BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

July 31, 2011

(unaudited)

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

July 31, 2011 (Unaudited)		January 31, 2011		
\$	2,445 900 37 3,894 225 55 4	\$	2,891 1,000 30 3,514 209 51 1	
	2		2	
	7,605		7,811	
	11,208 273 413 45 419 3		10,930 — 413 49 419 3	
\$	19,966	\$	19,625	
\$	1,158 190 52 523 10 1,933	\$	827 184 — 647 32 1,690	
	681 221 5,085 7,920		715 — 5,181 7,586	
	_		-	
			5	
\$	9,365 2,677 12,046 19,966	\$	9,384 2,651 12,039 19,625	
	\$ \$	\$ 2,445 900 37 3,894 225 55 4 43 2 7,605 11,208 273 413 45 419 3 \$ 19,966 \$ 1,158 190 52 523 10 1,933 681 221 5,085 7,920	\$ 2,445 \$ 900 37 3,894 225 55 4 4 43 2 7,605 11,208 273 413 45 419 3 \$ 19,966 \$ \$ \$ \$ 1,158 \$ 190 52 523 10 1,933 681 221 5,085 7,920	

See accompanying notes to condensed financial statements.

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

		Three Mon	ths Ende	ed		Six Months Ended						
	2	ly 31, 011 udited)	20	y 31, 010 udited)	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		2,779		2,530 2,779		4,498		4,719	
General and administrative expenses		(1,996)	(2,080)		(2,080)		(3,896)					
Depreciation and amortization		(259)		(243)		(513)		(475)				
Operating income		275		456		118		348				
Non-operating income (expense):												
Interest income Gain (loss) on sale of property and equipment		3		6 2		5 (1)		13 3				
Interest expense		(85)		(67)		(167)		(134)				
Rental income		44		55		93		103				
Total non-operating expense		(38)		(4)		(70)		(15)				
Total non-operating expense		(30)		(4)		(70)		(13)				
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		1,266,557		1,200,518		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:		<u>-</u>		
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		<u> </u>		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
Table and table organization at boginning or portor		2,001		
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.