BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

July 31, 2011

(unaudited)

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

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

	July 31, 2011 (Unaudited)	January 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 2,445	$ 2,891
Marketable securities	900	1,000
Accounts receivable	37	30
Inventories	3,894	3,514
Prepaid expenses	225	209
Deferred income taxes	55	51
Interest receivable	4	1
Income taxes	43	113
Notes receivable, current maturities	2	2
Total current assets	7,605	7,811
Property and equipment, net	11,208	10,930
Capital lease, net	273	—
Assets held for sale	413	413
Intangible assets, net	45	49
Investment in real estate	419	419
Notes receivable, less current maturities	3	3
Total assets	$ 19,966	$ 19,625
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 1,158	$ 827
Current installments of long-term debt	190	184
Current maturity of obligation under capital lease	52	—
Accrued liabilities	523	647
Deferred revenue	10	32
Total current liabilities	1,933	1,690
Deferred income taxes	681	715
Obligation under capital lease, less current installments	221	—
Long-term debt, less current installments	5,085	5,181
Total liabilities	7,920	7,586
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized, none issued or outstanding at July 31, 2011 and January 31, 2011	—	—
Common stock, $0.001 par value; 10,000,000 shares authorized, 4,200,518 issued and outstanding at July 31, 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	9,365	9,384
Retained earnings	2,677	2,651
Total stockholders' equity	12,046	12,039
Total liabilities and stockholders' equity	$ 19,966	$ 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)

	Three Months Ended		Six Months Ended	
	July 31, 2011 (Unaudited)	July 31, 2010 (Unaudited)	July 31, 2011 (Unaudited)	July 31, 2010 (Unaudited)
Gross sales	$ 8,103	$ 7,941	$ 14,840	$ 13,958
Less discounts on sales	62	67	117	117
Net sales	8,041	7,874	14,723	13,841
Cost of goods sold	5,511	5,095	10,225	9,122
Gross profit	2,530	2,779	4,498	4,719
General and administrative expenses	(1,996)	(2,080)	(3,867)	(3,896)
Depreciation and amortization	(259)	(243)	(513)	(475)
Operating income	275	456	118	348
Non-operating income (expense):				
Interest income	3	6	5	13
Gain (loss) on sale of property and equipment	—	2	(1)	3
Interest expense	(85)	(67)	(167)	(134)
Rental income	44	55	93	103
Total non-operating expense	(38)	(4)	(70)	(15)
Income before income taxes	237	452	48	333
Income tax expense	(92)	(176)	(22)	(135)
Net income	$ 145	$ 276	$ 26	$ 198
Earnings per share:				
Basic and diluted, net income	$ 0.03	$ 0.06	$ 0.01	$ 0.05
Weighted average common shares outstanding	4,200,518	4,266,557	4,200,518	4,266,557

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, 2011 (Unaudited)	**July 31, 2010 (Unaudited)**
Cash flows from operating activities:		
Net income	$ 26	$ 198
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Depreciation and amortization	513	475
Amortization of loan fee	3	2
Deferred income taxes, net	(38)	(45)
Gain on sale of assets	(1)	(3)
Changes in operating assets and liabilities, net	(146)	151
Net cash provided by in operating activities	357	778
Cash flows from investing activities:		
Proceeds from sale of assets	—	59
Purchases of property and equipment, net	(1,064)	(1,151)
Capital lease	294	—
Marketable securities	100	500
Accrued interest receivable	(3)	(1)
Notes receivable, net	—	8
Net cash used in investing activities	(673)	(585)
Cash flows from financing activities:		
Payments on long-term debt	(90)	(69)
Payments for obligation under capital lease	(21)	—
Additional paid-in capital, treasury stock	(19)	(120)
Net cash used in financing activities	(130)	(189)
Net (decrease) increase in cash and cash equivalents	(446)	4
Cash and cash equivalents at beginning of period	2,891	2,424
Cash and cash equivalents at end of period	$ 2,445	$ 2,428

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, 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. In June 2011, the Company completed a major remodel project at one retail location. The total cost of the project was approximately $435,000.

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 $413,000 have been reclassified as assets held for sale in the July 31, 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 2,101 of its outstanding common shares for the quarter ended July 31, 2011 at a price per share of $1.54, for a total repurchase of $3,235. The common stock issued and outstanding was reduced by 2,101 shares or $2 (2,101 shares times the par value of $0.001), and additional paid in capital was reduced by $3,233. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

5. 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.