017 (Unaudited)	January 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,640	\$ 3,523
Marketable securities	953	953
Accounts receivable	17	18
Inventories	4,070	3,687
Prepaid expenses	196	232
Prepaid income taxes	—	50
Deferred income taxes	70	71
Interest receivable	3	1
Total current assets	<u>8,949</u>	<u>8,535</u>
Property and equipment, net	9,263	9,334
Capital lease, net	212	221
Long-term deferred tax assets	—	14
Assets held for sale	487	487
Intangible assets, net	29	31
Investment in real estate	334	334
Total assets	<u>\$ 19,274</u>	<u>\$ 18,956</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 1,184	\$ 636
Current maturity of long-term debt	316	314
Current maturity of capital lease obligation	41	40
Income taxes payable	95	—
Accrued liabilities	570	951
Deferred revenue	41	53
Total current liabilities	<u>2,247</u>	<u>1,994</u>
Deferred income taxes	735	765
Capital lease obligation, less current maturities	171	181
Long-term debt, less current maturities	4,039	4,119
Total liabilities	<u>7,192</u>	<u>7,059</u>
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at April 30, 2017 and January 31, 2017	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,032,597 issued and outstanding at April 30, 2017 and 4,040,672 issued and outstanding at January 31, 2017	5	5
Less: Treasury stock, \$0.001 par value: 550,751 shares at April 30, 2017 and 504,658 shares at January 31, 2017	1	1
Common stock outstanding	4	4
Additional paid in capital, net	9,114	9,131
Retained earnings	2,964	2,762
Total stockholders' equity	<u>12,082</u>	<u>11,897</u>
Total liabilities and stockholders' equity	<u>\$ 19,274</u>	<u>\$ 18,956</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, 2017 (Unaudited)	April 30, 2016 (Unaudited)
Gross sales	\$ 6,349	\$ 5,789
Less discounts on sales	81	83
Net sales	6,268	5,706
Cost of goods sold	3,593	3,076
Gross profit	2,675	2,630
General and administrative expenses	(2,368)	(2,316)
Depreciation and amortization	(252)	(242)
Operating income	55	72
Non-operating income (expense):		
Interest income	2	2
Interest expense	(45)	(44)
Rental income	19	35
Total non-operating income (expense)	(24)	(7)
Income before extraordinary item	31	65
Income tax expense	(15)	(30)
Extraordinary item – sale of cell tower leases and easements, net of income tax expense	186	—
Net income	<u>\$ 202</u>	<u>\$ 35</u>
Income per share:		
Basic and diluted, net income	<u>\$ 0.05</u>	<u>\$ 0.01</u>
Common shares outstanding	<u>4,032,597</u>	<u>4,078,690</u>

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, 2017 (Unaudited)	April 30, 2016 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 202	\$ 35
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	252	242
Amortization of loan fee	1	1
Deferred income taxes, net	(15)	30
Changes in operating assets and liabilities, net	(48)	(409)
Net cash provided by (used in) operating activities	<u>392</u>	<u>(101)</u>
Cash flows from investing activities:		
Purchases of property and equipment, net	(169)	(292)
Accrued interest receivable	(2)	(2)
Net cash used in investing activities	<u>(171)</u>	<u>(294)</u>
Cash flows from financing activities:		
Payments on long-term debt	(78)	(74)
Payments for obligation under capital lease	(9)	—
Additional paid-in capital, treasury stock	(17)	—
Net cash used in financing activities	<u>(104)</u>	<u>(74)</u>
Net Increase (decrease) in cash and cash equivalents	117	(469)
Cash and cash equivalents at beginning of period	<u>3,523</u>	<u>3,681</u>
Cash and cash equivalents at end of period	<u><u>\$ 3,640</u></u>	<u><u>\$ 3,212</u></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 2017 and 2016 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, 2017. 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 property located 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, 2017 and in the January 31, 2017 balance sheets. On March 22, 2017, the Company entered into a purchase agreement to sell the property with an expected closing date in July 2017.

3. In September 2016, 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 8,075 of its outstanding common shares for the three months ended April 30, 2017 at an average price per share of approximately \$2.02 for a total repurchase of approximately \$16,310. The common stock issued and outstanding was reduced by 8,075 shares or \$8 (8,075 shares times the par value of \$0.001), and additional paid in capital was reduced by \$16,302. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

4. Extraordinary item. In March 2017, the Company sold three cell tower leases and easements located in Luna County, New Mexico to Global Signal Acquisitions IV LLC for \$300,479 cash, which is reflected in income as an extraordinary item net of income tax expense.