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FOR THE SIX MONTHS ENDED

December 31, 2010

Beaumont Select Corporations Inc.

Beaumont Select Corporations Inc.

Management Discussion and Analysis and Financial Statements.

The auditors had no involvement in the preparation of the financial statements.

CORPORATE PROFILE

Beaumont Select Corporations Inc. is a management corporation, which manages 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 in Canada. The Frozen Food Unit is the largest processor of perogies and the largest private label processor of panzerottis in Canada, on a poundage basis, through its wholly owned subsidiary Naleway Foods Ltd. The production facility is located in Winnipeg.

The Real Estate Division owns an industrial building in Winnipeg with a total area of approximately 30,000 square feet. The building is leased on a long-term basis to Naleway Foods Ltd. The Real Estate division also looks for developed and undeveloped real estate acquisition opportunities that can assist in the improvement, diversification and enhancement of the Corporation's financial returns.

The Corporation manages a portfolio of equity securities held for investment purposes overseen by the Corporation's Investment Division. The Investment Division operates within investment guidelines established by the Board of Directors of the Corporation and reports to the Investment Committee of the Board.

REPORT TO SHAREHOLDERS

The Corporation's interim financial statements for the second quarter ended December 31, 2010 were not audited or reviewed by the Corporation's auditors. This quarterly management's discussion and analysis was made as of February 16, 2011.

FINANCIAL HIGHLIGHTS

The Corporation's financial results for the six months ended December 31, 2010 compared to the same period in the previous fiscal year included the following:

- The Investment Division took a slightly more aggressive stance towards margin borrowing and this has contributed to the 28% increase in the first half of the year.

  Changes to the portfolio of equity securities:

$ millions	**Dec 31, 2010**	Jun 30, 2010	6 month Change
Portfolio value	**$24.444**	$ 16.833	45%
Margin Loan	**13.642**	8.424	61%
Equity in Portfolio	**10.802**	8.409	28%

- Sales in the Frozen Food Division decreased by 3.2% in the second quarter compared to the second quarter of 2009-10. For the six month period, sales showed reduction of 3.3% on lower volume. Pricing pressure and the desire to maintain market share resulted in the lower sales. Export sales continue to be weak due to the strengthening currency.
- Operating margin decreased to 7% from 11% for the first six months last year because of rising input costs at the wholesale level (especially flour).

- Net income was $1,952,000 for the first six months ($0.12 cents per share) and $1,375,000 ($0.08 cents per share) for the second quarter.

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

	Three Months Ended		Six Months Ended	
	Dec 2010	Dec 2009	**Dec 2010**	Dec 2009
Net Sales	**$ 5,502**	**$ 5,681**	**$ 10,362**	**$ 10,714**
Operating Income (Loss)	**(19)**	**57**	**(122)**	**(56)**
Net Income (Loss)	**1,375**	**1,760**	**1,952**	**2,633**
Net Income (Loss) per share -basic	**0.08**	**0.11**	**0.12**	**0.16**
Net Income (Loss) per share -diluted	**0.08**	**0.10**	**0.12**	**0.16**
Funds from (required by) Operations	**219**	**333**	**481**	**264**
Funds from operations per share - basic	**0.02**	**0.02**	**0.03**	**0.02**
Funds from operations per share - diluted	**0.02**	**0.02**	**0.03**	**0.02**
EBITDA	**1,881**	**2,700**	**2,884**	**3,925**
EBITDA per share – basic	**0.12**	**0.16**	**0.18**	**0.24**
EBITDA per share – diluted	**0.12**	**0.16**	**0.18**	**0.23**
			as at	
			Dec 2010	Dec 2009
Total Assets			**42,293**	**34,675**
Total Long-Term Debt			**568**	**546**
Shareholder's Equity			**22,135**	**18,258**
Shares outstanding – Weighted Average	**16,259,612**	**16,618,651**	**16,305,803**	**16,643,412**
Shares outstanding – End of Period			**16,260,097**	**16,572,597**

For the six months the Investment Division generated a total investment gain of $2,457,000 comprised mainly of increased unrealized gains of $1,098,000 and $1,027,000 in realized gains. In addition, the investment portfolio generated investment income of $566,000, well surpassing the margin interest expense of $187,000. During the six months the TSX Composite index increased by 19%, while the equity portion of the portfolio (total securities less margin loan) grew 28% from $8,409,000 as of June 30th to $10,802,000 at December 31, 2010. The bulk of the increase occurred in the second quarter, with unrealized gains of $737,000 and realized gains of $760,000.

Dividends and distribution income grew 23% from the first half of 2009-10 to $566,000. By the end of the second quarter 55% of the portfolio was in dividend paying stocks compared to 76% at the start of the year and 68% at the start of the quarter. Dividends continue to cover margin interest by a factor of more than 100% each month.

Revenue in the Food Division decreased 3.3% compared to the same six months of fiscal 2010 (3.2% in the second quarter) as sales to US customers continued to be weak.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's discussion and analysis (MD&A) of the unaudited results for the six months (referred to as the first half or H1) and the latest three months (referred to as the second quarter or Q2) in 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 as well as the Corporation's unaudited consolidated financial statements and notes for the six months ended December 31, 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

Revenues

Overall revenues decreased 3.3% (or $351,000) for the first six months of 2010-11 to $10,362,000 (3.2% or $179,000 for latest quarter) compared to $10,714,000 in the first half of 2009-10 ($5,681,000 in Q2 2009-10). Sales both in Canada and the United States fell on volume and the loss of a key account in the United States continued to impact the results.

Operating Margin

The operating margin for the first six months of fiscal 2010-11 decreased to 7% ($764,000) from 11% ($1,227,000) for the first half of 2009-10. For the second quarter, the operating margin moved to 9% compared to 15% in the second quarter of 2009-10. Higher raw material costs were the key contributor to a reduced margin for the period.

Financing Expenses

Interest on long term debt and bank charges totalled $36,000 for the first six months, down from $46,000 during the first half of 2009-10. Low interest rates, together with lower total long term debt, allowed this reduction to take place.

The strategy of increasing our portfolio size caused interest on margin loans for investments in equity securities to increase 99% to $187,000 for the first half of 2010-11 compared to $94,000 in the same half of the prior year. During the latest quarter, margin interest rose 90% from Q2 2009-10 to $102,000 as the portfolio grew. During the first half the average margin loan was $9,610,000 ($10,550,000 for second quarter) bearing an average interest rate of 3.9%. This compares to a rate of 3.7% on margin loans paid during first half of the prior year.

Other Income

For the first six months the Investment Division's contribution to other income included a realized gains of $1,027,000 and unrealized gains of $1,098,000. Dividends and distribution income grew 24% from the first six months of 2009-10 to $566,000 ($259,000 for Q2), as the

portfolio grew in size, while the percentage of income trusts stayed under 20%. At the end of the quarter, many of Canada's income trusts converted to corporations and some have cut their dividends. It is expected that while the portfolio may grow in size, its yield relative to its size may fall.

The latest quarter generated realized gains of $760,000 and unrealized gains of $737,000 within the investment portfolio. Realized gains were highest in the Transportation sector, followed by the Real Estate Investment Trust (REIT) sector.

At the end of the second quarter, the marketable securities portfolio had an unrealized gains balance of $2,639,000. 45% of our unrealized gains are within the Transportation sector, with another 16% within the Consumer sector.

Net Income

Net Income from continuing operations before income taxes was $1,952,000 for the first six months ($1,375,000 for the second quarter) compared to $2,633,000 for the same period in the previous year ($1,760,000 for Q2 2009-10). The majority of the income was generated from the Investment Division as it added $2,126,000 in realized and unrealized gains from the investment portfolio.

Cash Flow from Operating Activities, EBITDA

Funds from operations for the latest six months increased to $480,000 from $264,000 in the same period of 2009-10. This change was due to lower operating margin in the food division, tempered somewhat by lower corporate and administrative costs.

EBITDA for the first half of 2010-11 fell $168,000 to $2,884,000 ($0.16 per basic share) from $3,925,000 ($0.24 per basic share) last year. Lower current and deferred taxes compared to the prior year made the greatest difference.

The material difference between EBITDA and cash flow from operating activities is due to the fact that virtually all realized and unrealized gains and losses in the Investment Division are reinvested into the equity securities portfolio. These positive 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

	3 months		6 months	
	Dec 2010	Dec 2009	**Dec 2010**	Dec 2009
Net Income	**$1,375**	**$1,760**	**$1,952**	**$2,633**
Add back:				
Margin Interest	**102**	**54**	**187**	**94**
Long-term Interest	**16**	**14**	**35**	**36**
Short Term Interest	**1**	**9**	**1**	**10**
Current and Deferred Taxes	**197**	**668**	**330**	**760**

Depreciation	**180**	**196**	**361**	**355**
Amortization	**9**	**6**	**17**	**37**
EBITDA	**1,880**	**2,707**	**2,884**	**3,925**

Investing activities
The Food Division invested $193,000 in new equipment, and the head office received $60,000 in leasehold improvements during the second quarter, bringing the total to $419,000 in property and equipment investments for the first six months.

$4,629 was capitalized in the development of new packaging in the second quarter, bringing the total to $10,205 for the first half of the year.

Retained Earnings
Due to the increase in the portfolio of equity securities, retained earnings increased by $1,912,000 during the first half to $14,353,000. The second quarter produced the majority of this increase, adding $1,342,000 to retained earnings.

Deferred Tax Assets and Liabilities
The Corporation's balance sheet includes a total of $3,143,000 of deferred tax assets and $2,160,000 of deferred tax liabilities. Deferred tax liabilities increased as the bulk of the Corporation's income is derived from unrealized gains, 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 second quarter of 2010-11:

Management fees were charged by companies associated with the Chairman, CEO, Chief Operating Officer of the Corporation, and by the Vice President of Naleway Foods Ltd. for management services which are included in Corporate and Administrative expenses aggregating $70,000 during the quarter. ($141,000 for the first six months)

Rent at then market rates of $6,667 per month or $20,000 per quarter was paid to Somerset Properties Ltd, a company owned 80.7% by the Chairman and 19.4% by the Corporation. This enabled the Corporation to invest in the more lucrative stock market.

Fees were paid to current and former directors of the Corporation for professional, management and other services rendered during the quarter in the ordinary course of business. The aggregate $41,000 of such expenses was included in Corporate and Administrative Expenses during the quarter ($81,000 for the first six months).

FINANCING ACTIVITIES & LOANS

During the first half of 2010-11 the Corporation decreased its long term debt by $515,000 through regular monthly payments. Long-term debt stands at $724,000, down from $1,239,000 or 42% compared to the balance at the end of the prior fiscal year.

Current bank loans decreased by $90 thousand compared to the end of the prior fiscal year. The credit line is currently set at $2,535,000 and subsequent to the end of the quarter was renewed.

During the first half the portfolio margin loan balance increased $5,217,000 to $13,642,000 compared to the beginning of the fiscal year. The outstanding margin loan balance at December 31, 2010 represented 55.9% of the portfolio's market value, an increase compared to 50% of the portfolio's market value as of June 30, 2010. This was done to take advantage of a stronger stock market.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2010, the Corporation had total operating credit facilities of $2,535,000 with various institutions of which $1,783,000 was available at the end of the second quarter. 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 first half of the year.

Subsequent to the end of the quarter, a mortgage was taken on the Winnipeg building for $2,215,000. Funds from this mortgage are to be used to purchase additional equipment for the Food Division, as well as fund new investment opportunities.

Dividends and income trust distributions from the Investment Division exceeded margin interest expense by a minimum of 100% for the first six months and continue to be cash flow positive net of margin interest charges.

The Corporation understands that dividends and 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 equity portfolio

Most large investment holdings are in liquid stocks, and provide an available cash source to fund any new or existing investments. The reduction of margin interest rates and the increased investment in high dividend paying stocks has the distributions exceeding margin interest by a factor of four for the latest quarter. The Corporation has regularly realized portions of its equity securities portfolio as and when capital resources were required for operations.

SUMMARY OF QUARTERLY RESULTS
Quarterly results are unaudited

$ Thousands (except per share data)

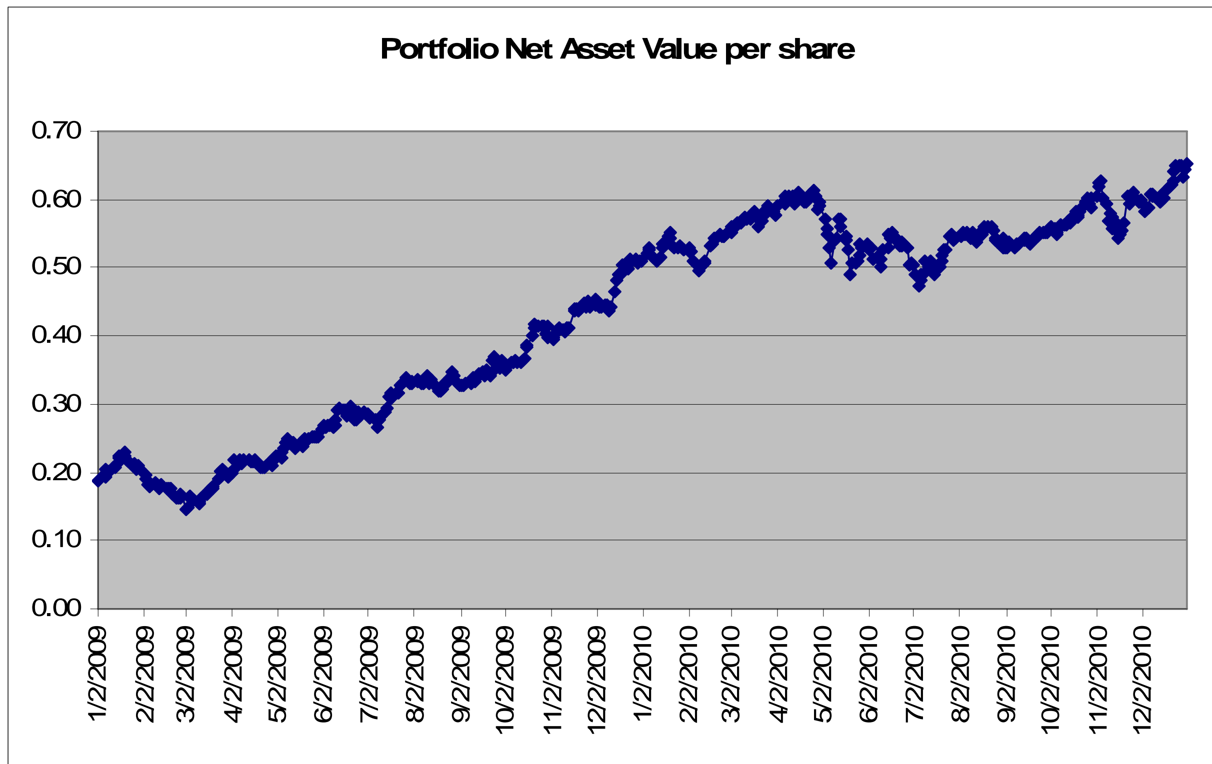
	2011		2010				2009	
	Q-2	Q-1	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3
Revenue	**$5,502**	**$4,861**	$3,800	4,873	$5,681	$5,033	$4,425	$5,419
Op Margin	**$473**	$289	144	390	832	389	$448	$496
Income (Loss) before discontinued operations and extraordinary items	**$1,381**	$617	521	1,641	1,826	903	2,588	2,365
Per share- basic and diluted	**0.08**	0.04	0.03	0.1	0.11	0.05	0.16	0.14
Income Loss after discontinued operations and extraordinary items	**$1,375**	578	582	1,593	1,760	874	341	2,295
EBITDA	**1,880**	1,005	-903	2,160	2,707	1,225	360	3,384
Per share- basic and diluted	**0.12**	0.06	0.06	0.13	0.16	0.07	0.02	0.20

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 second quarter of 2010-11, the Corporation repurchased approximately 118,500 shares from the market for an aggregate cost of $85,860 (or an average of $0.73 per share) in a continued effort to improve shareholder value. For the first six months 149,000 shares were purchased at a total cost of $109,655. At the end of the second quarter the number of shares outstanding was 16,260,097.

Subsequent to the end of the quarter, the Corporation has purchased 32,500 shares under its Normal Course Issuer bid. The number of shares outstanding as of February 16, 2011 is 16,197,597.

DIVISIONAL REPORTING

INVESTMENT DIVISION



By the end of the second quarter the net asset value of the portfolio was $0.66 per share.

During the first half of 2010-11 the portfolio of equity investments benefited from focused stock selection and rising stock markets. The S&P TSX Composite index increased 19% during the half (9.7% for the second quarter), but was outperformed by the portfolio with its 28% gain on portfolio equity (portfolio value less corresponding margin loan) in the first half, including 16.3% in the second quarter.

For the first six months the portfolio of investments recorded an investment gain of $2,504,000 (second quarter - $1,654,000). The investment gain was made up of the following:

In thousands ($000)	Three months ending		Six months ending	
Investment Portfolio	**Dec 2010**	Dec 2009	**Dec 2010**	Dec 2009
Dividends and distributions	**$259**	**$266**	**$566**	**$457**
Interest expense	**(102)**	**(54)**	**(187)**	**(94)**
Realized gains (losses)	**760**	**(26)**	**1,027**	**107**
Unrealized gains (losses)	**737**	**2,326**	**1,098**	**3,138**
Total investment gain (loss)	**$1,654**	**$2,512**	**$2,504**	**$3,608**
S&P TSX Composite Index Growth	**9.7%**	**3.1%**	**19%**	**14.2%**
Portfolio Equity Growth	**16.3%**	**40.8%**	**28%**	**73%**

During the first half, the greatest realized gains occurred in the transportation, real estate investment trust and forestry sectors, while the greatest realized losses occurred in the financial and construction sectors.

During the second quarter, gains were greatest in the transportation, real estate investment trust and manufacturing sectors, while the greatest realized losses occurred in the construction and consumer sectors.

As at December 31, 2010, 28.3% of investments (by market value) were in the oil exploration sector, followed by the transportation (14.6%), consumer (12.2%) and services (7%) sectors.

At the end of the second quarter, the five largest investments comprised 57% of the total portfolio's cost base, and 57.6% of the total market value. The top investments are (by size of investment):

- Equal Energy Ltd
- Student Transportation of America Ltd
- Premium Brands Holding Corporation
- Altus Group Income Fund
- Churchill Corp

The remainder of the portfolio is spread out over 64 other stocks. Overall the portfolio is weighted 18% by market value into income trusts. 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 portfolio has moved away from US investments, with only one small position in a Nasdaq traded stock. We have added small positions in two private placements.

Leverage use within the portfolio has been increased. At the start of the year the margin loan represented 50% of the portfolio, and by the end of the half represented 55.9%. The margin still available at the end of December was $1,093,572. The Corporation monitors margin levels daily and adjusts based on the daily situation.

By the end of the year, the portfolio was weighted 19.6% to income trusts. As a result of year end conversion of trusts, income trust weighting dropped to 6.3% at the start of the third quarter. Dividend and distribution paying stocks made up 55% of the portfolio by market value at the end of the second quarter, down from 76% at the start of the year as the portfolio increases its weighting towards growth stocks.

As of February 16, 2011 the total market value of the portfolio of investments has increased to $28,153,000 from its December 31st, 2010 position, and the margin loans have increased to $15,385,000, resulting in an increase in the equity portion of the portfolio ($12,768,000) as the Corporation takes a more aggressive position in a stronger worldwide economy and stock market. The present portfolio mix is similar to that on December 31, 2010 but with Altus Group replacing Churchill Corp as the Corporation's number five investment. The top five stocks presently comprise 58% of the total portfolio by market value. The net asset value of the portfolio currently stands at $0.79 per share.

FOOD DIVISION
Sales fell 3.3% during the first half of fiscal 2010-11 compared to the same period in fiscal 2009-10. Operating margins decreased to 7% of sales in the first half, largely due to higher prices for raw materials. Sales fell in both the US and Canada overall, but the division did have increased sales for specific products such as panzerottis.

The Food Division added $331,943 in new equipment, during the first half, including $193,045 during the second quarter.

REAL ESTATE DIVISION
The Corporation owns one building in Winnipeg, which is currently leased to the Food Division. The Real Estate division continues to investigate new real estate investments. Subsequent to the end of the quarter, the Corporation took out a $2,500,000 mortgage on the Winnipeg building (with an accounting book value of $246,000) in order to invest in new food production equipment and make other investments.

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 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, 2011 must be provided in both IFRS (for comparison to 2011) and Canadian GAAP (for comparison to 2010).

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

1) The terminology 'Future Income taxes' is incompatible with IFRS and will be changed to 'Deferred taxes'.
2) IFRS does not permit the separate presentation of extraordinary items. Therefore Earnings per share will be presented after all extraordinary items and / or discontinued operations.
3) IFRS requires the disclosure of segment liabilities, so debt for subsidiaries will be broken out instead of aggregated.
4) Discontinued operations will have to be called 'separate major business or geographical area'.
5) Valuation of stock based compensation is treated differently under IFRS than under Canadian GAAP, for those defined as non-employees.
6) 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.
7) Research and development costs that under Canadian GAAP which were capitalized and amortized will now need to be expensed.

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 second quarter the Canadian and US stock markets have rallied, with the S&P TSX composite index rising 3% by February 16, 2011. During the same time period, the gain in the equity value of the investment portfolio was 15%.

We believe that the world economy is continuing to improve, but that the stock market performance will be subject to worldwide economic data and especially that of the USA. It is expected that the Food Division to continue to be subject to strong competitive pressure and input cost pressure.

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.

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 in primarily securities publicly listed on Canadian stock markets in order to enhance returns, but has suffered losses when individual investments decline in value. The value of the investments are subject to changes in the corporation, worldwide economic data, political shocks and terrorist threats, amongst other factors.

Contingencies
During the 2008-9 year, a subsidiary of the Corporation was named as a defendant in a claim alleging wrongful termination of a contract and is seeking damages of $207,000. The Corporation has filed a defense and counterclaim and is vigorously contesting the claim. The litigation is in its early stages, accordingly it is uncertain as to the actual amount, if any, likely to be settled. The amount associated with the claim has been accrued as a liability, and was charged as an expense in the prior fiscal year. In the event that the Corporation is found to be liable for the claim, the resulting settlement will be charged to net income in the period as incurred, less the current deferred liability.

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 the Corporation's annual report and other additional information filed on www.sedar.com.

Winston Ho Fatt
Chairman and Chief Executive Officer
February 23, 2011