BEAUMONT SELECT CORPORATIONS INC.

Notice to Reader

December 31, 2011

(Unaudited)

Notice to reader pursuant to National Instrument 51-102

Responsibility for Consolidated Financial Statements:

The unaudited interim consolidated financial statements of Beaumont Select Corporations Inc. (“Beaumont” or “the Corporation”) as at and for the three and six months ended December 31, 2011 and 2010 have been prepared by management in accordance with International Financial Reporting Standards (IFRS) applicable to interim financial statements. Recognizing that the Company is responsible for both the integrity and objectivity of the interim consolidated financial statements, management is satisfied that these interim consolidated financial statements have been fairly presented.

Auditors’ involvement:

MNP LLP, Chartered Accountants, the independent external auditors of the Corporation, have not audited or performed review procedures applicable to auditor review of interim financial statements as at and for the three and six months ended December 31, 2011 and 2010 nor have they conducted any procedures with respect to the notes herein. As a result, the auditors express no opinion on the Corporation’s interim statements.

BEAUMONT SELECT CORPORATIONS INC.
Consolidated Balance Sheet

	Dec 31, 2011 (unaudited)	June 30, 2011 (audited)
Assets		
Current assets:		
Cash	**$ 1,814,151**	$ 2,083,604
Portfolio of Equity Securities (note 3)	**15,331,451**	22,363,427
Accounts receivable	**2,042,362**	1,888,526
Inventory	**1,494,781**	1,387,036
Prepaid expenses	**92,984**	94,809
	20,775,729	27,817,402
Note Receivable (note 4)	**300,000**	300,000
Investment in and due from affiliated company (note 5a)	**3,274,157**	3,345,417
Property and equipment (note 6)	**4,976,084**	5,163,994
Property Available for sale	**50,000**	50,000
Intangible assets	**40,834**	44,340
Goodwill	**867,524**	867,524
Deferred income taxes	**2,936,800**	2,914,616
	$ 33,221,128	$ 40,503,293
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank loans	**$ 3,585,381**	$ 3,593,954
Accounts payable and other liabilities	**1,946,372**	1,371,776
Margin loans on marketable securities investment (note 3)	**5,320,345**	11,739,382
Deferred Liability	**206,847**	206,847
	11,058,945	16,911,959
Deferred income taxes	**1,658,705**	1,879,897
Long-term debt	**13,976**	15,707
Shareholders' equity:		
Share capital (note 7)	**7,662,677**	7,670,234
Non-controlling interest	**488,740**	504,698
Contributed surplus	**88,039**	88,039
Retained earnings	**12,250,046**	13,432,759
	20,489,502	21,695,730
Contingencies		
Commitment		
Subsequent event		
	$ 33,221,128	$ 40,503,293

See accompanying notes to unaudited consolidated financial statements.
On behalf of the Board:

Signed "Winston Ho Fatt" Director   Signed "Terry Kent" Director

BEAUMONT SELECT CORPORATIONS INC.

Consolidated Statements of Operations
For the three and six months ended December 31
(Unaudited)

	Three Months		Six Months	
	2011	2010	**2011**	2010
Revenues	$ **5,086,742**	$ 5,297,268	$**9,428,060**	$9,885,483
Cost of sales:				
Direct expenses	**4,786,444**	4,666,303	**8,991,767**	8,762,368
Depreciation and amortization	**181,597**	182,029	**363,194**	364,058
	4,968,041	4,848,332	**9,354,961**	9,126,426
Operating margin	**118,701**	448,936	**73,099**	759,057
Operating expenses:				
Corporate and administrative (note 5b)	**378,353**	463,985	**671,111**	832,040
Interest and bank charges	**32,932**	16,503	**64,395**	35,604
	411,285	480,488	**735,506**	867,644
Operating (loss) before the following	**(292,584)**	(31,552)	**(662,407)**	(108,587)
Other income (expenses):				
Interest on margin loans (note 3)	**(67,454)**	(102,412)	**(170,960)**	(187,136)
Investment income (note 3)	**172,409**	262,035	**403,126**	568,658
Gain (loss) on disposal of marketable securities (note 3)	**443,364**	759,638	**935**	1,027,242
Unrealized gain (loss) on securities held for trading (note 3)	**1,518,035**	730,370	**(983,753)**	1,098,369
Foreign Exchange gain (loss)	**(25,521)**	(17,097)	**40,936**	(54,840)
Gain on sale of asset	--	--	--	5,000
Rental Income	**7,350**	--	**7,350**	--
Stock-based compensation (note 8)	**--**	(2,406)	--	(4,812)
	2,048,183	1,630,128	**(702,366)**	2,452,481
Income (Loss) before income taxes and non-controlling interest	**1,755,599**	1,598,576	**(1,364,773)**	2,343,894
Income taxes:				
Current	**16,801**	12,366	**75,083**	99,410
Future	**213,232**	185,033	**(243,511)**	230,864
Income (Loss) and comprehensive income (loss) attributable to:				
Shareholders of the Company	**1,511,987**	1,395,288	**(1,180,387)**	1,968,698
Non-controlling interest	**13,579**	5,889	**(15,958)**	44,922
Net and Comprehensive Income (loss)	**1,525,566**	1,401,177	**(1,196,345)**	2,013,620
Net loss per share:				
Continuing operations: basic	**$ 0.09**	$ 0.09	**$ (0.07)**	$ 0.12
Diluted	$ **0.09**	$ 0.08	**$ (0.07)**	$ 0.12

See accompanying notes to unaudited consolidated financial statements.

BEAUMONT SELECT CORPORATIONS INC.

Consolidated Statements of Changes in Shareholders' Equity
For the Three and Six months ended December 31

	Three months		Six months	
(unaudited)	**2011**	2010	**2011**	2010
Common shares:				
Beginning of the period	$ **7,667,872**	$ 7,723,477	**$ 7,670,234**	$ 7,737,173
Shares repurchased	(**5,195)**	(55,953)	(**7,557)**	(69,649)
Options exercised	**--**	26,323	**--**	26,323
End of the period	**7,662,677**	7,693,847	**7,662,677**	7,693,847
Contributed surplus:				
Beginning of the period	**88,039**	96,955	**88,039**	94,549
Stock-based compensation	**--**	2,407	**--**	4,813
Exercised options	**--**	(11,323)	**--**	(11,323)
End of the period	**88,039**	88,039	**88,039**	88,039
Non Controlling Interest:				
Beginning of the period	**475,161**	524,952	**504,698**	485,919
Net Earnings to non-controlling interest	**13,579**	5,889	**(15,958)**	44,922
End of the period	**488,740**	530,841	**488,740**	530,841
Retained earnings:				
Beginning of the period	**10,738,614**	12,912,242	**13,432,627**	12,347,871
Gain (Loss) during the period	**1,511,987**	1,395,288	**(1,180,387)**	1,968,698
Consideration in excess of share value	**(555)**	(29,907)	**(2,194)**	(38,946)
End of the period	**12,250,046**	14,277,623	**12,250,046**	14,277,623
Shareholders' equity	**20,489,502**	22,590,350	**20,489,502**	22,590,350

See accompanying notes to unaudited consolidated financial statements.

BEAUMONT SELECT CORPORATIONS INC.

Consolidated Statements of Cash Flows
For the three and six months ended December 31
(Unaudited)

	Three months		Six Months	
	2011	2010	**2011**	2010
Cash provided by (used in):				
Operations:				
Net Income (loss) from operations	$ **1,525,566**	$ 1,401,177	$ **(1,196,345)**	$ 2,013,620
Add (deduct) items not requiring cash:				
Depreciation and amortization	**181,597**	182,029	**363,194**	364,058
Future income tax provision	**213,233**	185,033	**(243,511)**	230,865
Loss (gain) on sale of marketable securities (note 3)	**(443,364)**	(759,638)	**(935)**	(1,027,242)
Unrealized loss (gain) of securities held for trading (note 3)	**(1,518,035)**	(730,370)	**983,753**	(1,098,369)
Stock-based compensation (note 8)	**--**	2,406	**--**	4,812
Funds from operations	**(41,004)**	280,637	**(93,844)**	487,744
Net change in non-cash working capital balance related to operations				
Accounts Receivable	**(119,590)**	(212,177)	**(152,012)**	(370,979)
Accounts Payable	**298,522**	(238,630)	**577,046**	687,240
Inventories	**(159,744)**	(95,979)	**(107,745)**	43,200
Due from affiliate	**--**	--	**71,260**	(60,354)
Cash from operating activities	**(21,816)**	(266,149)	**294,705**	786,851
Investing:				
Expenditures on property and equipment (note 6)	**(92,447)**	(258,111)	**(171,778)**	(428,783)
Purchases of equity securities	**1,178,652**	(4,638,920)	**6,049,159**	(5,484,926)
Cash used in investing activities	**1,086,205**	(4,897,031)	**5,877,381**	(5,913,709)
Financing:				
Increase (decrease) in bank loans, net	**(247,824)**	74,739	**(8,572)**	159,069
Increase (decrease) in margin loan	**(1,263,412)**	4,563,967	**(6,419,037)**	5,213,875
Shares issued for options	**--**	26,323	**--**	26,323
Repurchase and cancellation of Class A common shares (note 7)	**(5,750)**	(97,183)	**(9,750)**	(119,918)
Decrease in long-term debt, net	**(2,084)**	262,063	**(4,180)**	(453,284)
Cash from (used in) financing activities	**(1,519,070)**	4,829,909	**(6,441,539)**	4,826,065
Change in cash during the period	**(454,681)**	(333,271)	**(269,453)**	(300,793)
Cash, beginning of the period	**2,268,832**	1,366,248	**2,083,604**	1,333,770
Cash, ending of the period	$**1,814,151**	$1,032,977	**$1,814,151**	$1,032,977

See accompanying notes to unaudited consolidated financial statements.

1. Nature of Business

Beaumont Select Corporations Inc. (Beaumont) is incorporated and based in Alberta, and is a public corporation with its shares trading on the TSX Venture Exchange under the symbol BMN.A. The Corporation is an investment and management firm; managing both private investments as well as maintaining a portfolio of equity securities. Its key private investment is in Naleway Foods Ltd, a manufacturer of frozen foods operating out of Winnipeg, Manitoba. The corporate office is at 915 42nd Avenue SE, Calgary, Alberta, T2G 1Z1.

The consolidated interim financial statement of the Corporation as at and for the three and six months ended December 31, 2011 comprises the Corporation and its subsidiaries. These interim condensed consolidated financial statements, unless otherwise indicated, have dollar amounts expressed in Canadian dollars.

These interim consolidated financial statements were approved by the Board of Directors on February 24th, 2012.

2. Accounting Policies

Statement of Compliance - These consolidated interim financial statements for the three and six months ended December 31, 2011 are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting ("IAS 34") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") using accounting policies consistent with International Financial Reporting Standards ("IFRS") which the Company expects to adopt in its annual consolidated financial statements as at and for the year ended June 30, 2012. These interim financial statements were prepared on a going concern basis under the historical cost method except for certain financial assets which are measured at fair value.

Use of Estimates - The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period.

Significant accounts that require estimates as the basis for determining the stated amounts include, but are not limited to, the accounting for accounts receivable and doubtful accounts, estimating the net realizable value of inventory, asset impairment, accounting for share-based payments, revenue recognition, calculation of depreciation and the valuation of deferred income tax assets and liabilities and deferred expenditures. While management believes that these estimates and assumptions are reasonable, actual results could vary significantly.

In determining these estimates, the Company relies on assumptions regarding applicable industry performance and prospects, as well as general business and economic conditions that prevail and are expected to prevail. These assumptions are limited by the availability of reliable comparable data and the uncertainty of predictions concerning future events.

Basis of Consolidation – The consolidated financial statements incorporate the financial statements of the Corporation and entities and subsidiaries controlled by the Corporation. Control is achieved where the Corporation has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. All intercompany balances, transactions, income, expenses, profits and losses are eliminated in full on consolidation.

The consolidated financial statements include the accounts of the Corporation and its subsidiaries, which include Naleway Holdco Ltd., Naleway Foods Ltd., Naleway Realty Holdings Ltd., Naleway Foods International Inc., Beaumont Enterprises Inc., Beaumont Realty Corporations Inc., The Food Source Ltd., Angiogene Inc., and Beaumont Select Corporations Inc. Certain of the comparative figures have been reclassified to conform to the current year's financial statement presentation.

As part of the acquisition of Angiogene Inc., the Corporation acquired less than 100% of the equity interests; therefore the interest held by other parties has been recognized as a non-controlling interest in these financial statements.

Impairment of Value - Under IFRS, indicators of impairment need to be assessed at each reporting period and an impairment test is only required if there are indicators of impairment. The Corporation is required to recognize an impairment loss if the carrying value exceeds the recoverable amount for a cash generating unit. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indications exist, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss.

Determination of Fair Values – The determination of fair value requires judgment and is based on market information where available. At the end of each financial reporting period, the Corporation's management estimates the fair value of investments based on the criteria below and reflects such valuations in the consolidated financial statements.

The Corporation has classified its financial instrument fair values based on the required three level hierarchy:

- Level 1: Valuations based on quoted prices in active markets for identical assets or liabilities;
- Level 2: Valuations based on observable inputs other than quoted active market prices; and
- Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flows methods.

Adoption of IFRS 9 and IFRS 7 - The effective date of IFRS 9, Financial Instruments: Classification and Measurement is January 1, 2013. As permitted by the IASB, the Company has early adopted IFRS 9 in conjunction with the transition to IFRS on January 1, 2010. The Company's significant class of financial assets is investments (designated at fair value through profit and loss) and the difference in the accounting between IAS 39, Financial Instruments: Recognition and Measurement and IFRS 9 for these financial instruments do not have any material impact on the Company's consolidated financial statements.

The Company has also adopted IFRS 7, Financial Instruments: Disclosures in conjunction with the transition to IFRS on July 1, 2010. The amendment to IFRS 7 requires additional disclosure about financial assets that have been transferred but not derecognized to enable the user of the

Company's consolidated financial statements to understand the relationship with those assets that have not been derecognized and their associated liabilities. In addition, the amendment requires disclosures about continuing involvement in derecognized assets to enable the user to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognized assets. The amendment becomes effective for annual periods beginning on or after July 1, 2011. The amendment affects disclosure only and has therefore no impact on the Company's financial position or performance.

3. Portfolio of Equity Securities:

At December 31, 2011, the Corporation held equity securities with a fair market value of $15,331,451 (2010 - $24,444,281) with interest expenses of 170,960 (2010 - $187,136), investment income of $403,126 (2010 - $568,658), gain on sale of marketable securities of $935 (2010 - $1,027,242), and mark-to-market loss of $983,753 (2010 – gain of $1,098,369). In addition, the Corporation also had margin loans totaling $5,320,345 (2010 - $13,642,209). Marketable securities are held as collateral to satisfy the requirements of the margin loans.

	Dec 31, 2011	Dec 31, 2010
Portfolio of Equity Securities	$15,331,451	$24,444,384
Investment Income – Six months	372,490	547,538
Realized Gain (Loss) – Six months	935	1,027,242
Unrealized Gain (Loss) – Six months	(983,753)	1,098,369
Margin Loan	5,320,345	13,639,458
Interest Expense – Six months	170,960	187,136

Investments consist of the following as at December 31, 2011:

Equity Name	**Shares Held**	**Sector**	**Cost**	**Value**
Equal Energy Ltd	628,800	Oil Exploration	$4,047,629	$2,886,192
Student Transportation Inc.	410,000	Transportation	$1,924,332	$2,689,600
AutoCanada Inc	402,800	Retail	$1,893,056	$2,577,920
Poseidon Concepts Corp	133,678	Oil Exploration	$1,044,412	$1,664,291
Avenex Energy Corp	270,000	Oil Exploration	$1,394,809	$1,412,100
BRI-Chem Corp.	269,000	Energy Services	$877,670	$868,870
Canexus Corporation	65,000	Manufacturing	$423,780	$419,900
Eagle Energy Trust	36,000	Energy Trust	$357,788	$361,800
Pure Energy Services Ltd.	37,000	Energy Services	$252,143	$330,780
	23,000	Gold	$289,537	$287,730
41 other investments		Various	$2,094,393	$1,832,268
Total			**$14,599,549**	**$15,331,451**

The majority of the Corporation's investments were classified as Level 1 as they are traded on active stock exchanges (Toronto, Nasdaq, NYSE and TSX Venture) with strong liquidity and quoted prices. The Corporation uses the last trade price for its valuation. The Corporation holds six private placement investments classified as Level 2. These consist of three equities and three warrants for a cost base of $149,410, and a market value as quoted by our brokers of $166,050.

Investments, Fair Value	Level 1 Quoted market price	Level 2 Observable inputs	Level 3 Non-observable inputs	Total
December 31, 2011	$15,165,401	$166,050	--	$15,331,451
June 30, 2011	$22,252,427	$111,000	--	$22,363,427

The Corporation holds some large positions, relative to their daily trading, that represent a liquidity risk should a fast liquidation be required. The largest position, Equal Energy Ltd, represents five days of average daily shares traded. The AutoCanada and Bri-Chem positions represent fifteen and nine day's average trading respectively. A fast liquidation of these positions could have an adverse affect on its price. No other position represents more than three days average daily shares traded. The Corporation believes that it has other investments that could be sold to mitigate the need for a quick liquidation.

4. Note receivable:

In 2008, the British Columbia division of 571766 Alberta Ltd. (formerly Mrs. Willman's Baking Ltd.) was sold to Premium Brands Operating Ltd. Partnership in exchange for a note receivable in the amount of $300 thousand. The note receivable earns interest at a rate of 6.5% per annum, payable annually. The principal portion of the note receivable is due and payable on May 2, 2013.

5. Related party transactions during the quarter:

(a) Investment in and due from affiliated company for the quarter:

Details of the amount due from and invested in Somerset are as follows:

	December 2011	December 2010
Investment in Somerset	**$ 2,924,157**	$ 2,995,417
Other Loans (part of original structure) Due from Somerset, unsecured, bearing interest @ 6% per annum, with no specific terms of repayment	**350,000**	350,000
	$ 3,274,157	$ 3,345,417

(b) Income statement (for the quarter under review):

- Management fees charged by shareholders and officers of the Corporation included in corporate and administrative expenses: $70,514
- Consulting fees paid to current and former directors of the Corporation included in corporate and administrative expenses: $28,144
- Rent paid to a company controlled by an officer of the Corporation: $20,367

6. Property and equipment expenditures for the quarter under review:

The property and equipment expenditures for the quarter were $92,447 ($171,778 fiscal year-to-date). Of this total, $45,404 ($108,950 for six months) was spent on leasehold improvements to the new head office, while the remainder was spent on equipment in the Winnipeg plant.

7. Share capital:

a) Authorized:

(i) Unlimited Class A voting common shares; and

(ii) 100,000,000 non-voting Class B shares, Series 2.

b) Class A common shares issued:

	December 31, 2011		June 30, 2011	
	Shares	**Amount**	Shares	Amount
Balance, beginning	**16,215,597**	**$ 7,670,234**	16,379,097	$ 7,737,173
Redemption of shares	**(16,000)**	**(7,557)**	(193,500)	(93,262)
Shares issued for Options	--	--	30,000	26,323
Balance, ending	**16,199,597**	**$ 7,662,677**	16,215,597	$ 7,670,234

c) Stock options:

The Corporation has a stock option plan whereby officers, directors, employees and consultants may be granted options to purchase Class "A" common shares of the Corporation.

	December 31, 2011		June 30, 2011	
	Number	**Weighted average exercise price**	Number	Weighted average exercise price
Outstanding options, beginning	**168,750**	**$ 1.00**	318,750	$ 1.00
Options forfeited	--	**--**	(120,000)	0.50
Options exercised	--	**--**	(30,000)	--
Outstanding options, ending	**168,750**	**$ 1.00**	168,750	$ 1.00
Options exercisable, ending	**168,750**	**$ 1.00**	168,750	$ 1.00

The fair value of the options granted was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions:

Black-Scholes Weighted Average assumptions used	
Expected volatility	82%
Expected Dividend yield	n/a
Risk-free interest rate	2.8%
Expected option life in years	5
Fair value per stock option granted September 29, 2008	$0.54

d) Normal Course Issuer Bid

In June 2011 the Corporation filed with the TSX Venture Exchange a notice of intention to make a Normal Course Issuer Bid (NCIB) which commenced on July 2, 2011 to acquire up to 810,779 of its Class A shares. Purchases subject to this normal course issue bid are carried out pursuant to open market transactions through the facilities of the TSX Venture Exchange. Once purchased, the Class A shares are returned to treasury for cancellation.

For the six months ending December 31, 2011 the Corporation purchased and cancelled 16,000 shares (11,000 shares for three months) shares at a total cost of $9,751 or $0.61 per share ($5,750 for latest three months or $0.52 per share).

Subsequent to the end of the quarter, the Corporation has purchased 24,500 shares under its Normal Course Issuer bid. The number of shares outstanding as of February 23, 2012 is 16,175,097.

e) Per share amounts

The weighted average number of Class A common shares outstanding during the first six months ending December 31, 2011 was 16,207,819 (16,204,248 for the latest three months ended December 31, 2011).

8. Stock-based compensation:

As all outstanding options are vested, there is no stock based compensation expense for the quarter.

9. Capital disclosures:

The Corporation's breakdown of capital is as follows:

	December 31, 2011	June 30, 2011
Bank debt	$**3,585,381**	$3,593,954
Long-Term Debt	**13,976**	15,706
Margin Loan	**5,320,345**	11,739,382
Share capital	**20,489,502**	21,695,730
Total Capital	$**29,409,204**	$37,044,772

The Corporation's objective when managing its capital structure is to use an appropriate amount of leverage that can be supported with its shareholders' equity having regard to the risks, rewards and nature of the activity being financed so as to improve the financial return to the Corporation's shareholders. The Corporation maintains strong working capital balances to ensure liquidity and measures its total long-term debt to shareholder equity (including share capital and retained earnings) striving not to exceed a ratio of 2:1. The Corporation applies a small percentage of capital to purchasing its own shares in a normal course issuer bid under applicable securities laws when the market value of its shares does not reflect the perceived underlying value of the Corporation.

The manner in which the Corporation uses its capital base varies differently depending on the division with most financing usually done at the division level. The Frozen Food Division utilizes the bank lines to fund inventory and manage payables and receivables with the size of available bank line typically set as a function of a percentage of these amounts from time to time. The bank line contains current ratio covenants and total debt to shareholder investment covenants, which have not constrained the Corporation in achieving its overall objective on capital management. The Frozen Food Division also periodically uses long-term debt for large equipment purchases and similar capital expenditures, by accessing specialized lenders. Those loans are secured against the equipment and occasionally supported by a parent guarantee with suitable long amortization periods corresponding to the equipment's expected life and the related operation cash flows.

The Real Estate Division uses mortgage financing on acquired real estate funded by rental income. During the previous year the Real Estate division refinanced its Winnipeg building to supply working capital, as well as invest in equipment and the equity market.

The Investment Division uses its equity interest in the market portfolio to support margin loans on eligible investments to increase the total capital invested. This allows for an overall larger portfolio to generate distribution income and capital gains. Margin loans are dependent on marginability of the underlying stocks, as well as brokerage firm policies and equity on deposit. The Corporation has on occasion been requested to sell down positions in order to meet margin requirements, but has largely managed the portfolio to avoid margin calls.

10. Financial Instruments

The Investment Division of Beaumont manages an active portfolio of securities and as a result, a significant portion of the Corporation's assets are comprised of financial instruments. The use of financial instruments can expose the Corporation to several risks, including market, liquidity and credit risks.

a) Market Risk – Market risk is the risk that the fair value of, or future cash flows from the Corporation's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in foreign exchange rates, interest rates, equity and commodity prices. The Company is exposed to market risk in trading its investments, and unfavourable market conditions could result in dispositions of investments at less than favourable prices. Additionally, in accordance with CICA Handbook Section 3855, the Company is required to mark to market its held-for-trading investments at the end of each reporting period. This process could result in significant write-downs of the Corporation's investments over one or more reporting periods, particularly during periods of overall market instability, which would have a significant unfavourable effect on the Corporation's financial position. There were no changes to the way the Corporation manages market risk since June 30, 2010. The Corporation manages market risk by having a portfolio which is not singularly exposed to any one issuer or sector.

b) Margin Risk – The Corporation utilizes margin, by borrowing against its investments to allow it to have a larger investment that would be possible without borrowing. While this does increase the gain when investments appreciate, it also increases the loss during a down market. In the event of a sharp downturn, the Corporation may be forced to sell securities it had not planned to in order to meet a margin call, where the value of the securities is not sufficient to meet the margin loan. The Corporation manages margin risk by maintaining an available margin excess that should minimize the need to sell its holdings. At December 31, 2011, the Corporation had available margin of $3,052,446, and a margin balance of $5,320,345.

c) Liquidity Risk – Liquidity risk is the risk that the Corporation will have sufficient cash resources to financial obligations as they come due. The Corporation's liquidity and operating results may be adversely affected if the Company's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation, or if the value of the Corporation's investments declines, resulting in losses upon disposition. The Company generates cash flow primarily from its food division and from proceeds upon the disposition of its investments, in addition to dividends and distributions earned on its investments. The Corporation has sufficient investments which primarily consist of tradable and relatively liquid equity securities to fund its obligations as they become due under normal operating conditions. There have been no changes to the way the Company manages liquidity risk since June 30, 2011. The Company manages liquidity risk by reviewing the amount of margin available on a daily basis, and managing its cash flow. The Company holds investments which can be converted into cash when required. The Corporation uses the last close price in the valuation of its securities. If the bid price were to be used instead, the value of the portfolio would be $15,271,993, a decrease of $59,458.

d) Interest Risk - Interest risk is the impact that changes in interest rates could have on the Corporation's earnings and liabilities. As at December 31, 2011 the Company had floating interest debt of $1,084,280.

e) Currency risk - Currency risk is the risk that the fair value of or future cash flows from the Corporation's financial instruments will fluctuate because of changes in foreign exchange rates. The Corporation's operations are exposed to foreign exchange fluctuations, which could have a significant adverse effect on its consolidated results of operations from time to time. The Corporation presently derives sales for the past six months of $742,804 in US dollars, and has $1,236,265 in US Currency on deposit in US Dollar accounts. The Company does not engage in any hedging activities to mitigate its foreign exchange risk. A change in the foreign exchange rate of the Canadian dollar versus the US dollar may increase or decrease the value of the Company's financial instruments.

11. Segmented Information

	Three months ended Dec 31		Six Months Ended Dec 31	
	2011	2010	2011	2010
Revenues:				
Food processing and distribution	$ **5,086,742**	$ 5,297,268	$**9,428,060**	$9,885,483
Real estate and rental properties	**69,000**	69,000	**138,000**	138,000
Inter-segment transactions	**(69,000)**	(69,000)	**(138,000)**	(138,000)
	$ **5,086,742**	$5,297,268	$**9,428,060**	$9,885,483
Income (loss) before income taxes:				
Food processing and distribution	$ **(11,657)**	$ 334,345	$ **(135,166)**	$ 806,231
Real estate and rental properties	**23,803**	32,327	**76,096**	71,183
Investment division	**1,925,475**	1,415,074	**(1,059,965)**	2,088,450
Corporate	**(182,022)**	(183,170)	**(245,738)**	(621,970)
	$ **1,755,599**	$1,598,576	$ **(1,364,773)**	$ 2,343,894

Assets By Segment	Dec 2011	June 2011
Corporate	$6,890,927	$7,390,793
Food processing and distribution	9,754,005	9,566,582
Investment division	15,331,451	22,363,427
Real estate and rental properties	1,244,745	1,182,491
Total	$33,221,128	$40,503,293

Liabilities By Segment	Dec 2011	June 2011
Corporate	1,257,045	1,471,841
Food processing and distribution	4,008,654	3,456,407
Investment division	5,320,345	11,739,382
Real estate and rental properties	2,145,582	2,139,933
Total	$12,731,626	$18,807,563

12. Contingencies

A subsidiary is involved in other litigation / 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. An amount associated with these claims has been accrued from the 2008-09 year as a deferred liability, and charged as an expense in the prior fiscal year. 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, less the current deferred liability.

13. Commitment:

In accordance with the terms of the agreement relating to the sale of the Mrs. Willman's B.C. operations, the Corporation will receive an annual royalty of 2.5% of the future sales of the products existing at the time of the sale to the then existing customers, for the next ten years (expiring in 2018) up to a maximum aggregate of $700,000. No accrual has been taken this quarter.

14. Transition to International Financial Reporting Standards

For all periods up to and including the year ended June 30, 2011, the Corporation prepared its consolidated financial statements according to Canadian Generally Accepted Accounting Principles (CGAAP). As stated in Note 1, these condensed consolidated financial statements represent the condensed interim financial statements of the Corporation and its subsidiaries prepared in accordance with International Financial Reporting Standards (IFRS) for the period ended June 30, 2011.

As a result, these interim condensed consolidated financial statements have been prepared in accordance with IFRS 1- *First-time Adoption of International Financial Reporting Standards* and with IAS 34, *Interim Financial Reporting*. The first date at which IFRS was applied was July 1, 2011 ("Transition Date"). In preparing these financial statements in accordance with IFRS 1, the Corporation has:

- provided comparative financial information;
- applied the same accounting policies throughout all periods presented;
- retroactively applied all effective IFRS standards as of July 1, 2011, as required, and

- applied certain optional and mandatory exemptions as applicable for first time adopters of IFRS.

The Corporation's consolidated financial statements were previously prepared in accordance with Canadian GAAP.

IFRS 1 (First–time adoption of IFRS) Exemptions

The Corporation has applied the following IFRS 1 exemptions:

Property, Plant and Equipment

IFRS 1 allows an entity that used full cost accounting under Canadian GAAP to deem its July 1, 2011, IFRS property plant and equipment asset to be equal to its Canadian GAAP historical net book value.

Share-based Compensation

The Corporation used the IFRS 1 exemption under which stock options vested prior to January 1, 2011, are not required to be restated.

Business Combinations

The IFRS 1 exemption allowed the Corporation to use the IFRS rules for business combination on a prospective basis rather than re-stating all business combinations. The Corporation made the election under IFRS 1 and did not apply IFRS 3, *Business Combinations*, to business combinations that occurred before July 1, 2011.

Leases

The Corporation took the IFRS 1 exemption for leases and did not apply IAS 17, *Leases,* retroactive prior to July 1, 2011.

Borrowing Costs

The Corporation plans to capitalize borrowing costs when the capital projects are longer than one year. The Corporation has not previously had projects that took longer than one year and plans to apply IAS 23 borrowing costs prospectively.

Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were made in error. The Corporation's IFRS estimates as of July 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

Financial Assets

The Corporation has elected to adopt IFRS 9 from the transition date rather than January 1, 2015. All previously recognized financial assets and financial liabilities are designated as either amortized cost or at fair value through profit and loss based upon the facts and circumstances existing at the transition date.

The following reconciliations present the adjustments made to the Corporation's previous GAAP Financial statements to comply with IFRS 1. Please refer to the notes that follow the detailed reconciliations.

As At July 1, 2010

	Note	GAAP	Transition	IFRS
Assets				
Current Assets				
Cash		$1,334,790		$1,334,790
Equity Securities		16,832,846		16,832,846
Receivables		1,597,718		1,597,718
Inventory		1,329,475		1,329,475
Prepaid expenses		222,427		222,427
Total Current Assets		21,317,256		21,317,256
Property and equipment		5,244,856		5,244,856
Assets for sale		50,000		50,000
Intangible Assets	a	212,321	-134,788	77,533
Goodwill		867,524		867,524
Note Receivable		300,000		300,000
Investment in Affiliate		3,481,217		3,481,217
Future Income Taxes		3,143,166		3,143,166
Total Assets		34,616,340	-134,788	34,481,552
Bank Loan		841,952		841,952
Accounts Payable		1,337,329		1,337,329
Margin Loan		8,424,582		8,424,582
Current portion of long term debt		375,763		375,763
Deferred liability		206,847		206,847
Related party liabilities		71,358		71,358
Total Current Liabilities		11,257,831		11,257,831
Long term debt		637,570		637,570
Deferred Tax	b	1,962,044	-41,405	1,920,639
Non Controlling Interest	c	485,919	-485,919	-
Total Liabilities		14,343,364	-527,324	13,816,040
Share capital		7,737,173		7,737,173
Non controlling interest	c	-	485,919	485,919
Contributed Surplus		94,549		94,549
Retained Earnings		12,441,254	-93,383	12,347,871
Total Equity		20,272,976	392,536	20,665,512
Total Liabilities plus equity		34,616,340	-134,788	34,481,552

As At December 31, 2010

	Note	GAAP	Transition	IFRS
Assets				
Current Assets				
Cash		$1,032,977		$1,032,977
Equity Securities		24,444,384		24,444,384
Receivables		2,091,971		2,091,971
Inventory		1,286,275		1,286,275
Prepaid expenses		223,483		223,483
Total Current Assets		29,079,090		29,079,090
Property and equipment		5,301,817		5,301,817
Assets for sale		50,000		50,000
Intangible Assets	a	206,301	(121,006)	85,295
Goodwill		867,524		867,524
Note Receivable		300,000		300,000
Investment in Affiliate		3,345,417		3,345,417
Future Income Taxes		3,143,000		3,143,000
Total Assets		42,293,149	(121,006)	42,172,143
Bank Loan		752,382		752,382
Accounts Payable		2,070,107		2,070,107
Margin Loan		13,639,458		13,639,458
Current portion of long term debt		156,213		156,213
Deferred liability		206,847		206,847
Related party liabilities		70,455		70,455
Total Current Liabilities		16,895,462		16,895,462
Long term debt		568,145		568,145
Deferred Tax	b	2,159,591	(41,405)	2,118,186
Non Controlling Interest	c	530,841	(530,841)	-
Noncurrent Liabilities				-
Total Liabilities		20,154,039	(572,246)	19,581,793
Share capital		7,693,847		7,693,847
Non controlling interest	c	-	530,841	530,841
Contributed Surplus		88,039		88,039
Retained Earnings		14,357,224	(79,601)	14,277,623
Total Equity		22,139,110	451,240	22,590,350
Total Liabilities plus equity		42,293,149	(121,006)	42,172,143

Notes to Reconciliations of IFRS Adoption

a) Intangible Assets - Under Canadian GAAP, the Corporation capitalized development expenses relating to product packaging, while under IFRS capitalization of this nature is not permitted. At the end of 2011 these intangibles were written down to zero.
b) As a result of the change in accounting policy for intangible assets, the deferred tax liability relating to timing difference of this asset has changed
c) Under IFRS, non controlling interest is considered to be a component of equity, rather than a non current liability.

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Calgary, Alberta

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Auditors
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Stock Symbol
BMN.A

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