BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

July 31, 2010

(unaudited)

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

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

	July 31, 2010 (Unaudited)	January 31, 2010
Assets		
Current assets:		
Cash and cash equivalents	$ 2,428	$ 2,424
Marketable securities	1,157	1,657
Accounts receivable	27	88
Inventories	3,502	3,265
Prepaid expenses	173	196
Deferred income taxes	54	52
Interest receivable	7	6
Income taxes	14	54
Notes receivable, current maturities	23	37
Total current assets	7,385	7,779
Property and equipment, net	10,727	10,052
Assets held for sale	414	471
Intangible assets, net	40	43
Investment in real estate	419	419
Notes receivable, less current maturities	62	53
Total assets	$ 19,047	$ 18,817
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,025	$ 793
Current installments of long-term debt	148	143
Accrued liabilities	547	635
Income taxes payable	140	—
Deferred revenue	10	30
Total current liabilities	1,870	1,601
Deferred income taxes	607	650
Long-term debt, less current installments	4,232	4,306
Total liabilities	6,709	6,557
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized, none issued or outstanding at July 31, 2010 and January 31, 2010	—	—
Common stock, $0.001 par value; 10,000,000 shares authorized, 4,266,557 issued and outstanding at July 31, 2010 and 4,384,277 issued and outstanding at January 31, 2010	5	5
Less: Treasury stock	(1)	—
Common stock outstanding	4	5
Additional paid in capital	9,449	9,568
Retained earnings	2,885	2,687
Total stockholders' equity	12,338	12,260
Total liabilities and stockholders' equity	$ 19,047	$ 18,817

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		Six Months Ended	
	July 31, 2010 (Unaudited)	July 31, 2009 (Unaudited)	July 31, 2010 (Unaudited)	July 31, 2009 (Unaudited)
Gross sales	$ 7,941	$ 6,903	$ 13,958	$ 11,877
Less discounts on sales	67	58	117	135
Net sales	7,874	6,845	13,841	11,742
Cost of goods sold	5,095	4,297	9,122	7,460
Gross profit	2,779	2,548	4,719	4,282
General and administrative expenses	(2,080)	(1,964)	(3,896)	(3,667)
Depreciation and amortization	(243)	(229)	(475)	(455)
Operating income	456	355	348	160
Non-operating income (expense):				
Interest income	6	11	13	24
Gain (loss) on sale of property and equipment	2	10	3	16
Interest expense	(67)	(71)	(134)	(138)
Rental income	55	39	103	82
Total non-operating expense	(4)	(11)	(15)	(16)
Income before income taxes	452	344	333	144
Income tax expense	(176)	(133)	(135)	(59)
Net income	$ 276	$ 211	$ 198	$ 85
Earnings (loss) per share:				
Basic and diluted, net income	$ 0.06	$ 0.05	$ 0.05	$ 0.02
Weighted average common shares outstanding	4,266,557	4,401,854	4,266,557	4,401,854

See accompanying notes to condensed financial statements.

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

	For the Six Months Ended	
	July 31, 2010 (Unaudited)	**July 31, 2009 (Unaudited)**
Cash flows from operating activities:		
Net income	$ 198	$ 85
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Depreciation and amortization	475	455
Amortization of loan fee	2	2
Deferred income taxes, net	(45)	(43)
Gain on sale of assets	(3)	(16)
Changes in operating assets and liabilities, net	151	15
Net cash provided by operating activities	778	498
Cash flows from investing activities:		
Marketable securities	500	200
Proceeds from sale of assets	59	9
Purchases of property and equipment, net	(1,151)	(334)
Accrued interest receivable	(1)	12
Notes receivable, net	8	89
Net cash used in investing activities	(585)	(24)
Cash flows from financing activities:		
Payments on long-term debt	(69)	(66)
Additional paid-in capital, treasury stock	(120)	(188)
Net cash used in financing activities	(189)	(254)
Net increase in cash and cash equivalents	4	220
Cash and cash equivalents at beginning of period	2,424	1,910
Cash and cash equivalents at end of period	$ 2,428	$ 2,130

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 six months ended July 31, 2010 and 2009 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, 2010. 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 April 13, 2010, there was an early exercise of an option to purchase one of the Company's leased properties. The option was $600,000 and the Company now owns 49.7 acres of land and property at The Thing DQ Travel Center located 17 miles east of Benson, Arizona.

3. On April 19, 2010, the Company sold land and a mobile home located in Edgewood, New Mexico to an unrelated party for $3,000 cash and a note receivable of $52,000. The note receivable has a stated rate of interest of 8% and is payable in monthly installments of $631 for ten years. The property sold had a carrying value of $56,142 and costs incurred were $679. There was a loss on the sale of $1,142.

4. 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 $414,000 have been reclassified as assets held for sale in the July 31, 2010 balance sheet and $471,000 have been reclassified as assets held for sale in the January 31, 2010 balance sheet. On October 31, 2007, the Company closed the Edgewood location. There has been no activity and therefore no results of operations.

5. In September 2008, the Company issued a press release announcing plans for a stock repurchase program whereby up to 1,000,000 shares of its common stock outstanding can 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 4,772 of its outstanding common shares for the three months ended July 31, 2010 at an average price per share of approximately $1.22, for a total repurchase of approximately $5,822. The common stock issued and outstanding was reduced by 4,772 shares or $5 (4,772 shares times the par value of $0.001), and additional paid in capital was reduced by $5,817. For the six months ended July 31, 2010, the common stock issued and outstanding was reduced by 117,720 shares or $118 (117,720 shares times the par value of $0.001), and additional paid in capital was reduced by $119,843. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

6. Subsequent Events.

   On August 1, 2010, the Company renewed its lease agreement with Lamar Advertising Southwest, Inc. The lease is for a term of five years beginning on January 1, 2011 and terminating on December 31, 2015. After December 31, 2013, the lease may be cancelled by either party on the annual anniversary date of the lease and with ninety days advance written notice by either party. All other terms and conditions remain in force and are consistent with the prior agreement.

   On August 9, 2010, the Company repurchased 41,824 shares of its outstanding common stock for $1.22, for a total repurchase of $51,025. The common stock issued and outstanding was reduced by 41,824 shares or $42 (41,824 shares times the par value of $0.001), and additional paid in capital was reduced by $50,983.

On August 12, 2010, the Company entered into a Term Note with its primary lender Bank of the West. The Term Note is in the amount of $1,070,000 and the interest rate is set at 5.45%. The Company's real property in Cochise County, Arizona will serve as collateral for the debt. The Term Note matures June 30, 2015.

7. New Accounting Pronouncements.

In June 2009, U.S. GAAP was replaced by the FASB with the release of the FASB Accounting Standards Codification™. The Codification is effective for financial statements for interim or annual reporting periods ending after September 15, 2009 and supersedes FAS 162. This statement applies to the Company's financial statements and will be the framework for selecting the principles used in preparing its financial statements.

In April 2009, the FASB issued ASC 825 and ASC 270, "Interim Disclosure about Fair Value of Financial Instruments" (ASC 825/ASC 270). ASC 825/ ASC 270 requires interim disclosures regarding the fair values of financial instruments that are within the scope of ASC 825, "Disclosures about the Fair Value of Financial Instruments". Additionally, ASC 825/ ASC 270 requires disclosure of the methods and significant assumptions used to estimate the fair value of financial instruments on an interim basis as well as changes of the methods and significant assumptions from prior periods. ASC 825/ASC 270 does not change the accounting treatment for these financial instruments and is effective for interim reporting periods ending after June 15, 2009. The Company believes that the adoption of ASC 825/ ASC 270 will not have an effect on its financial statements.

In April 2009, the FASB issued ASC 302-10-65 and ASC 958, "Recognition and Presentation of Other-Than-Temporary Impairment" (ASC 302-10-65/ASC 958). ASC 302-10-65/ASC 958 amends the requirements for the recognition and measurement of other-than-temporary impairments for debt securities by modifying the pre-existing "intent and ability" indicator. Under ASC 302-10-65/ASC 958, an other-than-temporary impairment is triggered when there is an intent to sell the security, it is more likely than not the security will be required to be sold before recovery, or the security is not expected to recover the entire amortized cost basis of the security. Additionally, ASC 302-10-65/ASC 958 changes the presentation of another-than-temporary impairment in the income statement for those impairments involving credit losses. The credit loss component will be recognized in earnings and the remainder of the impairment will be recorded in other comprehensive income. ASC 302-10-65/ASC 958 is effective for interim and annual reporting periods ending after June 15, 2009. The Company believes that the adoption of ASC 302-10-65/ASC 958 will not have an effect on its financial statements.

In April 2009, the FASB issued ASC 820-10-15, "Determining Fair Value When Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" (ASC 820-10-15). ASC 820-10-15 provides guidance on how to determine the fair value of assets and liabilities when the volume and level of activity for the asset/liability has significantly decreased. ASC 820-10-15 also provides guidance on identifying circumstances that indicate a transaction is not orderly. In addition, ASC 820-10-15 requires disclosure in interim and annual periods of the inputs and valuation techniques used to measure fair value and a discussion of changes in valuation techniques. ASC 820-10-15 is effective for interim and annual reporting periods after June 15, 2009, applied prospectively. The Company believes that the adoption of ASC 820-10-15 will not have an effect on its financial statements.

In April 2009, the FASB issued ASC 805-10 "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies" (ASC 805-10). ASC 805-10 will amend the provisions related to the initial recognition and measurement, subsequent measurement and disclosure of assets and liabilities arising from contingencies in a business combination under ASC 360, "Business Combinations", (ASC 360). ASC 805-10 will carry forward the requirements in ASC 360, "Business Combinations", for acquired contingencies, thereby requiring that such contingencies be recognized at fair value on the acquisition date if fair value can be reasonably estimated during the allocation period. Otherwise, entities would typically account for the acquired contingencies in accordance with FASB ASC

450-10, “Accounting for Contingencies”. ASC 805-10 is effective for assets or liabilities arising from contingencies in business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. The Company believes that the adoption of ASC 805-10 will not have an effect on its financial statements.