

**BOWLIN TRAVEL CENTERS, INC.**

**Financial Statements**

**For the Quarterly Period Ended**

**October 31, 2009**

**(Unaudited)**

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

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

	<u>Oct 31, 2009 (Unaudited)</u>	<u>January 31, 2009</u>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 1,712	\$ 1,910
Marketable securities	2,050	2,000
Accounts receivable	19	53
Inventories	3,221	3,176
Prepaid expenses	210	199
Deferred income taxes	58	47
Interest receivable	11	20
Income taxes	234	335
Notes receivable, current maturities	39	55
Total current assets	7,554	7,795
Property and equipment, net	10,220	9,775
Assets held for sale	471	1,123
Intangible assets, net	44	51
Investment in real estate	419	419
Notes receivable, less current maturities	59	117
Total assets	\$ 18,767	\$ 19,280
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 684	\$ 649
Current installments of long-term debt	143	136
Accrued liabilities	481	626
Deferred revenue	29	35
Total current liabilities	1,337	1,446
Deferred income taxes	667	731
Long-term debt, less current installments	4,341	4,447
Total liabilities	6,345	6,624
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at October 31, 2009 and January 31, 2009	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,386,471 issued and outstanding at October 31, 2009 and 4,582,348 issued and outstanding at January 31, 2009	5	5
Less: Treasury stock (196,877 shares at par)	1	—
Common stock outstanding	4	5
Additional paid in capital	9,571	9,774
Retained earnings	2,847	2,877
Total stockholders' equity	12,422	12,656
Total liabilities and stockholders' equity	\$ 18,767	\$ 19,280

See accompanying notes to condensed financial statements.

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

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>October 31,</u>	<u>October 31,</u>	<u>October 31,</u>	<u>October 31,</u>
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>
Gross sales	\$ 5,663	\$ 5,917	\$ 17,540	\$ 20,243
Less discounts on sales	47	48	182	150
Net sales	5,616	5,869	17,358	20,093
Cost of goods sold	3,671	4,295	11,131	14,474
Gross profit	1,945	1,574	6,227	5,619
General and administrative expenses	(1,885)	(1,755)	(5,551)	(5,335)
Depreciation and amortization	(231)	(212)	(686)	(633)
Operating loss	(171)	(393)	(10)	(349)
Non-operating income (expense):				
Interest income	8	32	31	104
Gain (loss) on sale of property and equipment	7	7	23	17
Interest expense	(68)	(71)	(206)	(208)
Rental income	46	40	128	117
Total non-operating (loss) income	(7)	8	(24)	30
Loss from continuing operations before income taxes	(178)	(385)	(34)	(319)
Income tax benefit	63	143	4	112
Loss from continuing operations	(115)	(242)	(30)	(207)
Discontinued operations				
Loss from operations of discontinued components	—	(19)	—	(40)
Income tax benefit	—	7	—	14
	—	(12)	—	(26)
Net loss	<u>\$ (115)</u>	<u>\$ (254)</u>	<u>\$ (30)</u>	<u>\$ (233)</u>
Loss per share:				
Basic and diluted, continuing operations	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>	<u>\$ (0.01)</u>	<u>\$ (0.04)</u>
Basic and diluted, discontinued operations	<u>\$ —</u>	<u>\$ (0.01)</u>	<u>\$ —</u>	<u>\$ (0.01)</u>
Basic and diluted, net loss	<u>\$ (0.03)</u>	<u>\$ (0.06)</u>	<u>\$ (0.01)</u>	<u>\$ (0.05)</u>
Weighted average common shares outstanding	<u>4,386,471</u>	<u>4,582,348</u>	<u>4,386,471</u>	<u>4,582,348</u>

See accompanying notes to condensed financial statements.

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

	For the Nine Months Ended	
	Oct. 31, 2009 (Unaudited)	Oct. 31, 2008 (Unaudited)
Cash flows from operating activities:		
Net loss	\$ (30)	\$ (233)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	686	645
Amortization of loan fee	3	3
Deferred income taxes, net	(75)	(62)
Gain on sale of assets	(23)	(17)
Changes in operating assets and liabilities, net	(37)	(174)
Net cash provided by operating activities	524	162
Cash flows from investing activities:		
Marketable securities	(50)	500
Proceeds from sale of assets	9	1
Purchases of property and equipment, net	(492)	(653)
Accrued interest receivable	9	6
Notes receivable, net	105	82
Repurchase of treasury stock, net	(204)	(1)
Net cash used in investing activities	(623)	(65)
Cash flows from financing activities:		
Payments on long-term debt	(99)	(90)
Net cash used in financing activities	(99)	(90)
Net (decrease) increase in cash and cash equivalents	(198)	7
Cash and cash equivalents at beginning of period	1,910	1,899
Cash and cash equivalents at end of period	\$ 1,712	\$ 1,906

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 and nine months ended October 31, 2009 and 2008 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, 2009. Results of operations for interim periods are not necessarily indicative of results that may be expected for the fiscal year as a whole.

2. The Company continues to list one retail location in Edgewood, New Mexico for sale.

The property, fixtures and equipment located in Edgewood that are listed for sale have been identified as a component as defined in FAS Statement No. 144 – Accounting for Impairment or Disposal of Long-Lived Assets (as amended). The carrying value of the property, fixtures and equipment of approximately \$471,000 has been reclassified as assets held for sale in the October 31, 2009 and January 31, 2009 balance sheets. On October 31, 2007, the Company closed the Edgewood location and during the third quarter ended October 31, 2009, there has been no activity and therefore no results of operations.

As of January 22, 2009, the Company's Alamogordo location is no longer listed for sale. Therefore, the carrying value of the property, fixtures and equipment and the results of operations are included with continuing operations.

3. 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 15,383 of its outstanding common shares during the three months ended October 31, 2009 at an average price per share of \$0.96 or \$14,768. For the nine months ended October 31, 2009, the Company repurchased 195,877 of its outstanding common shares at an average price per share of \$1.04 or \$203,712. For the three months ended October 31, 2009, the common stock issued and outstanding was reduced by 15,383 shares or \$15 and additional paid in capital was reduced by \$14,753. For the nine months ended October 31, 2009, the common stock issued and outstanding was reduced by 195,877 shares or \$196 and additional paid in capital was reduced by \$203,516. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

4. On September 10, 2009, the Company modified the note receivable with Lost River Estates, LLC. The total principal amount outstanding was \$46,000. The principal payment due September 1, 2009, in the amount of \$24,000, was reduced to \$6,000. The maturity date was extended to September 1, 2013, with annual principal payments of \$10,000 due each September 1<sup>st</sup>. The stated interest rate of 8% continued on the outstanding balance and is payable monthly on the first day of the month. All other terms and conditions remain in force and are consistent with the original agreement.

5. New Accounting Pronouncements.

In May 2009, the FASB issued Statement 165, "Subsequent Events." Statement 165 requires entities to disclose the date through which subsequent events have been evaluated, as well as whether that date is the date the financial statements were issued or were available to be issued. Entities must also disclose the nature and financial statement effect of nonrecognized subsequent events if the omission of such disclosure would cause the financial statements to be misleading. If an entity cannot estimate the financial statement effect of these events, that fact should be disclosed along with the nature of each event. Statement 165 is effective for interim and annual reporting periods ending after June 15, 2009 (June 30, 2009 for a calendar-

year entity). The Company evaluated its October 31, 2009 interim financial statements for subsequent events through December 4, 2009, the date the financial statements were available to be issued. The Company is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

In April 2009, the FASB issued FSP FAS 107-1 and APB-28-1, "Interim Disclosure about Fair Value of Financial Instruments" (FSP 107-1/APB 28-1). FSP 107-1/APB 28-1 requires interim disclosures regarding the fair values of financial instruments that are within the scope of FAS 107, "Disclosures about the Fair Value of Financial Instruments". Additionally, FSP107-1/APB28-1 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. FSP 107-1/APB 28-1 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 FSP 107-1/APB 28-1 will not have an effect on its financial statements.

In April 2009, the FASB issued FSP 115-2 and FAS 124-2, "Recognition and Presentation of Other-Than-Temporary Impairment" (FSP 115-2/124-2). FSP 115-2/124-2 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 FSP 115-2/124-2, 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, FSP 115-2/124-2 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. FSP 115-2/124-2 is effective for interim and annual reporting periods ending after June 15, 2009. The Company believes that the adoption of FSP 115-2/124-2 will not have an effect on its financial statements.

In April 2009, the FASB issued FSP FAS 157-4, "Determining Fair Value When Volume and Level of Activity for the Asset or Liability Have Significantly Decreased and Identifying Transactions That Are Not Orderly" (FSP 157-4). FSP 157-4 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. FSP 157-4 also provides guidance on identifying circumstances that indicate a transaction is not orderly. In addition, FSP 157-4 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. FSP 157-4 is effective for interim and annual reporting periods after June 15, 2009, applied prospectively. The Company believes that the adoption of FSP 157-4 will not have an effect on its financial statements.

In April 2009, the FASB issued FSP FAS 141(R)-1 "Accounting for Assets Acquired and Liabilities Assumed in a Business Combination That Arise from Contingencies" (FSP 141(R)-1). FSP 141(R)-1 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 SFAS No. 141(R), "Business Combinations", (SFAS 144(R)). FSP 141(R)-1 will carry forward the requirements in SFAS No. 141, "Business Combinations", for acquired contingencies, thereby requiring that such contingencies be recognized at fair value on the acquisition date if fair value can be reasonable estimated during the allocation period. Otherwise, entities would typically account for the acquired contingencies in accordance with SFAS No. 5, "Accounting for Contingencies". FSP 141(R)-1 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 FSP-141(R)-1 will not have an effect on its financial statements.

On November 2008, the FASB announced plans to issue final FSP FAS 140-4 and FIN 46(R)-8, "Disclosures about Transfers of Financial Assets and Interests in Variable Interest Entities". The purpose of this FSP is to promptly improve disclosures by public entities and enterprises until the pending amendments to FASB Statement No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" and FASB Interpretation No. 46 (revised December 2003), "Consolidation of Variable Interest Entities", are finalized and approved by the Board. Effective at the end of the first reporting

period (interim and annual) after issuance of the FSP for public entities, the FSP amends Statement 140 to require public entities to provide additional disclosures about transfers of financial assets and variable interests in qualifying special-purpose entities. It also amends Interpretation 46(R) to require public enterprises to provide additional disclosures about their involvement with variable interest entities. FAS 140-4 and FIN 46(R)-8 is effective for financial statements issued for fiscal years beginning after December 15, 2008. The Company believes that the adoption of FAS 140-4 and FIN 46(R)-8 will not have an effect on its financial statements.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities". This pronouncement amends SFAS No. 133 and requires enhanced disclosures about an entity's derivative and hedging activities thereby improving the transparency of financial reporting. SFAS No. 161 is effective for financial statements issued for fiscal years beginning after November 15, 2008. The Company believes that the adoption of SFAS No. 161 will not have an effect on its financial statements.