

**BOWLIN TRAVEL CENTERS, INC.**

**Financial Statements**

**For the Quarterly Period Ended**

**April 30, 2011**

**(unaudited)**

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

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

	<b>April 30, 2011 (Unaudited)</b>	<b>January 31, 2011</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 2,305	\$ 2,891
Marketable securities	1,000	1,000
Accounts receivable	36	30
Inventories	4,029	3,514
Prepaid expenses	171	209
Deferred income taxes	59	51
Interest receivable	3	1
Income taxes	151	113
Notes receivable, current maturities	2	2
Total current assets	7,756	7,811
Property and equipment, net	10,999	10,930
Capital lease, net	289	—
Assets held for sale	413	413
Intangible assets, net	47	49
Investment in real estate	419	419
Notes receivable, less current maturities	3	3
Total assets	\$ 19,926	\$ 19,625
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 1,343	\$ 827
Current installments of long-term debt	187	184
Current maturity of obligation under capital lease	52	—
Accrued liabilities	351	647
Deferred revenue	21	32
Total current liabilities	1,954	1,690
Deferred income taxes	700	715
Obligation under capital lease	235	—
Long-term debt, less current installments	5,132	5,181
Total liabilities	8,021	7,586
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at April 30, 2011 and January 31, 2011	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,202,619 issued and outstanding at April 30, 2011 and 4,213,141 issued and outstanding at January 31, 2011	5	5
Less: Treasury stock	1	1
Common stock outstanding	4	4
Additional paid in capital	9,368	9,384
Retained earnings	2,533	2,651
Total stockholders' equity	11,905	12,039
Total liabilities and stockholders' equity	\$ 19,926	\$ 19,625

See accompanying notes to condensed financial statements.

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

	<b>Three Months Ended</b>	
	<b>April 30, 2011 (Unaudited)</b>	<b>April 30, 2010 (Unaudited)</b>
Gross sales	\$ 6,737	\$ 6,018
Less discounts on sales	55	49
Net sales	6,682	5,969
Cost of goods sold	4,714	4,028
Gross profit	1,968	1,941
General and administrative expenses	(1,870)	(1,816)
Depreciation and amortization	(254)	(232)
Operating loss	(156)	(107)
Non-operating income (expense):		
Interest income	3	7
(Loss) gain on sale of property and equipment	(1)	1
Interest expense	(83)	(67)
Rental income	49	48
Total non-operating income (expense)	(32)	(11)
Loss before income taxes	(188)	(118)
Income tax benefit	70	41
Net loss	\$ (118)	\$ (77)
Loss per share:		
Basic and diluted	\$ (0.03)	\$ (0.02)
Weighted average common shares outstanding	4,202,619	4,271,329

See accompanying notes to condensed financial statements.

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

	<b>For the Three Months Ended</b>	
	<b>April 30, 2011 (Unaudited)</b>	<b>April 30, 2010 (Unaudited)</b>
Cash flows from operating activities:		
Net loss	\$ (118)	\$ (77)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	254	232
Amortization of loan fee	2	1
Deferred income taxes, net	(23)	(32)
Gain on sale of assets	(1)	(1)
Changes in operating assets and liabilities, net	(312)	(324)
Net cash used in operating activities	(198)	(201)
Cash flows from investing activities:		
Proceeds from sale of assets	—	59
Purchases of property and equipment, net	(614)	(968)
Capital lease	294	—
Accrued interest receivable	2	—
Notes receivable, net	—	(5)
Net cash used in investing activities	(318)	(914)
Cash flows from financing activities:		
Payments on long-term debt	(46)	(34)
Payments for obligation under capital lease	(8)	—
Additional paid-in capital, treasury stock	(16)	(114)
Net cash used in financing activities	(70)	(148)
Net (decrease) increase in cash and cash equivalents	(586)	(1,263)
Cash and cash equivalents at beginning of period	2,891	2,424
Cash and cash equivalents at end of period	\$ 2,305	\$ 1,161

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 2011 and 2010 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, 2011. Results of operations for interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole.
2. On June 21, 2010, the Company entered into a capital lease agreement with YESCO LLC for two used 14' x 48' single face LED signs with individual web cams to be installed in Picacho, Arizona. The term of the lease consists of sixty consecutive months commencing on the first day of the month immediately following the installation of the signs. Installation of the signs was completed in February 2011. The Company will pay YESCO LLC \$1,065 as the maintenance component and \$5,802 as the base lease component. The Company will pay YESCO LLC \$1.00 with the final monthly payment at which time YESCO LLC will transfer ownership of the signs to the Company. As part security for its performance, the Company deposited with YESCO LLC the sum of \$38,500. The security deposit has been applied as a capital reduction of the base lease component. The Company will account for the capital lease in accordance with FASB ASC 840-30.
3. 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 have been reclassified as assets held for sale in the April 30, 2011 and January 31, 2011 balance sheets. On October 31, 2007, the Company closed the Edgewood location. There has been no activity and therefore no results of operations.

4. In December 2010, 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 10,522 of its outstanding common shares for the quarter ended April 30, 2011 at an average price per share of approximately \$1.49, for a total repurchase of approximately \$15,678. The common stock issued and outstanding was reduced by 10,522 shares or \$11 (10,522 shares times the par value of \$0.001), and additional paid in capital was reduced by \$15,667. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

5. Subsequent Event. In January 2011, the Company began a major remodel project at one retail location. The remodel project is expected to be complete during the second quarter of fiscal year 2012, with an estimated total cost of approximately \$325,000. At April 30, 2011, approximately \$199,000 had been spent on the project.
6. New Accounting Pronouncements.

In February 2010, the Financial Accounting Standards Board (FASB) issued amended standards regarding subsequent events (Topic 855: Amendments to Certain Recognition and Disclosure Requirements). The Board has clarified that if financial statements have been revised, an entity should disclose both the date that the financial statements were issued or available to be issued and the date the revised financial statements were issued or available to be issued. These new standards are required to be adopted for interim or annual

periods ending after June 15, 2010. The Company does not expect these new standards to significantly impact our consolidated financial statements.