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FOR THE TWELVE MONTHS ENDED

June 30, 2012

Beaumont Select Corporations Inc.

Beaumont Select Corporations Inc.

Management Discussion and Analysis of Operations and Audited Financial Statements.

Letter to Shareholders

The past fiscal year for the Corporation has seen both successes and some challenges. The strong positive performance of the Investment Division was tempered by a minimal decline in sales in the Food Division.

The Investment Division outperformed the S&P TSX Composite Index, with a combination of strong unrealized gains and high dividend income. The equity portion of the portfolio grew 6%, versus a decrease of 12.8% in the S&P TSX Composite Index. The division strategically lowered its use of leverage during the year, to better position itself to take advantage of future opportunities.

The Food Division sales remain relatively unchanged. However, operating margin was largely impacted by rising input costs.

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, 2012 and comparisons to the same period from the previous fiscal year include the following:

- While the TSX composite index declined 12% during the year, the Corporation's portfolio of equity investments increased 6%.

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

	June 30, 2012	**June 30, 2011**	Twelve Month Change
Portfolio value	**$17.310**	**$22.363**	(22.6 %)
Margin Loan	**6.035**	**11.739**	(48.6 %)
Equity in Portfolio	**11.275**	**10.624**	6 %

- Sales in the Food Division decreased by 1.2% during the year compared to 2010-11.
- Operating margin decreased to 0.85% of sales from 4.9% the year before, largely because of increases in input costs.
- The Investment Division produced $1.107 million in unrealized gains, and realized a loss of $615 thousand on its portfolio of equity securities.
- Net loss for the year to the shareholders of the corporation was $163 thousand (1 cent per share)

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

	Three Months Ended		Twelve Months Ended	
	Jun 2012	**Jun 2011**	**Jun 2012**	Jun 2011
Net Revenues	**$ 4,506**	$ 3,887	**$ 18,249**	$ 18,470
Operating margin	**121**	(55)	**155**	911
Net Income (Loss)	**(192)**	(2,853)	**(195)**	1,158
Net Income (Loss) per share -basic	**(0.01)**	(0.18)	**(0.01)**	0.07
EBITDA from continuing operations	**(196)**	(2,848)	**928**	2,701
EBITDA per share – basic	**(0.01)**	(0.18)	**0.06**	0.17
EBITDA per share – diluted	**(0.01)**	(0.18)	**0.06**	0.17
			as at	
			Jun 2012	Jun 2011
Total Assets			**34,898**	40,503
Total Long-Term Debt			**7**	16
Shareholder's Equity			**21,474**	21,693
Shares outstanding			**16,171,597**	16,215,597

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, 2012 and the latest three months (referred to as the fourth quarter or Q4) for the fiscal year ending June 30, 2012 (referred to as 2011-12) should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended June 30, 2012 and the accompanying notes for the fiscal year ended June 30, 2012. All financial information is reported in accordance with International Financial Reporting Standards (IFRS) 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 IFRS 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 1.2% (or $221 thousand) during the current fiscal year to $18.249 million compared to $18.47 million during 2010-11.

Operating Margin

Along with sales, the operating margin declined to $155 thousand (0.83% of sales) from $911 thousand (4.9% of sales) from the prior year. The decrease in the operating margin was largely due to an increase in input costs.

Corporate and Administrative Expenses

Financing Expenses

Interest on long-term debt, related party indebtedness and bank charges totalled $138 thousand for the fiscal year, up from $102 thousand during the twelve months of 2010-11, as the Corporation had refinanced its building during the latter part of last year.

Interest on margin loans for investments in equity securities decreased 36% to $319 thousand during 2011-12 compared to $497 thousand in the prior year. During the year the average margin loan was $7.43 million compared to $11.92 million the prior year, bearing an average interest rate of 4.3%. This compares to a rate of 4.2% 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 84% of its investments in equities that paid a dividend, compared to 49% 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 $884 thousand, down from $988 the prior year as the overall size of the portfolio decreased. Fourth quarter investment income totalled $301 thousand.

Realized losses of $615 thousand were created in 2011-12, down from $1.787 million gain the prior year. The transportation, consumer and investment sectors produced the most realized gains, while the gold, services and oil exploration sectors produced the greatest realized losses.

Unrealized gains of $1.107 million were created throughout the year, up from $175 thousand in the prior year. Currently most of our unrealized gains lie within the retail sector.

Total Comprehensive Income

Net Income from operations before income taxes was a loss of $195 thousand for the year compared to $1.158 million in the previous year. The decline is a combination of lower operating margins from the Food Division and lower gains from the Investment Division.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA for 2011-12 decreased to $928 thousand ($0.06 per basic share) from $2.701 million ($0.16 per share) last year. The key components of the decrease were lower cash flow from both the Food and the Investment Divisions.

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 2012	**Jun 2011**	**Jun 2012**	**Jun 2011**
Net Income	**(192)**	**$(2,853)**	**(195)**	**1,158**
Add back:				
Margin Interest	**70**	**172**	**319**	**497**
Long-term Interest	**36**	**34**	**138**	**102**
Current and Deferred Taxes	**(314)**	**(391)**	**(83)**	**194**
Depreciation and Amortization	**204**	**189**	**749**	**750**
EBITDA	**(196)**	**(2,849)**	**928**	**2,701**

Working Capital
Margin loans decreased by $5.704 million to $6.035 million from the beginning of the year. While some of the drop is attributed to a smaller portfolio, there was also the conscious decision to decrease the portfolio leverage. As such, the leverage used decreased from 52% at the start of the year to 35% at the end of the year.   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 $186 thousand in new equipment and $116 thousand in leasehold improvements for a total of $302 thousand. Due to a reduction in the size of the portfolio, $5.545 million was removed from the investment portfolio and used to reduce margin loans.

Deferred Tax Assets and Liabilities
The Corporation’s balance sheet includes a total of $3.095 million of deferred tax assets and $1.981 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.

Goodwill
The Corporation performs an impairment test on its goodwill at the end of each year, and more frequently if required. At the end of the year the Corporation examined the goodwill attached to the Food Division cash generating unit and it was determined to be valid.

Investment in Affiliate
Beaumont Select Corporations Inc. owns 19.4% of Somerset Properties Ltd, a company controlled by the Chairman of the corporation. During the year a payment in the amount of $71,260 was received representing a return of capital.

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 $104,923 of such expenses was included in corporate and administrative expenses during the year, including $24,263 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 $81,468 for head office rent, including $20,550 for the fourth quarter.

FINANCING ACTIVITIES & LOANS

Long-term debt stands at $7 thousand, down from $16 thousand as the capital lease continues to be paid.

The margin loan fell by $5.704 million as the portfolio was reduced by a similar amount. The investment division reduced the use of leverage in the equity portfolio, to 35%.

$24 thousand was spent repurchasing shares under our Normal Course Issuer Bid, down from $150 thousand the prior year.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2012, the Corporation had total operating credit facilities of $2.263 million with various institutions of which $835 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 all 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. The Corporation has regularly realized portions of its equity securities portfolio as and when capital resources were required for 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)

	2012				2011			
	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2	Q-1
Revenue	4,506	4,315	5,086	4,341	3,887	4,697	5,297	4,589
Op Margin	121	(39)	119	(46)	(55)	186	449	331
Income (Loss) after tax	(192)	1,193	1,526	(2,722)	(2,853)	2,225	1,401	578
EBITDA	(196)	1,890	2,038	(2,804)	(2,849)	2,831	1,900	1,013
EBITDA Per share- basic and diluted	(0.01)	0.12	0.13	(0.17)	(0.18)	0.17	0.12	0.06

REPURCHASE OF COMMON SHARES

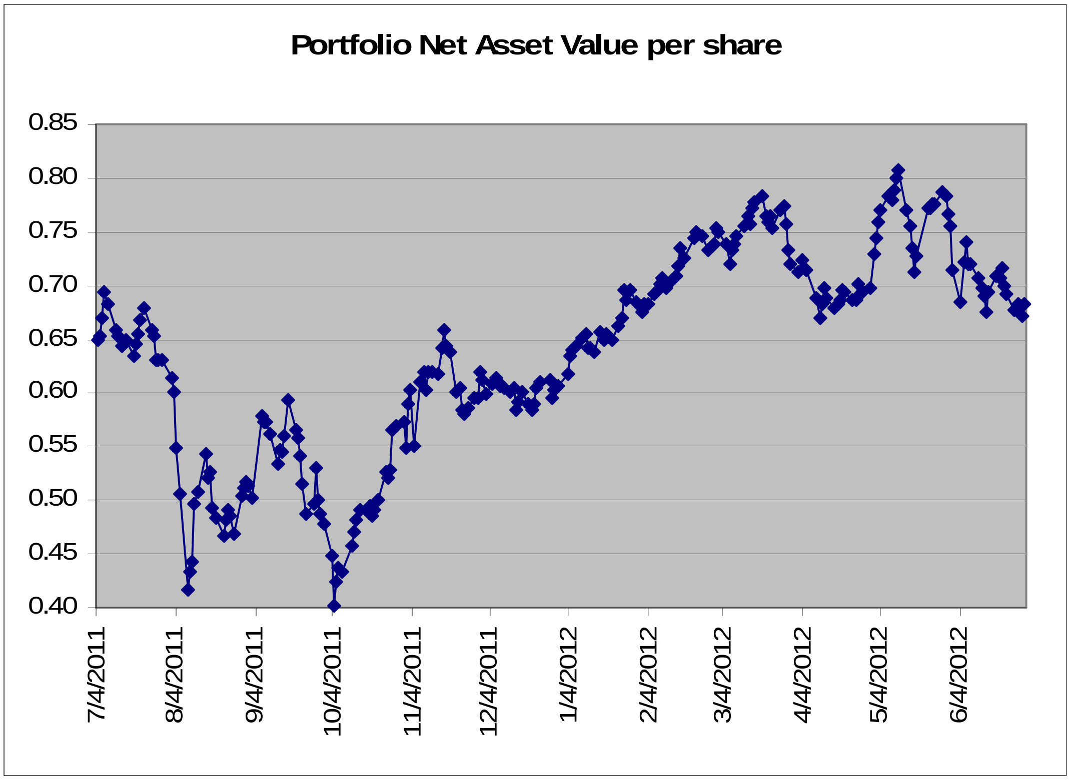
In June 2011, the Corporation received approval from The TSX Venture Exchange to acquire an additional 810,779 shares, representing approximately 5% of the issued and outstanding class “A” shares, through a renewed Normal Course Issuer Bid. During the fourth quarter of 2011-12, the Corporation repurchased 3,500 shares from the market for an aggregate cost of $1,770 (or an average of $0.51 per share) in a continued effort to improve shareholder value. For the year 44,000 shares were purchased at a total cost of $24,020.

In June 2012 the Corporation renewed its Normal Course Issuer bid, intending to acquire up to 808,680 of its Class “A” Shares over the next 12 months.

Subsequent to the end of the fiscal year, the Corporation has purchased no shares under its Normal Course Issuer bid. The number of shares outstanding as of October 20, 2012 is 16,171,597.

DIVISIONAL REPORTING

INVESTMENT DIVISION



Net Asset Value (NAV) is a non-IFRS 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 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 decreased 12.8% during the most recent year (declining 6.4% for the fourth quarter), but was outperformed by the portfolio with its 6% gain on portfolio equity (portfolio value less corresponding margin loan) during the fiscal year, declining 4.7% in the fourth quarter.

For the fiscal year the portfolio of investments recorded an investment gain of $1.057 million (fourth quarter - $233 thousand loss). The investment gain was made up of the following:

In thousands ($000)	Three months ending		Twelve months ending	
Investment Portfolio	**Jun 2012**	**Jun 2011**	**Jun 2012**	**Jun 2011**
Dividends and distributions	**$301**	**$417**	**$884**	**$988**
Interest expense	**(71)**	**(172)**	**(319)**	**(497)**
Realized gains (losses)	**(188)**	**496**	**(615)**	**1,787**
Unrealized gains (losses)	**(275)**	**(3,516)**	**1,107**	**175**
Total investment gain (loss)	**($233)**	**($2,776)**	**$1,057**	**$2,453**
S&P TSX Composite Index Growth	**(6.4%)**	**(5.8%)**	**(12.8%)**	**17.8%**
Portfolio Equity Growth	**(4.7%)**	**(20.7%)**	**6%**	**26%**

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

As at June 30, 2012, 40.7% of investments (by market value) were in the retail sector, followed by the transportation (14.8%), services (13.3%) and energy services (10.7%) sectors.

At the end of the fiscal year, the five largest investments comprised approximately 64% of the total portfolio's cost base, and 75.2% of the total market value. The top investments are (by dollar size of investment):

- AutoCanada Inc
- Student Transport of America Ltd
- BRI-Chem Corp
- Data Group Inc
- Altus Group

The remainder of the portfolio is spread out over 43 other equities and warrants. Overall the portfolio is weighted 8.6% by market value into income trusts. A total of 84% 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, and one US Dollar denominated debenture, for a total value of $233,500 defined as Level 2. Subsequent to the end of the year, one of the level two equities declared its intention to be publicly traded.

As of October 24, 2012 the total market value of the portfolio of investments has increased to $23.655 million from its June 30th, 2012 position, and the margin loans have increased to $10.641 million, resulting in an increase in the equity portion of the portfolio to $13.014 million. This represents a gain of 15.4% since the fiscal year end, compared to the TSX composite index increase of 5.2% since the end of the fiscal year. The present portfolio top five, (by dollar value) are:

- AutoCanada Inc
- Student Transportation of America
- Horizons Beta Pro Nymex Natural Gas Bull ETF
- Altus Group
- Eagle Energy Trust

These top 5 represent 69% by cost, and 78% by market value. The net asset value of the portfolio stands at 80 cents per share.

FOOD DIVISION

Sales fell 1.2% or $221 thousand during 2011-12. Operating margin fell, largely due to the increase in input costs.

OUTLOOK

Since the end of the fiscal year equity markets moved up on hope for the US elections and the European debt crises. The S&P TSX composite Index has increased 6.2% since June 30th The Investment Division has increased its use of leverage, but continues to keep it below 50%. Dividend stocks remain a focus as borrowing costs continue to stay below dividend yields.

Subsequent to the end of the fiscal year a leak of ammonia from a freezer at Naleway Foods Ltd. contaminated inventory. All raw materials and finished goods onsite were destroyed. It is expected that insurance should cover the full extend of the loss, but the insurance settlement has not yet been finalized.

In August 2012 Somerset Properties Ltd. paid a dividend to its shareholders. The dividend paid to the Corporation was $408,338.

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 nine days average daily trading. A rapid sale of this position may not be possible, or may adversely affect the obtainable price. The Corporation has other investments it feels it can liquidate quickly if required, but there is no assurance it can do so at a favourable 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 24, 2012