BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

October 31, 2011

(unaudited)

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

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

	October 31, 2011 (Unaudited)	January 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 2,235	$ 2,891
Marketable securities	900	1,000
Accounts receivable	18	30
Inventories	3,738	3,514
Prepaid expenses	217	209
Deferred income taxes	66	51
Interest receivable	4	1
Income taxes	56	113
Notes receivable, current maturities	2	2
Total current assets	7,236	7,811
Property and equipment, net	11,014	10,930
Capital lease, net	256	—
Assets held for sale	413	413
Intangible assets, net	52	49
Investment in real estate	419	419
Notes receivable, less current maturities	1	3
Total assets	$ 19,391	$ 19,625
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 745	$ 827
Current installments of long-term debt	192	184
Current maturity of obligation under capital lease	54	—
Accrued liabilities	517	647
Deferred revenue	36	32
Total current liabilities	1,544	1,690
Deferred income taxes	654	715
Obligation under capital lease, less current installments	202	—
Long-term debt, less current installments	5,039	5,181
Total liabilities	7,439	7,586
Stockholders' equity:		
Preferred stock, $0.001 par value; 1,000,000 shares authorized, none issued or outstanding at October 31, 2011 and January 31, 2011	—	—
Common stock, $0.001 par value; 10,000,000 shares authorized, 4,198,118 issued and outstanding at October 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	9,361	9,384
Retained earnings	2,587	2,651
Total stockholders' equity	11,952	12,039
Total liabilities and stockholders' equity	$ 19,391	$ 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		Nine Months Ended	
	October 31, 2011 (Unaudited)	October 31, 2010 (Unaudited)	October 31, 2011 (Unaudited)	October 31, 2010 (Unaudited)
Gross sales	$ 6,834	$ 6,289	$ 21,674	$ 20,247
Less discounts on sales	104	46	221	162
Net sales	6,730	6,243	21,453	20,085
Cost of goods sold	4,683	4,180	14,908	13,302
Gross profit	2,047	2,063	6,545	6,783
General and administrative expenses	(1,905)	(1,976)	(5,772)	(5,873)
Depreciation and amortization	(260)	(231)	(774)	(706)
Operating loss (income)	(118)	(144)	(1)	204
Non-operating expense (income):				
Interest income	2	6	8	19
Gain on sale of property and equipment	13	11	12	14
Interest expense	(87)	(76)	(254)	(210)
Rental income	49	64	142	167
Total non-operating expense (income)	(23)	5	(92)	(10)
(Loss) income before income taxes	(141)	(139)	(93)	194
Income tax benefit (expense)	51	47	29	(88)
Net loss (income)	$ (90)	$ (92)	$ (64)	$ 106
Loss (earnings) per share:				
Basic and diluted, net (loss) income	$ (0.02)	$ (0.02)	$ (0.02)	$ 0.03
Weighted average common shares outstanding	4,198,118	4,218,358	4,198,118	4,218,358

See accompanying notes to condensed financial statements.

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

	For the Nine Months Ended	
	October 31, 2011 (Unaudited)	October 31, 2010 (Unaudited)
Cash flows from operating activities:		
Net loss (income)	$ (64)	$ 106
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	774	706
Amortization of loan fee	5	3
Deferred income taxes, net	(54)	(60)
Gain on sale of assets	(12)	(14)
Changes in operating assets and liabilities, net	(394)	36
Net cash provided by in operating activities	255	777
Cash flows from investing activities:		
Proceeds from sale of assets	5	59
Purchases of property and equipment, net	(1,122)	(1,426)
Capital lease	294	—
Marketable securities	100	807
Accrued interest receivable	(3)	4
Notes receivable, net	10	30
Net cash used in investing activities	(716)	(526)
Cash flows from financing activities:		
Payments on long-term debt	(134)	(109)
Payments for debt issuance costs	—	(14)
Proceeds from new debt	—	1,070
Payments for obligation under capital lease	(38)	—
Additional paid-in capital, treasury stock	(23)	(179)
Net cash used in financing activities	(195)	768
Net (decrease) increase in cash and cash equivalents	(656)	1,019
Cash and cash equivalents at beginning of period	2,891	2,424
Cash and cash equivalents at end of period	$ 2,235	$ 3,443

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 nine months ended October 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 at 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 $459,000.

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 October 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.

5. 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 2,400 of its outstanding common shares for the quarter ended October 31, 2011 at a price per share of $1.54, for a total repurchase of $3,696. The common stock issued and outstanding was reduced by 2,400 shares or approximately $2 (2,400 shares times the par value of $0.001), and additional paid in capital was reduced by $3,694. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

6. Subsequent Event.

   On November 18, 2011, the Company entered into a new Dairy Queen store operating license agreement for The Thing Dairy Queen with Dairy Queen of Southern Arizona, Inc. as the previous agreement expired. The license was granted for a term of ten years and in October 2011, the Company paid a franchisee fee of $10,000 and will begin amortizing the fee using a straight-line basis over the life of the agreement.

7. 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.