

BOWLIN TRAVEL CENTERS, INC.

Financial Statements

For the Quarterly Period Ended

October 31, 2012

(unaudited)

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

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

	October 31, 2012 (Unaudited)	January 31, 2012
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,493	\$ 2,061
Marketable securities	900	900
Accounts receivable	3	5
Inventories	3,770	3,488
Prepaid expenses	213	241
Deferred income taxes	61	53
Interest receivable	2	—
Income taxes	480	602
Notes receivable, current maturities	1	2
Total current assets	7,923	7,352
Property and equipment, net	10,402	10,801
Capital lease, net	202	243
Assets held for sale	413	413
Intangible assets, net	42	50
Investment in real estate	419	419
Notes receivable, less current maturities	—	1
Total assets	\$ 19,401	\$ 19,279
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 852	\$ 464
Current installments of long-term debt	208	195
Current maturity of obligation under capital lease	57	55
Accrued liabilities	589	556
Deferred revenue	16	21
Total current liabilities	1,722	1,291
Deferred income taxes	985	1,072
Obligation under capital lease	145	188
Long-term debt, less current installments	4,837	4,991
Total liabilities	7,689	7,542
Stockholders' equity:		
Preferred stock, \$0.001 par value; 1,000,000 shares authorized, none issued or outstanding at October 31, 2012 and January 31, 2012	—	—
Common stock, \$0.001 par value; 10,000,000 shares authorized, 4,159,002 issued and outstanding at October 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	9,308	9,344
Retained earnings	2,400	2,389
Total stockholders' equity	11,712	11,737
Total liabilities and stockholders' equity	\$ 19,401	\$ 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		Nine Months Ended	
	October 31, 2012 (Unaudited)	October 31, 2011 (Unaudited)	October 31, 2012 (Unaudited)	October 31, 2011 (Unaudited)
Gross sales	\$ 6,943	\$ 6,834	\$ 22,168	\$ 21,674
Less discounts on sales	77	104	368	221
Net sales	6,866	6,730	21,800	21,453
Cost of goods sold	4,862	4,683	15,156	14,908
Gross profit	2,004	2,047	6,644	6,545
General and administrative expenses	(1,940)	(1,905)	(5,881)	(5,772)
Depreciation and amortization	(242)	(260)	(745)	(774)
Operating income (loss)	(178)	(118)	18	(1)
Non-operating income (expense):				
Interest income	1	2	6	8
Gain (loss) on sale of property and equipment	8	13	8	12
Interest expense	(81)	(87)	(244)	(254)
Rental income	40	49	130	142
Total non-operating expense	(32)	(23)	(100)	(92)
Loss before extraordinary item	(210)	(141)	(82)	(93)
Income tax benefit	76	51	20	29
Extraordinary item – sale of cell tower lease and easement, net of income tax expense	73	—	73	—
Net income (loss)	<u>\$ (61)</u>	<u>\$ (90)</u>	<u>\$ 11</u>	<u>\$ (64)</u>
Earnings per share, basic and diluted:				
Loss before extraordinary item	<u>\$ (0.032)</u>	<u>\$ (0.021)</u>	<u>\$ (0.014)</u>	<u>\$ (0.015)</u>
Extraordinary item, net of income tax expense	<u>\$ 0.017</u>	<u>\$ —</u>	<u>\$ 0.017</u>	<u>\$ —</u>
Income (loss) per share	<u>\$ (0.015)</u>	<u>\$ (0.021)</u>	<u>\$ 0.003</u>	<u>\$ (0.015)</u>
Weighted average common shares outstanding	<u>4,159,002</u>	<u>4,198,118</u>	<u>4,159,002</u>	<u>4,198,118</u>

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, 2012 (Unaudited)	October 31, 2011 (Unaudited)
Cash flows from operating activities:		
Net income	\$ 11	\$ (64)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	745	774
Amortization of loan fee	5	5
Deferred income taxes, net	(95)	(54)
Gain on sale of assets	(8)	(12)
Changes in operating assets and liabilities, net	286	(394)
Net cash provided by operating activities	944	255
Cash flows from investing activities:		
Proceeds from the sale of assets	—	5
Purchases of property and equipment, net	(302)	(1,122)
Capital lease	—	294
Marketable securities	—	100
Accrued interest receivable	(2)	(3)
Notes receivable, net	10	10
Net cash used in investing activities	(294)	(716)
Cash flows from financing activities:		
Payments on long-term debt	(141)	(134)
Payments for obligation under capital lease	(41)	(38)
Additional paid-in capital, treasury stock	(36)	(23)
Net cash used in financing activities	(218)	(195)
Net increase (decrease) in cash and cash equivalents	432	(656)
Cash and cash equivalents at beginning of period	2,061	2,891
Cash and cash equivalents at end of period	\$ 2,493	\$ 2,235

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 and nine months ended October 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 October 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 27,131 of its outstanding common shares through October 31, 2012 at an average price per share of \$1.33, for a total repurchase of \$36,209. The common stock issued and outstanding was reduced by 27,131 shares or \$27 (27,131 shares times the par value of \$0.001), and additional paid in capital was reduced by \$36,182. The reduction in shares issued and outstanding and additional paid in capital is reflected in the accompanying balance sheet.

5. Extraordinary item.

In October 2012, the Company sold a cell tower lease and easement located in Benson, Arizona to CF Black Dot LLC for \$120,000 cash, which is reflected in income as an extraordinary item net of income tax expense.

6. 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

7. Subsequent Event.

On December 1, 2012, the Company's interest rate on its debt with its primary lender changed from 5.92% to 3.14%. The interest rate is subject to adjustment every five years and is based on the CMT interest rate plus 2.5%.