Management's Report

Management is responsible for preparing the accompanying summarized consolidated financial statements and is responsible for their integrity and objectivity. The financial statements are prepared on a summarized basis in order to comply with various statutory obligations. The basis of presentation adopted is not in conformity with Canadian generally accepted accounting principles in that the financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. The basis of presentation is considered by management to be most appropriate for the broad communication of financial information to the Members but readers are cautioned that these statements may not be appropriate for their specific purposes.

Complete consolidated financial statements will be provided to any member upon request.

Timothy J. Condon
President & CEO

Colin G. MacKinnon
Senior Vice President & CFO

Independent Auditor's Report

To the Members of British Columbia Automobile Association

The accompanying summarized consolidated financial statements, which comprise the summarized consolidated balance sheet as at September 30, 2011, the summarized consolidated statements of income, changes in net assets and cash flows are derived from the audited consolidated financial statements of British Columbia Automobile Association for the year ended September 30, 2011. We expressed an unmodified audit opinion on those consolidated financial statements in our report dated December 9, 2011.

The summarized consolidated financial statements do not contain all the disclosures required by Canadian generally accepted accounting principles. Reading the summarized financial statements, therefore, is not a substitute for reading the audited consolidated financial statements of British Columbia Automobile Association.

Management's Responsibility for the Summarized Consolidated Financial Statements

Management is responsible for the preparation of the summarized consolidated financial statements.

Auditor's Responsibility

Our responsibility is to express an opinion on the summarized consolidated financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, "Engagements to Report on Summary Financial Statements".

Opinion

In our opinion, the summarized consolidated financial statements derived from the audited consolidated financial statements of British Columbia Automobile Association for the year ended September 30, 2011 are a fair summary of those financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants

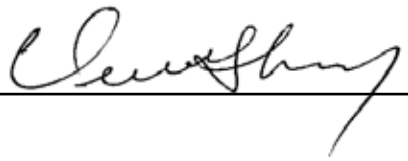
Vancouver, Canada
December 9, 2011

Summarized Consolidated Balance Sheet

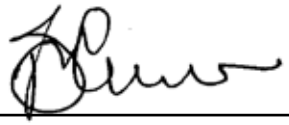
September 30, 2011 ($000's)

	2011	2010
Assets		
Cash and temporary investments	$ 37,304	$ 22,973
Investments (fair value)	98,443	92,643
Accounts receivable	29,159	28,619
Income taxes recoverable	673	349
Inventory	416	693
Deposits and prepaid expenses	2,088	3,627
Deferred policy acquisition costs	2,841	2,452
Unearned premiums recoverable from reinsurers	37,890	34,907
Unpaid claims and adjustment expenses recoverable from reinsurers	22,832	19,942
Future income tax asset	3,386	5,000
Property and equipment	19,208	20,861
Intangible assets	8,776	8,959
	$ 263,016	$ 241,025
Liabilities and Net Assets		
Accounts payable and accrued liabilities	$ 36,311	$ 28,716
Member credits	3,603	4,442
Unearned membership and other fees	28,425	27,642
Unearned insurance premiums	59,054	54,451
Unearned insurance commissions and other revenues	12,069	10,776
Unpaid claims and adjustment expenses	32,359	28,419
Accrued benefit liability	3,497	5,452
Future income tax liability	57	443
	175,375	160,341
Net assets:		
Accumulated surplus	86,986	75,471
Accumulated other comprehensive income	655	5,213
	87,641	80,684
	$ 263,016	$ 241,025

Approved by the Board:



Director



Director

Summarized Consolidated Statement of Operations

Year ended September 30, 2011 ($000's)

	2011	2010
Operating revenues:		
Membership fees	$ 56,655	$ 55,923
Insurance agency	35,724	32,805
Insurance premiums earned	29,422	25,462
Other income	6,416	6,206
	128,217	120,396
Operating expenses:		
Membership services	47,580	45,152
General and administrative	29,417	27,965
Insurance agency	27,732	25,524
Property operations	11,977	11,762
Insurance claims and adjustment expenses	18,128	16,065
Insurance commissions, premium taxes and other direct costs	5,036	4,612
Insurance commissions from reinsurers	(20,736)	(18,430)
Other	3,165	3,630
	122,299	116,280
Income from continuing operations before investment income, and taxes	5,918	4,116
Investment income and other		
Investment income	8,007	3,822
Impairment of available for sale investments	-	(4,093)
	8,007	(271)
Income from continuing operations before taxes	13,925	3,845
Income tax expense (recovery):		
Current	752	549
Future	1,591	(377)
	2,343	172
Net income from continuing operations	11,582	3,673
Loss from discontinued travel operations	-	2,191
Net income	$ 11,582	$ 1,482

Summarized Consolidated Statement of Comprehensive Income

Year ended September 30, 2011 ($000's)

	2011	2010
Net income	$ 11,582	$ 1,482
Unrealized (losses) gains on available for sale investments		
(Decrease) increase during the year	(1,043)	3,341
Income tax (recovery) expense	(109)	560
	(934)	2,781
Gains (losses) reclassified to income		
From available for sale investments	4,225	694
Impairment of available for sale investments	-	(4,093)
Income tax expense (recovery)	601	(310)
	3,624	(3,089)
Other comprehensive (loss) income	(4,558)	5,870
Comprehensive income	$ 7,024	$ 7,352

Summarized Consolidated Statement of Changes in Net Assets

Year ended September 30, 2011 ($000's)

	Accumulated surplus	Accumulated other comprehensive income	2011 Total	2010 Total
Net assets, beginning of year	$ 75,471	$ 5,213	$ 80,684	$ 73,258
Net income	11,582	-	11,582	1,482
Other comprehensive (loss) income	-	(4,558)	(4,558)	5,870
Refundable taxes recovered	897	-	897	579
Refundable taxes on investment income	(964)	-	(964)	(505)
Net assets, end of year	$ 86,986	$ 655	$ 87,641	$ 80,684

Summarized Consolidated Statement of Cash Flows

Year ended September 30, 2011 ($000's)

	2011	2010
Cash flows from operating activities:		
Income from continuing operations	$ 11,582	$ 3,673
Adjustments for:		
Amortization – bond premium/discounts	175	109
Amortization – property and equipment	3,661	3,754
Amortization – intangible assets	1,741	2,143
Loss (gain) on sale of property and equipment	48	(122)
Gain on sale of investments	(4,225)	(694)
Write-down of intangible assets	-	77
Impairment of available for sale investments	-	4,093
Income taxes on fair value gains on investments	346	(300)
Future income taxes	1,591	(377)
Changes in non-cash operating accounts	10,110	4,423
	25,029	16,779
Cash flows from discontinued operations:		
Loss from discontinued operations	-	(2,191)
Loss on sale of property and equipment	-	80
	-	(2,111)
Cash flows from investing activities:		
Proceeds from sale of investments	109,707	60,055
Proceeds from sale of property and equipment	184	187
Proceeds from sale of discontinued operations assets	-	25
Purchase of investments	(116,724)	(73,231)
Purchase of property and equipment	(2,240)	(3,245)
Purchase of intangible assets	(1,558)	(1,706)
Refundable taxes, net	(67)	74
	(10,698)	(17,841)
Increase (decrease) in cash and temporary investments	14,331	(3,173)
Cash and temporary investments, beginning of year	22,973	26,146
Cash and temporary investments, end of year	$ 37,304	$ 22,973