FOR THE TWELVE MONTHS ENDED

June 30, 2011

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Beaumont Select Corporations Inc.

Management Discussion and Analysis of Operations and Audited Financial Statements.

Letter to Shareholders

The past year brought positive developments to the Corporation in the Investment division. However, the Food division did not perform as well as usual.

The Food Division saw a modest decline in sales and continued to be affected by rising input costs.

The balance sheet was strengthened by refinancing the Winnipeg building. The proceeds were used to increase capital available for investments and working capital.

The Investment Division saw positive numbers in realized gains, unrealized gains and dividends. The equity portfolio grew 26%, versus an increase of 17.8% in the S&P TSX Composite Index. The greatest gains occurred in the Transportation sector, where we had an overweight position.

On behalf of shareholders, I would like to thank our customers, suppliers and employees for providing shareholders with such positive results for our latest fiscal year.

Winston Ho Fatt
Chief Executive Officer

CORPORATE PROFILE

Beaumont Select Corporations Inc. is a management corporation, which directs investments in the food processing and real estate industries, as well as a portfolio of equity securities.

The Food Division concentrates on providing high quality private label and branded products of a specialty nature in the food sector. These products are distributed to food wholesalers and retailers in North America including most major retail chains. The products are produced by a wholly owned subsidiary, Naleway Foods Ltd., located in Winnipeg, Manitoba in a Canadian Food Inspection Agency (CFIA) certified plant owned by the Corporation.

The Corporation manages a portfolio of equity securities held for investment purposes. The corporate Investment Division operates within defined parameters as established by the Board of Directors and reports to the Investment Committee of the Board.

REPORT TO SHAREHOLDERS

FINANCIAL HIGHLIGHTS

The Corporation's financial results for the twelve months ended June 30, 2011 and comparisons to the same period from the previous fiscal year include the following:

- A rising stock market helped to propel the values of the equity portfolio upward. For the latest 12 months, $2.215 million was added to the equity held, an increase of 26%.

  Changes to the portfolio of equity securities: ($ millions)

	June 30, 2011	**June 30, 2010**	Twelve Month Change
Portfolio value	**$22.363**	**$16.833**	33 %
Margin Loan	**11.739**	**8.424**	39 %
Equity in Portfolio	**10.624**	**8.409**	26 %

- Sales in the Food division decreased by 2% during the year compared to 2009-10. Sales fell in Eastern and Western Canada.
- Operating margin decreased to 5.1% of sales from 9.3% the year before. This occurred as prices for key ingredient costs rose substantially
- Net income was $1.045 million (6 cents per share) for the year and a net loss of $3.11 million (negative 19 cents per share) for the fourth quarter.

Financial Highlights
(in thousands of dollars except share and per share information)

	Three Months Ended		Twelve Months Ended	
	Jun 2011	**Jun 2010**	**Jun 2011**	**Jun 2010**
Net Revenues	**$ 3,887**	**$ 3,681**	**$ 18,470**	**$ 18,842**
Operating Income (Loss)	**(523)**	**13**	**(869)**	**(18)**
Net Income (Loss)	**(3,110)**	**582**	**1,045**	**4,809**
Net Income (Loss) per share -basic	**(0.19)**	**0.04**	**0.06**	**0.29**
Funds from (required by) Operations	**(32)**	**875**	**307**	**1,375**
Funds from operations per share – basic	**0.00**	**0.05**	**0.02**	**0.08**
EBITDA from continuing operations	**(3,116)**	**(903)**	**2,546**	**5,189**
EBITDA per share – basic	**(0.19)**	**(0.06)**	**0.16**	**0.32**
EBITDA per share – diluted	**(0.19)**	**(0.06)**	**0.16**	**0.32**

	as at	
	Jun 2011	**Jun 2010**
Total Assets	**40,503**	**34,616**
Total Long-Term Debt	**15**	**638**
Shareholder's Equity	**21,188**	**20,273**
Shares outstanding	**16,215,597**	**16,379,097**

MANAGEMENT’S DISCUSSION AND ANALYSIS

The following Management’s discussion and analysis (MD&A) of the audited results for the twelve months ended June 30, 2011 and the latest three months (referred to as the fourth quarter or Q4) for the fiscal year ending June 30, 2011 (referred to as 2010-11) should be read in conjunction with the Corporation’s audited consolidated financial statements for the year ended June 30, 2010 and the accompanying notes for the fiscal year ended June 30, 2010. All financial information is reported in accordance with Canadian generally accepted accounting principles (GAAP) unless noted otherwise. The financial measure of earnings before interest, taxes, depreciation and amortization (EBITDA) or funds from operations referred in this MD&A do not have a standardized definition prescribed by GAAP and are therefore not readily comparable to similar measures presented by other corporations even in the same industry.

The Corporation’s method of calculating EBITDA and funds from operations may not be comparable to similarly titled amounts reported by other issuers. The Corporation believes these earnings measures are useful supplemental measures of performance, as they provide investors with an indication of the amount of funds available for reinvestment or distribution to shareholders. Investors should be cautioned, however, that EBITDA and funds from operations should not be construed as alternatives to using net income as a measure of profitability or the statement of cash flows as a measure of liquidity and cash positions.

CONSOLIDATED FINANCIAL ANALYSIS

Sales

Overall sales decreased 2% (or $372 thousand) during the current fiscal year to $18.47 million (5.6% increase or $206 thousand for the 4th quarter) compared to $18.842 million during 2009-10 ($3.681 million in Q4 2009-10). Decreases were seen in both Eastern and Western Canada, while increases were seen in the export sales to the United States, which picked up in the fourth quarter of the year.

Operating Margin

Along with sales, the operating margin declined to $936 thousand (5.1% of sales) from $1.755 million (9.3% of sales) from the prior year. For the fourth quarter, the operating margin decreased to -1.4% compared to 4% in the fourth quarter of 2009-10. Flour prices rose over 47% from the beginning of the fiscal year, and averaged over 11% higher than the prior fiscal year.

Corporate and Administrative Expenses

Financing Expenses

Interest on long-term debt, related party indebtedness and bank charges totalled $102 thousand for the fiscal year, down from $106 thousand during the twelve months of 2009-10. Interest charges dropped as the Corporation continued to pay down its long-term debt. Late in the third quarter the Corporation refinanced its Winnipeg building at a higher loan value, and fourth quarter interest costs totalled $35 thousand.

Interest on margin loans for investments in equity securities increased 107% to $497 thousand during 2010-11 compared to $240 thousand in the same period of the prior year. During the year the average margin loan was $11.92 million compared to $6.54 million the prior year ($14.07 million for the fourth quarter) bearing an average interest rate of 4.2%. This compares to a rate of 3.7% on margin loans paid during the prior year.

Other Income

The investment division produced revenue from the following sources:

Dividends and distributions came from income trusts and dividend producing investments. At the end of the fiscal year the investment division had 49% of its investments in equities that paid a dividend, compared to 76% in the prior year. Additional investment income of $58 thousand came from $650 thousand in debentures held by the Corporation, as well as its royalty stream. Total investment income was $988 thousand, down from $1.234 million the prior year as dividend yields fell when many income trusts converted to corporations. Fourth quarter investment income totalled $417 thousand.

Realized gains of $1.787 million were created in 2010-11, down from $3.001 million the prior year. Despite a declining market in the fourth quarter, realized gains totalled $496 thousand. Almost half the realized gains were in the transportation section, followed by the energy services and manufacturing sectors. The greatest realized losses were reported in the construction and services sectors.

Unrealized gains of $175 thousand were created throughout the year, down from $931 thousand in the prior year. The fourth quarter of the year was challenging for the portfolio, as unrealized losses totalled $3.523 million. The debt situations in both Europe and the United States brought the TSX Composite Index down 5.8%, as well as 15% decline in oil prices, which negatively impacted our oil and gas and energy services equities.

Net Income
Net Income from operations before income taxes was $1.216 million for the year compared to $4.155 million for the same period in the previous year. The biggest factor behind the decrease was the downturn in the portfolio in the fourth quarter.

Funds from Operating Activities, EBITDA
Funds from operations for the year decreased to $307 thousand from $1.375 million during the prior year. This drop was due to lower dividends and income trust distributions, coupled with a lower operating margin in the food division.

EBITDA for 2010-11 decreased to $2.546 million ($0.16 per basic share) from $5.189 million ($0.32 per share) last year. The decrease came in the fourth quarter of the year as unrealized gains fell $3.523 million as stock exchanges around the world fell.

The material difference between EBITDA and cash flow from operating activities is due to the fact that most of the realized and unrealized gains and losses in the Investment Division are reinvested into the equity securities portfolio. These factors are partly offset in the funds flow calculation with the exclusion of depreciation and amortization as well as current and deferred taxes.

EBITDA compared to Net Income

	Three months		Twelve months	
	Jun 2011	**Jun 2010**	**Jun 2011**	**Jun 2010**
Net Income	**$(3,110)**	**$582**	**1,045**	**4,809**
Add back:				
Margin Interest	**172**	**78**	**497**	**240**
Long-term Interest	**35**	**36**	**102**	**106**
Current and Deferred Taxes	**(396)**	**(1,775)**	**152**	**(736)**
Depreciation and Amortization	**183**	**176**	**750**	**770**
EBITDA	**(3,116)**	**(903)**	**2,546**	**5,189**

Working Capital
Demand loans increased by $2.21 million to $2.586 million compared to the beginning of the fiscal year, as the Corporation refinanced its Winnipeg building. This refinancing was a seven year loan, amortized over 20 years, but is classified as a current liability as it is a demand loan, callable on the event of nonpayment.

Margin loans increased by $3.315 million to $11.739 million from the beginning of the year. The year-to-date increase in margin loans is in proportion to the increase in the Portfolio of Equity Securities. The Corporation continues to ensure adequate margin is available in all its portfolios to prevent having to liquidate due to a margin call.

Investing activities
The Corporation invested $575 thousand in new equipment, $124 thousand in leasehold improvements, and $41 thousand in vehicles during the year, for a total of $740 thousand. An additional $25 thousand was invested in intangible assets.

Deferred Tax Assets and Liabilities
The Corporation's balance sheet includes a total of $2.915 million of deferred tax assets and $1.882 million of deferred tax liabilities. The Corporation's ability to realize the value of the deferred tax assets is dependent upon the Corporation generating taxable income within the time frame for those tax losses. A portion of these assets have an expiry date or include tax losses that are capital in nature. The Corporation currently believes these qualifying conditions can be met. In the event such an assessment no longer seems reasonable, impairment to that asset will have occurred and a corresponding charge will be required at that time. The appropriateness of the deferred tax liability (and also deferred tax assets) carried on the Corporation's balance sheet is in turn monitored and tested through the regular annual income tax filing process.

Related Party Transactions
The following related party transactions occurred during the fiscal year:

Management fees were charged by companies associated with the Chairman, CEO, CFO, by the former COO, and by the Vice President of Naleway Foods Ltd. for management services which are included in corporate and administrative expenses, aggregating $282,057 during the year, including $70,514 for the fourth quarter.

Fees were paid to current and former directors of the Corporation for professional, consulting and other services rendered during the year in the ordinary course of business. The aggregate $131,924 of such expenses was included in corporate and administrative expenses during the year, including $19,262 for the fourth quarter.

The Corporation leases space from a building owned by Somerset Properties Ltd, a company controlled by the Chairman and 19.4% owned by Beaumont Select Corporations Inc. The lease is for five years and was signed at market rates. During the year the Corporation expensed $73,337 for head office rent, including $20,000 for the fourth quarter.

FINANCING ACTIVITIES & LOANS
During the 2010-11 year the Corporation refinanced the Winnipeg building with a secured demand loan for $2.165 million, at a 4.6% interest rate fixed for a seven year term, and amortized over 20 years. Current payments are $13,763 per month. The proceeds were used to increase the funds available for investment and increase our working capital.

Long-term debt stands at $15 thousand, down from $638 thousand as the previous mortgage was replaced by a higher valued demand loan.

During the year the portfolio margin loan balance increased $3.315 million to $11.739 million compared to the beginning of the fiscal year. The outstanding margin loan balance at June 30, 2011 represented 52% of the portfolio's market value, an increase compared to 50% of the portfolio's market value as of June 30, 2010. For the year the average margin level was 53% of the total portfolio.

During the year $15,000 was added to the equity as options were exercised, and $11,333 was transferred from contributed surplus to equity as part of this option exercise. $146,635 was spent repurchasing shares under our Normal Course Issuer Bid.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2011, the Corporation had total operating credit facilities of $2 million with various institutions of which $991 thousand was available at the end of the fiscal year. The operating facilities may be drawn down or repaid at any time as there are no scheduled repayment terms. The Corporation believes that available cash flow from operations, working capital surplus and its borrowing facilities will be sufficient to fund its required limited capital expenditures and debt repayment obligations. Any material capital expenditure will likely require new credit facilities as a supplement to existing cash reserves. The Corporation and its affiliates were in compliance with all banking ratios during the year.

Dividends and income trust distributions from the Investment Division exceeded margin interest expense for eleven of twelve months of the year and continue to be cash flow positive net of margin interest charges.

The Corporation understands that income trust distributions are not guaranteed, can be reduced or eliminated at any time, and can be made up of returns of capital. In order to ensure positive cash flow from the investment portfolio, individual investments may be sold and / or replaced from time to time in order to rebalance the portfolio.

Most large investment holdings are in liquid stocks, and provide an available cash source to fund any new or existing investments. Despite a small rise in margin interest rates and the reduction in the number of available high dividend paying stocks the distributions exceeded margin interest by a factor of two throughout the year. The Corporation has regularly realized portions of its equity securities portfolio as and when capital resources were required for operations. During the 2010-11 year $120,000 was withdrawn from the equity portfolio to fund operations.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements that have, or are expected to have, an effect on the financial results or financial conditions of the company.

SUMMARY OF QUARTERLY RESULTS

Quarterly results are unaudited.
$ Thousands (except per share data)

	2011				2010			
	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2	Q-1
Revenue	3,887	4,697	5,297	4,589	3,681	4,665	5,584	4,912
Op Margin	(56)	188	473	331	144	390	832	389
Income (Loss) after tax	(3,110)	2,196	1,381	578	582	1,593	1,760	874
EBITDA	(3,116)	2,776	1,881	1,005	(903)	2,160	2,707	1,225
EBITDA Per share- basic and diluted	(0.19)	0.17	0.12	0.06	(0.06)	0.13	0.17	0.07

REPURCHASE OF COMMON SHARES

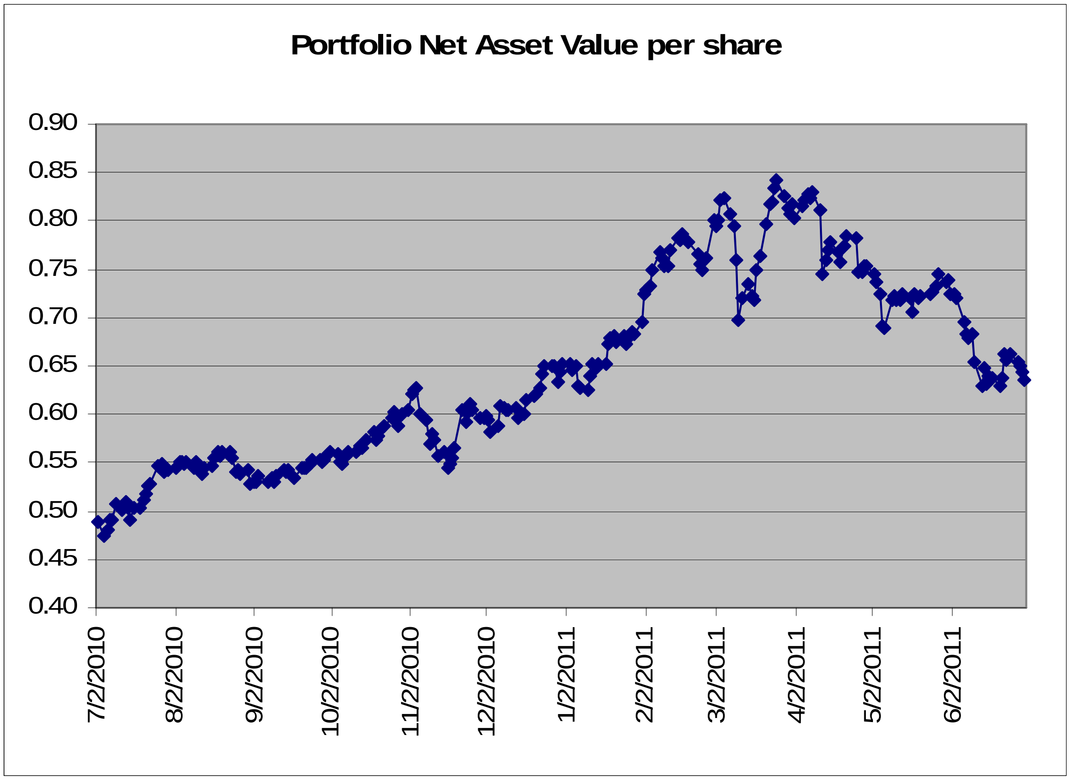
In June 2010, the Corporation received approval from The TSX Venture Exchange to acquire an additional 819,155 shares, representing approximately 5% of the issued and outstanding class “A” shares, through a renewed Normal Course Issuer Bid. During the fourth quarter of 2010-11, the Corporation repurchased 11,000 shares from the market for an aggregate cost of $9,310 (or an average of $0.85 per share) in a continued effort to improve shareholder value. For the full twelve months 193,500 shares were purchased at a total cost of $146,635.

In June 2011 the Corporation renewed its Normal Course Issuer bid, intending to acquire up to 810,779 of its Class “A” Shares over the next 12 months.

Subsequent to the end of the fiscal year, the Corporation has purchased 10,500 shares under its Normal Course Issuer bid. The number of shares outstanding as of October 20, 2011 is 16,205,097.

DIVISIONAL REPORTING

INVESTMENT DIVISION



Net Asset Value (NAV) is a non-GAAP term describing the total value of the equity portfolio less margin loans divided by the total number of shares outstanding as at a specific date. There is no comparable Canadian GAAP or IFRS measure. The Corporation presents NAV to assist shareholders in their evaluation of the Company's value. The NAV presented consists only of the Corporation's equity portfolio, and excludes all other assets and liabilities.

During the fiscal year the portfolio of equity investments benefited from focused stock selection and stock markets. The S&P TSX Composite index increased 17.8% during the most recent year (declining 6.17% for the fourth quarter), but was outperformed by the portfolio with its 26% gain on portfolio equity (portfolio value less corresponding margin loan) during the fiscal year, declining 20.7% in the fourth quarter.

For the fiscal year the portfolio of investments recorded an investment gain of $2.453 million (fourth quarter - $2.782 million loss). The investment gain was made up of the following:

In thousands ($000)	Three months ending		Twelve months ending	
Investment Portfolio	**Jun 2011**	**Jun 2010**	**Jun 2011**	**Jun 2010**
Dividends and distributions	**$417**	**$545**	**$988**	**$1,234**
Interest expense	**(172)**	**(78)**	**(497)**	**(240)**
Realized gains (losses)	**496**	**801**	**1,787**	**3,001**
Unrealized gains (losses)	**(3,523)**	**(1,873)**	**175**	**931**
Total investment gain (loss)	**($2,782)**	**($605)**	**$2,453**	**$4,926**
S&P TSX Composite Index Growth	**(5.8)**	**(6.2%)**	**17.8%**	**8.9%**
Portfolio Equity Growth	**(20.7%)**	**(12.6%)**	**26%**	**70%**

During the fiscal year the greatest realized gains occurred in the transportation and energy services sectors, while the greatest realized losses occurred in the services and construction sectors. During the fourth quarter gains were greatest in the energy services, manufacturing and oil exploration sectors, and realized losses were greatest in the services and consumer sectors.

As at June 30, 2011, 36.7% of investments (by market value) were in the oil and gas sector, followed by the transportation (16.6%), consumer (13.2%), energy services (10.8%) and retail (7.6%) sectors.

At the end of the fiscal year, the five largest investments comprised approximately 68% of the total portfolio's cost base, and 71.6% of the total market value. The top investments are (by dollar size of investment):

- Equal Energy Ltd
- Student Transport of America Ltd
- Premium Brands Holding Corporation
- AutoCanada Inc
- Open Range Energy Corp
- Pure Energy Services

The remainder of the portfolio is spread out over 43 other equities and warrants. Overall the portfolio is weighted 4% by market value into income trusts. A total of 49% of the portfolio pays a dividend or distribution. The Corporation continues to monitor the market as a whole, along with a wide variety of stocks, and will change its market weight from time to time.

The Corporation's equity investments are primarily Level 1 assets, with three small positions in private oil and gas companies, with a value of $111,000 defined as Level 2.

As of October 20, 2011 the total market value of the portfolio of investments has decreased to $14.073 million from its June 30th, 2011 position, and the margin loans have decreased to $6.001 million, resulting in an decrease in the equity portion of the portfolio to $8.072 million as the Corporation sold investments in the current market downturn. The present portfolio top five, (by dollar value) are:

- Equal Energy Ltd
- Student Transportation of America
- Open Range Energy Corp
- AutoCanada Inc
- Pure Energy Services

These top 5 represent 75% by cost, and 76% by market value. The net asset value of the portfolio stands at 50 cents per share.

FOOD DIVISION

Sales fell 2% during 2010-11 as the marketplace tightened. During the fourth quarter, sales rose 5% as additional product was shipped abroad. Operating income fell as ingredients prices fluctuated wildly, while customers held the line on price increases.

The food division continued to research and develop new products.

The Food Division added $620 thousand in new equipment, leasehold improvements and vehicles. Intangible assets with a net value of $137 thousand were written off as these assets cannot be capitalized under IFRS.

Changes in Accounting Policies

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

Beaumont Select Corporations Inc has a year end of June 30th, and therefore is not required to file interim or annual financial statements under IFRS until after June 30th, 2011. However, in order to provide comparable data for the June 30, 2011 financial results, the Corporation's financial statements for the year ending June 30th, 2010 must be provided in both IFRS (for comparison to 2011) and Canadian GAAP (for comparison to 2009).

The corporation has recognized the following changes to be made as a result of upcoming changes to IFRS:

1) IFRS requires the disclosure of segment liabilities, so debt for subsidiaries will be broken out instead of aggregated.
2) Valuation of stock based compensation is treated differently under IFRS than under Canadian GAAP, for those defined as non-employees.
3) In the first year under IFRS the Corporation needs to present
    a) Opening IFRS statement of financial position as at the date of transition to IFRS.
    b) A reconciliation of total comprehensive income under CA GAAP or total comprehensive income under IFRS.
4) Research and development costs which under Canadian GAAP were capitalized and amortized will now need to be expensed.
5) Non Controlling Interest – Under the IFRS model, non-controlling interest is considered an equity item (under Canadian GAAP is a liability).
6) Property Plant and Equipment –At transition to IFRS such assets can be stated at the historical Cost Model or a Fair Value (deemed cost), less any impairment losses and accumulated depreciation, the Revaluation Model. Due to the difficulty in valuating the Corporation's highly specialized equipment, the Corporation has elected to value the Property, Plant, and Equipment at the historical cost model.

IFRS 1, "First Time Adoption of International Financial Reporting Standards" provides entities which are adoption IFRS with a number of mandatory and optional exemptions to certain of the IFRS requirements for application of IFRS. There are a few items that have been identified that will effect the opening balance sheet under IFRS:

1) Investments in Associates – IAS 28 – Beaumont has an investment in a related company with an ownership position near the 20% threshold. There are a number of differences between GAAP and IFRS related to the rules regarding the determination of "significant influence" and under IFRS an equity account investment is written down if its carrying balance is impaired. The corporation took a write down in its investment in Q3 2009, and does not expect to have to take additional writedowns.
2) As Beaumont owns 94.5% of Angiogene Inc, a non-controlling interest of $500,174 currently resides on the liability section of the balance sheet under Canadian GAAP. Under IFRS, this amount will be removed from the liabilities section and placed in the Equity section of the balance sheet.

This is not necessarily a complete list, but represents the changes identified at this time. None are expected to place an undue burden on the Corporation.

OUTLOOK

Since the end of the fiscal year equity markets have slid on concerns over European debt and possible debt default, as well as the political wrangling in the United States. The S&P TSX composite Index has fallen 10% since June 30th, while the S&P TSX Venture composite index has fallen 21%. Volatility continues to remain high, with daily swings over 2% continuing to be seen regularly. The Investment Division will continue to maintain a defensive position until some calm can be detected in the equity markets.

Forward-Looking Statements

This quarterly report, and principally in the Outlook section, contains forward-looking statements including statements regarding the business and anticipated financial performance of the Corporation. Words such as “anticipate”, “expect”, “believe”, “could”, “estimate”, “goal”, “intend”, “plan”, “seek”, “strive”, “will”, “may” and “should” and similar expressions, as they relate to the Corporation and its management, are intended to identify forward-looking statements. These forward-looking statements are not historical facts but reflect the Corporation’s current expectations concerning future results and events.

These forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results and performance of the Corporation to be materially different from the future results and performance expressed or implied by such forward-looking statements. A number of factors could affect the actual results, including but not limited to, input costs, competition, general stock market sentiment and access to capital markets. Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect the Corporation’s expectations only as of the date of this report and not as a representation by the Corporation that the objectives and plans of the Corporation will be achieved. The Corporation undertakes no obligation to update publicly or otherwise revise any forward looking statements, whether as a result of new information or future events or otherwise, except as may be required under applicable laws.

Risk Management

The Corporation’s activities expose it to a variety of risks, including both financial and operating risks. These include, but are not limited to, the following:

Focus on Key Products, Customers
The Food Division offers a limited number of products. Its reliance on key product lines and key customers creates a risk both on the individual product as well as the dependence on the whole line in terms of sales revenue.

Operational downtime
The Food Division maintains a regular maintenance program and adequate insurance on its facilities and equipment with the objective of limiting production downtime. An extended period of unfilled orders could adversely affect future sales, however this has not been an issue to date given the Food Division’s strong order fill rate over decades of operations.

Exchange Rates
While the percentage of sales to the United States is small, any change in exchange rates can affect the Corporation both in terms of revenue and cost of goods sold, as some of the ingredients are either sourced from the United States and / or priced in US dollars. Overall, a decrease in the Canadian Dollar versus the US Dollar is beneficial to the Corporation.

Interest Rates
As both an investor and a borrower of funds, changes in interest rates can affect the Corporation's returns as well as costs. The Corporation regularly monitors costs and returns and seeks to make adjustments quickly to mitigate risks.

Economic Risk
The Corporation's investments are subject to worldwide political, terrorist, economic, natural risks and other factors.

Credit Risk
As both a long term and short term borrower, the Corporation is dependent on others to lend money to finance raw and finished goods inventories, and provide guarantees to customers and suppliers.

Margin Risk
The Corporation's Investment Division uses margin loans to enhance returns on investment. However, a fall in the value of investments results in a greater loss as the equity base is smaller.

Investment Risk
The Corporation's Investment Division invests primarily in securities publicly listed on Canadian stock markets in order to enhance returns, but has suffered losses when individual investments decline in value. In a global market, stocks are susceptible to financial, political, terrorist and economic problems occurring in countries around the world.

Liquidity Risk
The Corporation's Investment Division largest position represents eight days average daily trading. A rapid sale of this position may not be possible, or may adversely affect the obtainable price.

Contingencies

The Corporation or its subsidiaries are involved in other litigation or claims in the ordinary course of business (currently mostly as plaintiffs). The amounts at stake in these disputes are not material individually nor in the aggregate. Therefore, no amount associated with these claims has been accrued as assets or liabilities, or recorded as income or charged as expenses on these consolidated financial statements. In the event that the Corporation is successful in a claim or is found to be liable for a claim, the resulting settlement will be appropriately recorded to the income statement in the period as incurred.

Additional Information

For additional information on the Corporation, readers should also refer to its public filings on www.sedar.com.

Winston Ho Fatt
Chairman and Chief Executive Officer
October 21, 2011