FOR THE SIX MONTHS ENDED

2

December 31, 2012

Beaumont Select Corporations Inc.

REPORT TO SHAREHOLDERS

During Q2, the food division began to recover sales volumes lost as a result our previously reported ammonia leak and production shutdown. While customer sales were down 10.8% during Q2 2012 compared to the same quarter in 2011, December sales were only 5% below the December 2011 sales level suggesting that the Food Division is making progress towards returning to historic sales volumes.

The investment division saw a 12% drop in the equity value of its portfolio during the second quarter, as prices declined in nine of its top ten investments. The fear of the fiscal cliff stalling the economy and the threat of higher taxes on dividends drove the prices down of most dividend paying stocks in North America. At the end of the quarter, the portfolio was 90% weighted to dividend paying stocks. While this focus on dividends generated $327 thousand, it resulted in $455 thousand in unrealized losses, as well as $929 thousand in realized losses.

The Corporation's interim financial statements for the second quarter ended December 31, 2012 were not audited or reviewed by the Corporation's auditors. This quarterly Management's Discussion and Analysis (MD&A) was made as of February 26, 2013.

FINANCIAL HIGHLIGHTS

The Corporation's financial results for the three and six months ended December 31, 2012 compared to the same period in the previous fiscal year included the following:

- Stock prices declined as the United States moved towards its so called 'fiscal cliff', which threatened to raise taxes on dividend income.
- The Investment Division increased leverage (use of margin borrowings) from 41.4% at the beginning of the second quarter to 45.7%.

$ millions	**Dec 31, 2012**	Sep 30, 2012	Jun 30, 2012	3 month Change	6 month Change
Portfolio value	**20.967**	$22.077	$ 17.310	-5.0%	21.1%
Margin Loan	**9.578**	9.130	6.035	4.9%	58.7%
Equity in Portfolio	**11.389**	$12.947	$11.275	-12.0%	1.0%

- Net loss for the second quarter was eight cents per share, and was a loss of one cent per share for the first half of the year.

Financial Highlights

	Three months Ended		Six months ended	
	Dec 2012	Dec 2011	Dec 2012	Dec 2011
Net Sales	**4,536,147**	5,086,742	**7,107,875**	9,428,060
Operating Income (Loss)	**(96,135)**	118,701	**(920,687)**	73,099
Net Income (Loss)	**(1,301,861)**	1,525,566	**(169,589)**	(1,196,345)
Net Income (Loss) per share -basic	**(0.08)**	0.09	**(0.01)**	(0.07)
Net Income (Loss) per share -diluted	**(0.08)**	0.09	**(0.01)**	(0.07)
Funds from (required by) Operations	**162,534**	(41,003)	**20,804**	(93,844)
EBITDA	**(1,029,949)**	2,037,582	**519,787**	(766,224)
EBITDA per share – basic	**(0.06)**	0.13	**0.03**	(0.05)

	As at	
	Dec 2012	June 2012
Total Assets	**39,037,985**	34,898,439
Shareholder's Equity	**21,304,413**	21,474,002
Shares outstanding	**16,171,597**	16,171,597

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 second quarter or Q2) and six months (referred to as the first half or H1) in the fiscal year ending June 30, 2013 (referred to as 2012-13) should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended June 30, 2012 and the accompanying notes as well as the Corporation's unaudited consolidated financial statements and notes for the three and six months ended December 31, 2012. All financial information is reported in accordance with International Financial Reporting Standards (IFRS) unless noted otherwise. The financial measure of earnings before interest, taxes, depreciation and amortization (EBITDA) or funds from operations referred in this MD&A do not have a standardized definition prescribed by IFRS and are therefore not readily comparable to similar measures presented by other corporations even in the same industry. The Corporation's method of calculating EBITDA and funds from operations may not be comparable to similarly titled amounts reported by other issuers. The Corporation believes these earnings measures are useful supplemental measures of performance, as they provide investors with an indication of the amount of funds available for reinvestment or distribution to shareholders. Investors should be cautioned, however, that EBITDA and funds from operations should not be construed as alternatives to using net income as a measure of profitability or the statement of cash flows as a measure of liquidity and cash positions.

CONSOLIDATED FINANCIAL ANALYSIS

Revenues

Overall revenues for the first half of fiscal 2012-13 decreased 24.6% (or $2.32 million) from the first half of 2011-12 to $7.108 million. The ammonia leak in our production facility caused a complete shutdown of the building, as well as the destruction of all raw materials and finished goods. The Corporation had other storage facilities with finished goods, but the need to remove damaged materials, clean and restock left us unable to produce for several weeks. In the second quarter, sales declined $551 thousand or 10.8% as the Corporation fought to regain market share and shelf position.

Financing Expenses

Interest on term debt, lines of credit and bank charges totalled $37 thousand for the second quarter of 2012-13, up from $33 thousand during the second quarter of 2011-12. Higher bank borrowings were the focus of the increase, as interest rates stayed steady.

Interest on margin loans for investments in equity securities increased to $106 thousand for the second quarter of 2012-13 compared to $67 thousand in the same quarter of the prior year. During the quarter the average margin loan was $10.1 million, up from $6.01 million in the second quarter of the prior year. For the first six months of the year, margin interest rose to $187 thousand, from $171 thousand the year before.

The quarter's average margin loan represented 45% of the portfolio value, an increase from 40% in the same period in the prior year. For the first six months, margin usage averaged 43% of the portfolio, compared to 44% in the first half of 2011-12.

Other Income
The Investment Division's contribution to other income in the second quarter included realized losses of $929 thousand and unrealized losses of $455 thousand. Dividends, distribution and interest income of $338 thousand grew compared to the second quarter of 2011-12 at $172 thousand. As well, the percentage of equity investments in dividend paying stocks grew from 57% in December 2011 to 90% in December 2012. For the six month period, the Investment Division produced a net income of $297 thousand, with unrealized gains of $927 thousand, realized losses of $754 thousand, margin expense of $187 thousand, and dividend income of $625 thousand.

The second quarter generated realized capital gains in the retail and investment sectors, but were surpassed by realized losses in the services and oil exploration sectors.

Additional income was earned in the second quarter of 2012-13 as a result of the insurance settlement ($222 thousand), as well as rental income of $7 thousand from subletting a portion of the head office.

Net Income
Net loss from continuing operations before income taxes was $1.356 million for the second quarter of 2012-13 ($110 thousand loss for the first half) compared to a gain of $1.756 million for the same period in the previous year ($1.365 million loss for the first half of 2011-12).

Cash Flow from Operating Activities, EBITDA
Cash flows from operating activities for the second quarter of 2012-13 decreased to negative $212 thousand from a negative $22 thousand in the same period of 2011-12. The decline in sales following the plant shutdown was the cause of the decrease.

EBITDA for the second quarter of 2012-13 decreased to negative $1.03 million (-$0.06 per basic share) from $2.038 million ($0.13 per basic share). The decrease was due to losses in the investment division.

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		6 months	
	Dec 2012	Dec 2011	**Dec 2012**	Dec 2011
Net Income	**(1,301,861)**	1,525,566	**(169,589)**	(1,196,345)
Add back:				
Margin Interest	**105,719**	67,454	**187,241**	170,960
Loan Interest	**36,570**	32,932	**75,838**	64,395
Current Taxes	**48,938**	16,801	**63,152**	75,083
Deferred Taxes	**(102,791)**	213,232	**(3,808)**	(243,511)
Depreciation	**183,476**	181,597	**366,953**	363,194
EBITDA	**(1,029,949)**	2,037,582	**519,787**	(766,224)

Deferred Tax Assets and Liabilities

The Corporation's balance sheet as of December 31, 2012 includes a total of $3.095 million of deferred tax assets and $1.977 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 half of 2012-13:

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 second quarter, and $141,029 for the first half.

Fees were paid to current and former directors of the Corporation for professional, management and other services rendered in the ordinary course of business. The aggregate $38,800 of such expenses was included in corporate and administrative expenses during the second quarter ($74,800 for the first six months).

Rent of $20,550 was paid during the second quarter to Somerset Properties Ltd, a corporation 80.6% controlled by the Chairman. For the first six months, rent totalled $41,100.

FINANCING ACTIVITIES & LOANS

During the second quarter of 2012-13 the Corporation borrowed an additional $94 thousand from its credit lines, after payments made on its term loans.

During the second quarter of 2012-13 the margin loan balance increased $448 thousand to $9.578 million compared to the beginning of the second quarter. The outstanding margin loan balance at December 31, 2012 represented 46% of the portfolio's market value, an increase compared to 35% of the portfolio's market value as of June 30, 2012.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2012, the Corporation had total operating credit facilities of $2 million with various institutions of which $920 thousand was available at the end of the second quarter, after expected insurance claims. 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 capital expenditures and debt repayment obligations. 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 $625 thousand exceeded margin interest expense of $187 thousand by a minimum of 150% for the first six months of 2012-13 and continue to be cash flow positive net of margin interest charges. A dividend of $408 thousand from Somerset Properties was declared and received during the first quarter of 2012-13.

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.

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

	2013-12		2012-11				2011-10		
	Q-2	Q-1	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2
Revenue	4,536	2,572	4,506	4,315	5,086	4,341	3,887	4,697	5,297
Op Margin	(96)	(825)	121	(39)	119	(46)	(55)	186	449
Income (Loss) after tax	(1,302)	1,132	(192)	1,193	1,526	(2,722)	(2,853)	2,225	1,401
EBITDA	(1,030)	1,550	(196)	1,890	2,038	(2,804)	(2,849)	2,831	1,900
EBITDA Per share- basic and diluted	(0.06)	0.10	(0.01)	0.12	0.12	(0.17)	(0.18)	0.17	0.12

REPURCHASE OF COMMON SHARES

In June 2012, the Corporation received approval from The TSX Venture Exchange to acquire an additional 808,680 shares, representing approximately 5% of the issued and outstanding class "A" shares, through a renewed Normal Course Issuer Bid. During the first half of 2012-13, the Corporation repurchased no shares from the market, compared to 16,000 shares purchased in the first half of 2011-2012.

Subsequent to the end of the quarter, the Corporation has purchased no shares under its Normal Course Issuer bid. The number of shares outstanding as of February 26, 2013 is 16,171,597.

DIVISIONAL REPORTING

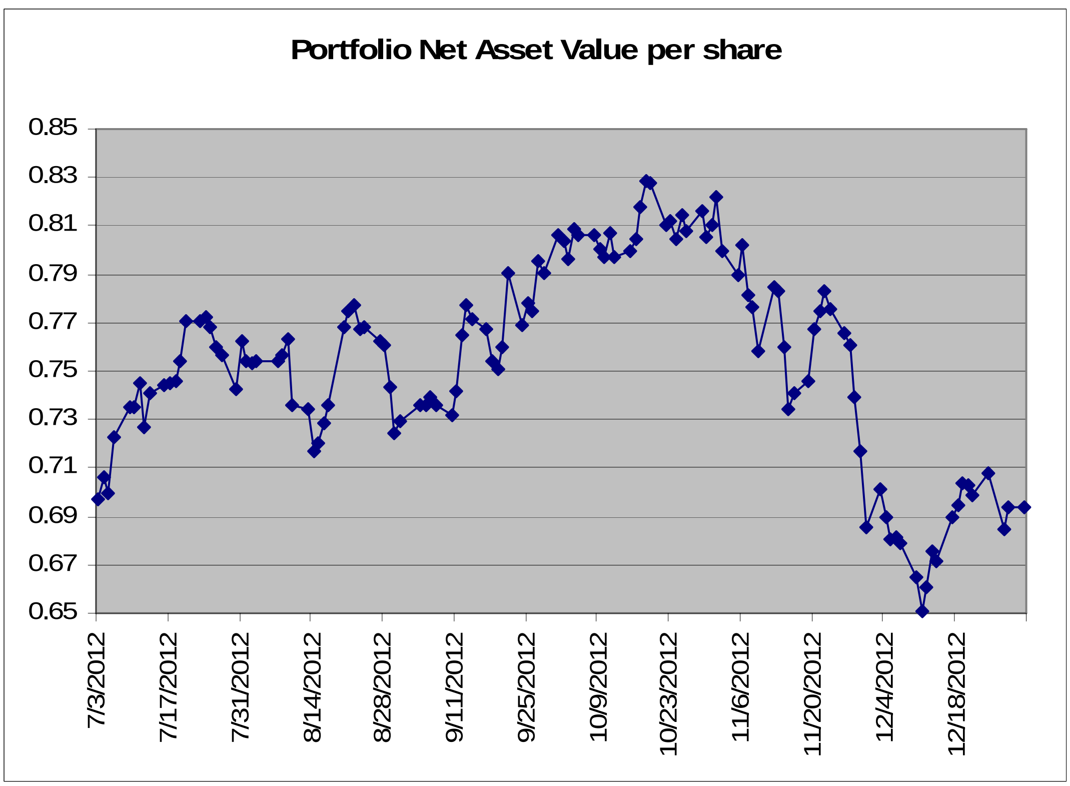
INVESTMENT DIVISION

During the second quarter of 2012-13 the portfolio of equity investments fell as concerns over the US ‘fiscal cliff’ spread. While the US government was able to put in place some legislation, it was on the last day of the year after trading was completed, too late to rescue the stock market for the quarter. The equity in the investment portfolio (portfolio value less corresponding margin loan) fell 12%, compared to the S&P TSX Composite index growth 0.9% during the second quarter.

For the first six months of 2012-13, the portfolio of investments recorded an investment profit of $610 thousand, tempered by the loss of $1.162 million in the second quarter. The investment change was made up of the following:

	3 months ending		6 months ending	
	Dec 2012	Dec 2011	**Dec 2012**	Dec 2011
Dividends and distributions	**327,199**	160,928	**$624,875**	$372,490
Interest expense	**(105,719)**	(67,454)	**(187,241)**	(170,960)
Realized gains (losses)	**(929,065)**	443,364	**(754,302)**	935
Unrealized gains (losses)	**(454,645)**	1,518,035	**927,054**	(983,753)
Total investment gain (loss)	**(1,162,230)**	2,054,873	**610,386**	(781,288)

Additional dividends and interest were earned outside the investment division, as Somerset Properties paid a dividend of $408,328 during the first half of the current year, and interest of $21,714 was earned on debentures and bank deposits.



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 second quarter of the current year there were realized gains in the retail sectors, while the greatest realized losses occurred in the services and oil exploration sectors. Over the six month period of this year, realized gains were in the retail and energy services sectors, while realized losses appeared in the services and oil exploration sectors.

As at December 31, 2012, 42.3% of investments (by market value) were in the retail sector, followed by the transportation (20.7%), services (10.4%), energy services (8.5%) and energy trust (7.5%) sectors.

At the end of the current second quarter, the ten largest investments comprised approximately 89.7% of the total portfolio's cost base, and 93.6% of the total market value. The top investments are (ranked by total market value):

- AutoCanada Inc
- Student Transport of America Ltd
- Altus Group
- Eagle Energy Trust
- BRI-Chem Corp
- CanElson Drilling Inc
- Canexus Corporation
- Element Financial Corp
- Avenex Energy Corp
- HNZ Group Class A

The remainder of the portfolio is spread out over 30 other stocks. Overall the portfolio is weighted 90% 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 February 25, 2013 the total market value of the portfolio of investments has increased to $24.435 million, and the margin loans have increased to $11.687 million, resulting in an 11.9% increase in the equity portion of the portfolio from December 31, 2012 to $12.748 million. The Corporation has been and will continue to preserve its capital. Margin levels have risen to 47.8% of the total portfolio value. The top ten now consists of:

- AutoCanada Inc
- Student Transport of America Ltd
- Altus Group
- Eagle Energy Trust
- BRI-Chem Corp
- CanElson Drilling Inc.
- Element Financial Corp
- Canexus Corporation
- Argent Energy Trust
- American Hotel Income Properties REIT

The portfolio net asset value stands at $0.79 per share as of February 25, 2013.

FOOD DIVISION

During Q2, the food division began to recover sales volumes lost as a result of an ammonia release in its building in late July 2012 which release resulted in the need to suspend production. While customer sales were down 10.8% during Q2 2012 compared to the same quarter in 2011, due to the affects of the ammonia leak, December sales were only 5% below the December 2011 sales level suggesting that the Food Division is making progress towards returning to historic sales volumes. Due to required lead times by customers for promotional activity, the marketing program assembled to respond to the summer ammonia release is only expected to potentially start affecting the Food Division's sales in Q3. Due to the sales decrease in Q2 2012, the Food Division's direct costs in the quarter also declined though at a slower rate of 7.1% resulting in a net negative operating margin, namely negative $96 thousand. Naleway's direct costs include significant cost elements that are not directly variable with production or sales volumes. Six month data for the Food Division was materially affected by the ammonia release noted above making operating results comparisons to the same period in 2011 inappropriate.

During the second quarter of 2012-13, the Corporation received further payments from its insurer relating to its product loss claim. Only a portion of that claim remains outstanding. Late in the second quarter, the Corporation assembled an interim application to the insurer for payment of amounts claimed under the Corporation's business interruption insurance coverage. The claim is not expected to be finalized and settled until likely late this fiscal year. Any further anticipated payments by the insurer towards the business interruption portion of the claim will be included as income when such payment has been approved by the insurer.

OUTLOOK

The Food Division has managed to recover lost sales, as January and February 2013 sales have risen above levels for January and February 2012.

Since the end of the second quarter the Canadian and US stock markets have risen as concerns over the US ‘fiscal cliff’ diminished, increasing 1.7% between December 31st , 2012 and February 25th. The equity portfolio has moved upwards to $24.435 million, while margin loans have risen to $11.687 million. The resulting net equity position stands at $12.748 million, for a gain of 11.9% or $1.359 million since the end of the second quarter.

Management believes that the Global economy excluding the Eurozone is slowly improving and believes at this point that both divisions will be cash flow positive at fiscal yearend. However, many uncertainties remain which could affect the stock market including but not limited to, lack of pipeline capacity to move our oil to market, a glut of natural gas in Canada and America, dysfunctional politics in America and Italy and potential conflict between Israel and Iran and China and Japan

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 than would have occurred if margin had not been utilized.

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
February 26, 2013