FOR THE THREE MONTHS ENDED

September 30, 2011

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Beaumont Select Corporations Inc.

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REPORT TO SHAREHOLDERS

The first quarter saw troubles in Europe affect the financial markets of North America, creating volatility and a nervous investment market.

The Investment Division saw a 25% decline in its equity, as stock markets moved up and down on each rumor or news item out of Europe. The investment division lost $2.817 million, comprised mainly of unrealized losses of $2.502 million and realized losses of $442 thousand. Dividends provided $231 thousand, well beyond the margin interest costs of $104 thousand.

Revenue in the Food Division decreased 5.4% with declines due to a hotter than normal summer across North America. Sales had recovered by September, but not enough to cover the decline in the prior two months.

The Corporation's interim financial statements for the first quarter ended September 30, 2011 were not audited or reviewed by the Corporation's auditors. This quarterly management's discussion and analysis is made as of December 21, 2011.

FINANCIAL HIGHLIGHTS

The Corporation's financial results for the three months ended September 30, 2011 compared to the same period in the previous fiscal year included the following:

- Problems in Europe spread around the world, causing equity markets in North America to decline. The Corporation's portfolio was no exception, with equity declining 25% in the latest three months:

$ millions	**Sep 30, 2011**	Jun 30, 2011	3 mo. Change
Portfolio value	**$14.549**	$ 22.363	-34.9%
Margin Loan	**6.584**	11.739	-43.9%
Equity in Portfolio	**7.965**	10.624	-25.0%

- Sales decreased by 5.4% in the first quarter compared to the first quarter 2010-11. Frozen foods have a seasonal pattern, where customers tend to purchase less during summer months. With a hotter than average July and August across North America, this seasonal trend became more pronounced.
- Operating margin has decreased to -1.1% from 7.2% for the first quarter last year.
- Net income was a loss of $2.692 million or negative 17 cents per share, compared to an income of $578 thousand or 4 cents per share for the prior period last year.

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

	Three Months Ended	
	Sept 2011	Sept 2010
Net Sales	**$4,341**	$4,588
Operating Income (Loss)	**(46)**	331
Net Income (Loss)	**(2,692)**	578
Net Income (Loss) per share -basic	**(0.17)**	0.04
Net Income (Loss) per share -diluted	**(0.17)**	0.04
Funds from (required by) Operations	**(53)**	266
Funds from operations per share – basic	**0.00**	0.02
Funds from operations per share - diluted	**0.00**	0.02
EBITDA	**(2,803)**	1,052
EBITDA per share – basic	**(0.17)**	0.06
EBITDA per share – diluted	**(0.17)**	0.06
	as at	
	Sept 2011	June 2011
Total Assets	**32,703**	40,503
Total Long-Term Debt	**14**	15
Shareholder's Equity	**18,970**	21,693
Shares outstanding	**16,210,597**	16,215,597

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's discussion and analysis (MD&A) of the results for the three months (referred to as the first quarter or Q1) in 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, 2011 and the accompanying notes as well as the Corporation's unaudited consolidated financial statements and notes for the three months ended September 30, 2011. 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

Revenues

Overall revenues for the first three months of fiscal 2011-12 decreased 5.4% (or $247 thousand) from the first quarter of 2010-11 to $4.341 million. Sales fell as the above average temperatures exacerbated our normal seasonal pattern of lower sales in warmer months.

Operating Margin

The operating margin for the first three months of fiscal 2011-12 decreased to -1.1% ($-46 thousand) from 7.2% ($331 thousand) for the first quarter of 2010-11. Lower sales plus higher costs for raw materials put pressure on the operating margin.

Financing Expenses

Interest on term debt, lines of credit and bank charges totalled $31 thousand for the first quarter, up from $20 thousand during the first quarter of 2010-11. The Corporations new loan within the realty division was the focus of the increase.

Interest on margin loans for investments in equity securities increased to $104 thousand for the first quarter of 2010-11 compared to $85 thousand in the same quarter of the prior year. During the quarter the average margin loan was $8.985 million, up from $8.66 million in the first quarter of the prior year. The effective margin interest rate was 5.1% up from 3.9%.

The quarter's average margin loan represented 49% of the portfolio value, a slight decrease from 50% in the same period in the prior year. The high volatility brought rapid changes to the equity values of the portfolio, and margin levels were kept constant to capture the upside as often as possible.

Other Income

The Investment Division's contribution to other income included realized losses of $442 thousand and unrealized losses of $2.502 million. Dividends and distribution income fell compared to the first quarter of 2010-11 at $231 thousand, as the percentage of equity investments in dividend paying stocks fell from 68% in September 2010 to 42% in September

2011. $211 thousand of dividends came from the equity portfolio, while the remaining income represented interest accrued on debentures held by the Corporation.

The first quarter brought a modest amount of realized capital losses within the equity portfolio ($442 thousand), concentrated in the services and oil exploration sectors. Modest gains were made in the consumer and transportation sectors.

At the end of the first quarter, the corporation was holding equity securities with an unrealized loss balance of $786 thousand. The majority of unrealized gains have been generated in the transportation and consumer sectors, with unrealized losses sitting in the energy services and oil exploration sectors.

Net Income

Net Income from continuing operations before income taxes was a loss of $3.120 million for the first quarter compared to an income of $750 thousand for the same period in the previous year. The majority of the loss was created from the investment division as it lost $2.817 million from the investment portfolio compared to $850 thousand in the first quarter of the prior year.

Cash Flow from Operating Activities, EBITDA

Funds from operations for the latest three months decreased to negative $53 thousand from $266 thousand in the same period of 2010-11. Lower sales, lower dividends and lower margins combined to reduce funds from operations.

EBITDA for the first quarter of 2011-12 decreased to negative $2.803 million ($-0.17 per basic share) from $1.052 million ($0.06 per basic share). The decrease is due to unrealized losses in the Investment Division in the most recent quarter.

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) is a non-IFRS measure commonly used by financial analysts and investors to show the cash generation potential of the Corporation, unaffected by its method of capitalization. The material difference between EBITDA and cash flow from operating activities is the inclusion of realized and unrealized gains in EBITDA, and the exclusion of working capital changes.

EBITDA		
In thousands of dollars	3 months	
	Sept 11	Sept 10
Net Income	**($2,722)**	$617
Add back:		
Margin Interest	**104**	85
Loan Interest	**31**	20
Current and Deferred Taxes	**(398)**	133
Depreciation	**182**	197
EBITDA	**(2,803)**	1,052

Investing activities
The Food Division invested $15 thousand in new equipment, while $64 thousand was spent on leasehold improvements in the new Calgary office during the quarter.

Deferred Tax Assets and Liabilities
The Corporation's balance sheet includes a total of $2.937 million of deferred tax assets and $1.445 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 that have an expiry or taxable capital gains for those tax losses that are of a capital nature. The Corporation currently believes those conditions can be met. In the event such an assessment no longer seems reasonable, an impairment to that asset will have occurred and a corresponding impairment 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 first quarter of 2011-12:

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

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 $15,800 of such expenses was included in corporate and administrative expenses during the quarter.

FINANCING ACTIVITIES & LOANS
During the first quarter of 2011-12 the Corporation borrowed an additional $239 thousand from its credit lines, including payments made on its term loans.

During the first quarter the margin loan balance decreased $5.156 million to $6.584 million compared to the beginning of the fiscal year. The outstanding margin loan balance at September 30, 2011 represented 45% of the portfolio's market value, a reduction compared to 52% of the portfolio's market value as of June 30, 2011. The average margin loan for the quarter was $8.985 million.

LIQUIDITY AND CAPITAL RESOURCES
At September 30, 2011, the Corporation had total operating credit facilities of $2 million with various institutions of which $710 thousand was available at the end of the first quarter. The operating facilities may be drawn down or repaid at any time, and 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 quarter.

Dividends and income trust distributions from the Investment Division of $231 thousand exceeded margin interest expense of $104 thousand by a minimum of 120% for the first three months 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 equity 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 reduction of margin usage and the increased investment in Income Trusts has the distributions exceeding margin interest by a factor of two for the latest quarter. The Corporation has occasionally 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)

	IFRS					Under Canadian GAAP			
	2012	**2011**				**2010**			
	Q-1	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2	Q-1
Revenue	4,341	3,887	4,697	5,297	4,588	3,681	4,665	5,584	4,912
Op Margin	(46)	(56)	188	473	331	144	390	832	389
Income (Loss) after tax	(2,722)	(2,939)	2,187	1,372	617	582	1,593	1,760	874
EBITDA	(2,803)	(2,945)	2,767	1,872	1,052	(903)	2,160	2,707	1,225
EBITDA Per share- basic and diluted	(0.17)	(0.18)	0.17	0.12	0.06	(0.06)	0.13	0.17	0.07

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 first quarter of 2011-12, the Corporation repurchased approximately 5,000 shares from the market for an aggregate cost of $4,000 (or an average of $0.80 per share) in a continued effort to improve shareholder value.

Subsequent to the end of the quarter, the Corporation has purchased 11,000 shares under its Normal Course Issuer bid. The number of shares outstanding as of December 21, 2011 is 16,199,597.

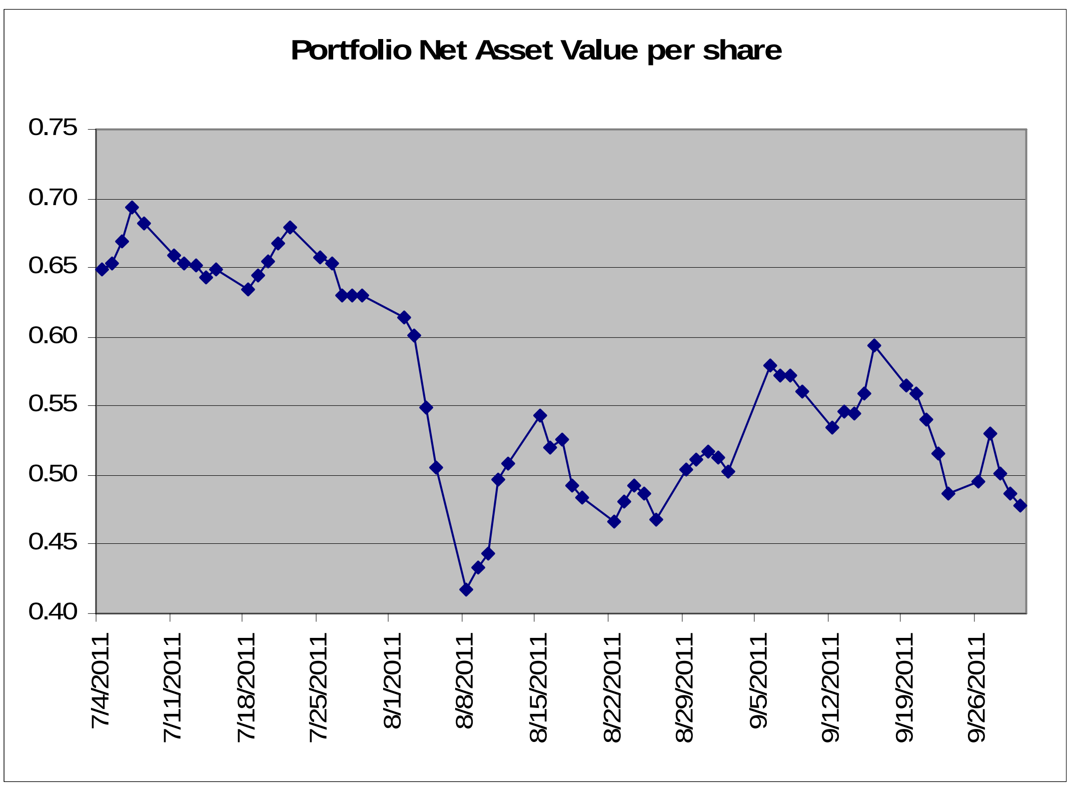
DIVISIONAL REPORTING

INVESTMENT DIVISION

During the first quarter of 2011-12 the portfolio of equity investments were caught in the downdraft of worldwide economic problems. The S&P TSX Composite index fell 12.9% during the quarter, compared to the 25% drop in portfolio equity (portfolio value less corresponding margin loan.

For the first three months the portfolio of investments recorded an investment loss of $2.817 million. The investment change was made up of the following:

In thousands of dollars	3 months ending	
	Sep 2011	Sep 2010
Dividends and distributions	**$231**	**$306**
Interest expense	**(104)**	**(85)**
Realized gains (losses)	**(442)**	**268**
Unrealized gains (losses)	**(2,502)**	**361**
Total investment gain (loss)	**($2,817)**	**$850**



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 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 first quarter there were realized gains in the consumer, transportation, and real estate investment trust (REIT) sectors, while the greatest realized losses occurred in the services and energy trust sectors.

As at September 30, 2011, 53.3% of investments (by market value) were in the oil and gas exploration sector, followed by the transportation (17.5%), energy services (12.4%) and retail (10.8%) sectors.

At the end of the first quarter, the ten largest investments comprised approximately 91.3% of the total portfolio's cost base, and 92.5% of the total market value. The top investments are (ranked by total market value):

- Equal Energy Ltd
- Open Range Energy Corp
- Student Transport of America Ltd
- AutoCanada Inc
- Pure Energy Services Ltd
- Avenex Energy Corp
- Wenzel Downhole Tools Ltd
- McCoy Corporation
- Bri-Chem Corp
- Parallel Energy Trust

The remainder of the portfolio is spread out over 41 other stocks. Overall the portfolio is weighted 41.8% by market value into dividend paying stocks. 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.

As of December 20, 2011 the total market value of the portfolio of investments has increased to $14.839 million, and the margin loans have decreased to $5.280 million, resulting in a 20% increase in the equity portion of the portfolio to $9..559 million. The Corporation has been and will continue to preserve its capital. Margin levels have been reduced to 36% of the total portfolio value. The top ten now consists of:

- Equal Energy Ltd
- Student Transport of America Ltd
- AutoCanada Inc.
- Poseidon Concepts Corp
- Avenex Energy Corp
- Bri-Chem Corp
- Canexus Corporation
- Pure Energy Services Ltd
- Data Group Income Fund
- McCoy Corporation

The portfolio net asset value stands at $0.59 per share as of December 20, 2011.

FOOD DIVISION

Sales fell 5.4% as the hot weather in July and August took customer's attention away from frozen foods. Some sales recovery was seen in September, but not enough to recover what was lost in the previous two months. Sales declined in one product line as a competitor brought in one time promotional pricing.

The Food Division added $15 thousand in new equipment and $1 thousand in computer software during the quarter.

Sales for the Food Division's newest line of products started in October, and so were not a factor in first quarter sales.

OUTLOOK

Since the end of the first quarter the Canadian and US stock markets have shown some upward movement, rising 0.8% between September 30th, 2011 and December 20th. The equity portfolio has moved upwards to $14.839 million, while margin loans have also been reduced to $5.28 million. The resulting net equity position stands at $9.559 million. The Corporation has started to lower margin borrowings in order to reduce the day to day swings that are becoming a more common occurrence. Because of worldwide economic uncertainty stemming from the very poor handling of Sovereign debt in Europe, the dysfunctional political state of the US government, and the high input costs, the Corporation expects this fiscal year to be very challenging.

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 because of worldwide economic and political problems.

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

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