BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

July 31, 2012

(unaudited)

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

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

	July 31, 2012 (Unaudited)		January 31, 2012	
Assets				
Current assets:				
Cash and cash equivalents	$	2,343	$	2,061
Marketable securities		900		900
Accounts receivable		10		5
Inventories		3,762		3,488
Prepaid expenses		197		241
Deferred income taxes		58		53
Interest receivable		2		—
Income taxes		470		602
Notes receivable, current maturities		2		2
Total current assets		7,744		7,352
Property and equipment, net		10,600		10,801
Capital lease, net		138		243
Assets held for sale		413		413
Intangible assets, net		44		50
Investment in real estate		419		419
Notes receivable, less current maturities		1		1
Total assets	$	19,359	$	19,279
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	787	$	464
Current installments of long-term debt		203		195
Current maturity of obligation under capital lease		57		55
Accrued liabilities		473		556
Deferred revenue		6		21
Total current liabilities		1,526		1,291
Deferred income taxes		1,001		1,072
Obligation under capital lease		160		188
Long-term debt, less current installments		4,889		4,991
Total liabilities		7,576		7,542
Stockholders' equity:				
Preferred stock, $0.001 par value; 1,000,000 shares authorized, none issued or outstanding at July 31, 2012 and January 31, 2012		—		—
Common stock, $0.001 par value; 10,000,000 shares authorized, 4,167,332 issued and outstanding at July 31, 2012 and 4,186,133 issued and outstanding at January 31, 2012		5		5
Less: Treasury stock		1		1
Common stock outstanding		4		4
Additional paid in capital		9,318		9,344
Retained earnings		2,461		2,389
Total stockholders' equity		11,783		11,737
Total liabilities and stockholders' equity	$	19,359	$	19,279

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, 2012 (Unaudited)	July 31, 2011 (Unaudited)	July 31, 2012 (Unaudited)	July 31, 2011 (Unaudited)
Gross sales	$ 8,318	$ 8,103	$ 15,224	$ 14,840
Less discounts on sales	151	62	291	117
Net sales	8,167	8,041	14,933	14,723
Cost of goods sold	5,499	5,511	10,294	10,225
Gross profit	2,668	2,530	4,639	4,498
General and administrative expenses	(2,056)	(1,996)	(3,941)	(3,867)
Depreciation and amortization	(247)	(259)	(503)	(513)
Operating income	365	275	195	118
Non-operating income (expense):				
Interest income	2	3	5	5
Gain (loss) on sale of property and equipment	—	—	—	(1)
Interest expense	(82)	(85)	(163)	(167)
Rental income	47	44	91	93
Total non-operating expense	(33)	(38)	(67)	(70)
Income before income taxes	332	237	128	48
Income tax expense	(130)	(92)	(56)	(22)
Net income	$ 202	$ 145	$ 72	$ 26
Earnings per share:				
Basic and diluted, net income	$ 0.05	$ 0.03	$ 0.02	$ 0.01
Weighted average common shares outstanding	4,167,332	4,200,518	4,167,332	4,200,518

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, 2012 (Unaudited)	July 31, 2011 (Unaudited)
Cash flows from operating activities:		
Net income	$ 72	$ 26
Adjustments to reconcile net income to		
net cash provided by operating activities:		
Depreciation and amortization	503	513
Amortization of loan fee	3	3
Deferred income taxes, net	(76)	(38)
Gain on sale of assets	—	(1)
Changes in operating assets and liabilities, net	122	(146)
Net cash provided by operating activities	624	357
Cash flows from investing activities:		
Purchases of property and equipment, net	(194)	(1,064)
Capital lease	—	294
Marketable securities	—	100
Accrued interest receivable	(2)	(3)
Net cash used in investing activities	(196)	(673)
Cash flows from financing activities:		
Payments on long-term debt	(94)	(90)
Payments for obligation under capital lease	(26)	(21)
Additional paid-in capital, treasury stock	(26)	(19)
Net cash used in financing activities	(146)	(130)
Net increase (decrease) in cash and cash equivalents	282	(446)
Cash and cash equivalents at beginning of period	2,061	2,891
Cash and cash equivalents at end of period	$ 2,343	$ 2,445

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 July 2012 and 2011 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, 2012. Results of operations for interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole.

2. At January 31, 2012, the Company’s normal recurring adjustment associated with the reporting of assets and liabilities related to the valuation of deferred taxes was incorrectly presented. A reclassification has been made to the January 31, 2012 balance sheet reducing both the current estimated value and the long-term estimated value of deferred taxes. The reclassification had no effect on net income or earnings per share.

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 July 31, 2012 and the January 31, 2012 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 18,801 of its outstanding common shares for the quarter ended July 31, 2012 at an average price per share of $1.35, for a total repurchase of $25,339. The common stock issued and outstanding was reduced by 18,801 shares or $19 (18,801 shares times the par value of $0.001), and additional paid in capital was reduced by $25,320. 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.