FOR THE SIX MONTHS ENDED

2

December 31, 2013

Beaumont Select Corporations Inc.

REPORT TO SHAREHOLDERS

Sales grew 4.1% from the prior year first half, but fell 17.1% in the second quarter compared to the second quarter of the prior year. However, the operating margin improved in both the second quarter and six month periods, because of our drive to maintain profitability at lower sales.

The Investment Division saw a 73.6% growth in its equity in its first six months, as stock markets surged with low interest rates and few alternative investment options. The Investment Division earned $13.98 million, comprised mainly of unrealized gains of $8.9 million and realized gains of $4.56 million. Most of these gains came in the second quarter, with the Investment Division earning $8.04 million.

The Corporation's interim financial statements for the second quarter ended December 31, 2013 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, 2014.

FINANCIAL HIGHLIGHTS

The Corporation's financial results for the three and six months ended December 31, 2013 compared to the same period in the previous fiscal year included the following:

- Markets moved up as the US Federal Reserve continued its bond buying program, continuing to add cash to the market. The Investment Division produced a 32.9% increase in the equity of the portfolio during the second quarter, and a 73.6% increase during the first half of the year

millions	**Dec 31, 2013**	Sep 30, 2013	Jun 30, 2013	3 mo. Change	6 mo. Change
Portfolio value	**$59.320**	$43.839	$ 34.590	35.3%	71.5%
Margin Loan	**27.758**	20.088	16.412	38.2%	69.1%
Equity in Portfolio	**$31.562**	$23.751	$18.178	32.9%	73.6%

- Net income for the quarter was 41 cents per share, up from a loss of 8 cents per share in the second quarter of the prior year.

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.

	Three Months Ended		Six Months Ended	
	Dec 2013	Dec 2012	**Dec 2013**	Dec 2012
Net Sales	**$3,761,058**	4,536,147	**$7,402,729**	$7,107,875
Operating Income (Loss)	**(19,520)**	(96,135)	**(137,488)**	(920,687)
Net Income (Loss)	**6,658,888**	(1,301,861)	**$11,637,537**	(169,589)
Net Income (Loss) per share -basic	**0.41**	(0.08)	**0.72**	(0.01)
Net Income (Loss) per share -diluted	**0.41**	(0.08)	**0.72**	(0.01)
Funds from (required by) Operations	**(95,796)**	162,534	**(182,184)**	20,804
EBITDA	**7,975,811**	(1,029,949)	**13,793,534**	519,787
EBITDA per share – basic	**0.49**	(0.06)	**0.85**	0.03

	As at	
	Dec 2013	June 2013
Total Assets	**$71,700,094**	$48,575,677
Shareholder's Equity	**36,214,348**	24,576,811
Shares outstanding	**16,166,097**	16,166,097

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, 2014 (referred to as 2013-14) should be read in conjunction with the Corporation's audited consolidated financial statements for the year ended June 30, 2013 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, 2013. 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 six months of fiscal 2013-14 increased 4.15% (or $295 thousand) from the first half of 2012-13 to $7.403 million. The growth was a return to normal levels, as the prior year quarter experienced the ammonia leak and the shutdown of the facility. During the second quarter, sales fell 17.1% compared to the second quarter of the prior year as promotional sales were a key focus in the prior year in trying to catch up after the shutdown.

Financing Expenses

Interest on term debt, lines of credit and bank charges totalled $27 thousand for the second quarter ($57 thousand for the first half), down from $37 thousand during the second quarter of 2012-13 ($76 thousand for the first half). In the prior year the Corporation was awaiting its insurance claim, which has been settled.

Interest on margin loans for investments in equity securities increased to $241 thousand for the second quarter of 2013-14 compared to $106 thousand in the same quarter of the prior year. For the six month period margin interest totalled $425 thousand, up from $187 thousand. During the first half the average margin loan was $20.986 million, up from $9.15 million for the first half of 2012-13, while for the second quarter the average margin loan was $24.174 million, up from $10.1 million in the second quarter of the prior year. The effective margin interest rate was 4%, the same as in the previous second quarter.

The quarter's average margin loan represented 46.9% of the portfolio value (46.7% for the half), an increase from 45.2% in the same period in the prior year. The use of leverage was increased only slightly despite the strong increase in the portfolio to mitigate the risk of a market downturn.

Other Income

The Investment Division's contribution to other income included realized gains of $1.757 million for the second quarter and $4.557 million for the first six months. The second quarter and first half's gains were in the investment and retail sectors. Unrealized gains were $6.034 million for the second quarter and $8.902 million for the first half of the year. The retail and services sectors contributed to most of the unrealized gains.

In addition, the portfolio generated dividends of $491 thousand for the second quarter, and $947 thousand for the first six months. Dividends were up 50% over the previous second quarter due to a much larger portfolio. The percentage of dividend paying stocks decreased to 77.4% by the end of the second quarter, from 91% at the beginning of the year and 86% at the beginning of the quarter.

The remaining investment income of five thousand in the second quarter represented interest accrued on debentures held by the Corporation, compared to eleven thousand in the prior year second quarter.

Net Income

Net Income from continuing operations before income taxes was $7.525 million for the second quarter compared to a loss of $1.356 million for the same period in the previous year. For the first half, profit moved to $12.947 million compared to a prior loss of $110 thousand. The gain was created by the Investment Division due to the realized and unrealized gains.

Cash Flow from Operating Activities, EBITDA

Cash flows from operating activities for the latest three months grew to $189 thousand from a negative $212 thousand in the same period of 2012-13. For the six month period cash from operating activities was $890 thousand, an improvement from negative $467 thousand in the previous six month period. Cash flow was unusual in the prior year due to the need to restock all raw materials, as well as wait for an insurance claim to be processed.

EBITDA for the second quarter of 2013-14 increased to $7.976 million ($0.49 per basic share) from negative $1.03 million (-$0.06 per basic share) in the second quarter of the prior year. The increase was due to increased earnings from 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

	3 months		6 months	
	Dec 13	Dec 12	**Dec 13**	Dec 12
Comprehensive Income	**$6,658,888**	$(1,301,861)	**$11,637,537**	$(169,589)
Add back:				
Margin Interest	**240,847**	105,719	**424,722**	187,241
Loan Interest	**26,836**	36,570	**56,505**	75,838
Current Taxes	**12,851**	48,938	**34,612**	63,152
Deferred Taxes	**853,710**	(102,791)	**1,274,799**	(3,808)
Depreciation	**182,679**	183,476	**365,359**	366,953
EBITDA	**$7,975,811**	$ (1,029,949)	**$13,793,534**	$519,787

Deferred Tax Assets and Liabilities

The Corporation's balance sheet includes a total of $4.077 million of deferred tax assets and $4.437 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 second quarter of 2013-14:

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 directors of the Corporation for professional, management and other services rendered during the quarter in the ordinary course of business. The aggregate $37,600 of such expenses was included in corporate and administrative expenses during the half, and $22,600 for the latest quarter.

Rent of $20,550 was paid to Somerset Properties Ltd, a corporation 80.7% controlled by the Chairman.

FINANCING ACTIVITIES & LOANS

During the second quarter of 2013-14 the Corporation repaid $428 thousand on its credit lines, including payments made on its term loans. For the first six months the bank loans have been paid down by $1.122 million.

During the second quarter the margin loan balance increased $7.67 million to $27.758 million, and grew $11.346 million compared to the beginning of the fiscal year. The outstanding margin loan balance at December 31, 2013 represented 46.8% of the portfolio's market value, a decrease compared to 47% of the portfolio's market value as of June 30, 2013. The average margin loan for the second quarter was $24.174 million, and $20.986 million for the first six months. As the portfolio grew in value, additional investments were purchased, but management was careful not to increase the leverage ratio.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2013, the Corporation had total operating credit facilities of $2.263 million with various institutions of which $2.263 million was available at the end of the second 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 second quarter.

Dividends and income trust distributions from the Investment Division of $491 thousand exceeded margin interest expense of $241 thousand by a minimum of 100% for the second quarter 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 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)

	2014				**2013**			**2012**	
	Q2	Q-1	Q-4	Q-3	Q-2	Q-1	Q-4	Q-3	Q-2
Revenue	$3,761	$3,642	$3,398	$4,129	$4,536	$2,572	$4,506	$4,315	$5,086
Op Margin	(20)	(118)	(1,371)	(142)	(96)	(825)	121	(39)	119
Income (Loss) after tax	6,659	4,979	1,407	1,869	(1,302)	1,132	(192)	1,193	1,526
EBITDA	7,976	5,819	1,825	2,285	(1,030)	1,550	(196)	1,890	2,038
EBITDA Per share-basic and diluted	0.49	0.36	0.11	0.14	(0.06)	0.10	(0.01)	0.12	0.13

REPURCHASE OF COMMON SHARES

In June 2013, the Corporation received approval from The TSX Venture Exchange to acquire an additional 808,304 shares, representing approximately 5% of the issued and outstanding class “A” shares, through a renewed Normal Course Issuer Bid. During the first half of 2013-14, the Corporation repurchased no shares from the market, compared to no shares purchased in the first half of 2012-2013.

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, 2014 is 16,166,097.

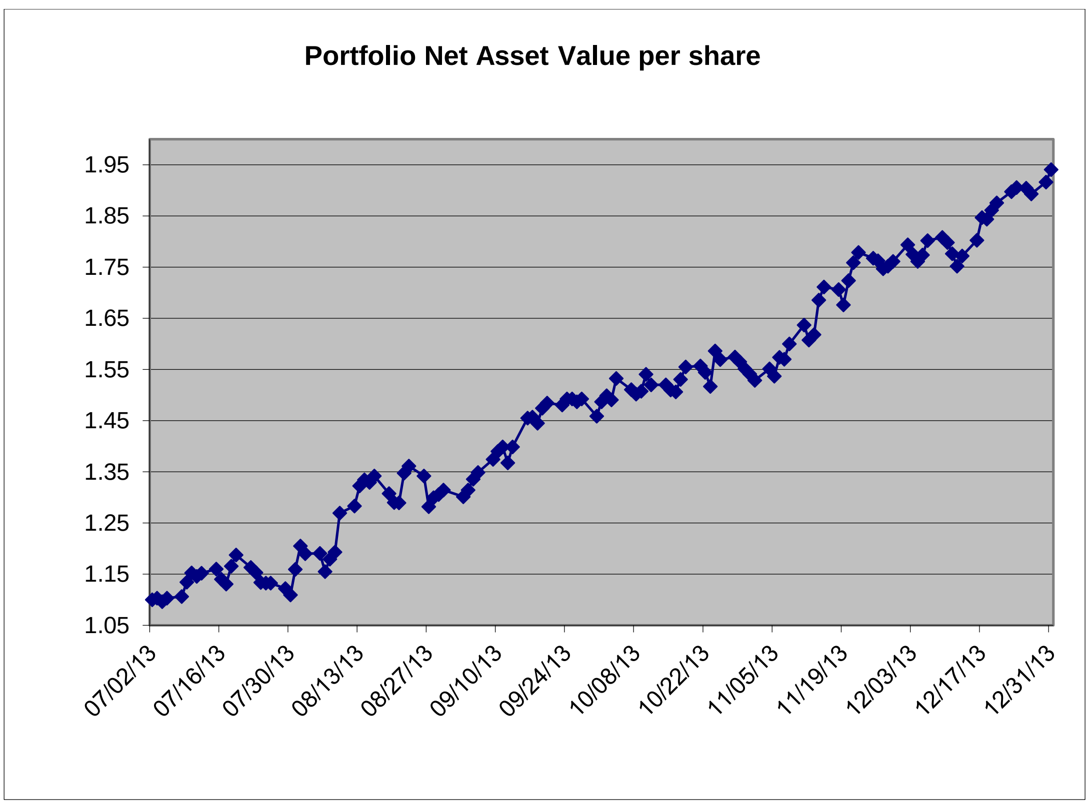
DIVISIONAL REPORTING

INVESTMENT DIVISION

During the second quarter of 2013-14 the portfolio of equity investments rose as quantitative easing continued to add to the US money supply and economic data showed improvements in the US and Europe. The equity in the investment portfolio (portfolio value less corresponding margin loan) grew 32.9%, compared to the S&P TSX Composite index growth of 6.5% during the quarter. For the first six months, the portfolio grew 73.6% compared to 12.3% for the S&P TSX Composite index.

For the second quarter, the portfolio of investments recorded an investment profit of $8.041 million ($13.982 million for the first six months). The investment change was made up of the following:

	3 months ending		6 months ending	
	Dec 2013	Dec 2012	**Dec 2013**	Dec 2012
Portfolio dividends and distributions	**$490,978**	$327,199	**$946,883**	$624,875
Interest expense	**(240,847)**	(105,719)	**(424,722)**	(187,241)
Realized gains	**1,757,323**	(929,065)	**4,557,487**	(754,302)
Unrealized gains (losses)	**6,033,750**	(454,645)	**8,902,392**	927,054
Total investment gain	**$8,041,204**	$(1,162,230)	**$13,982,040**	$610,386



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 half there were realized gains in the retail, investment, and financial sectors, while the greatest realized losses occurred in the oil exploration and energy trust sectors. For the second quarter, the greatest realized gains were in the investment and retail sectors, while realized losses were seen in the energy trust sectors.

As at December 31, 2013, 34.3% of investments (by market value) were in the retail sector, followed by the financial (16.3%), services (15.2%), transportation (10.6%), energy services (6.5%) and energy trust (5.4%) sectors.

At the end of the second quarter, the ten largest investments comprised approximately 82.6% of the total portfolio's cost base, and 89.4% of the total market value. The top investments are (ranked by total market value):

- AutoCanada Inc
- Element Financial Corp
- Altus Group
- Student Transportation Inc
- Eagle Energy Trust
- Canelson Drilling Inc
- BGC Partners Class A
- Long Run Exploration Ltd.
- Mitel Networks
- Macro Enterprise Inc.

The remainder of the portfolio is spread out over 46 other stocks. Overall the portfolio is weighted 77.4% 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.

FOOD DIVISION

Sales showed a 4% increase over the prior first half, but also saw a 17% decrease in the second quarter compared to the second quarter of the prior year. The comparable quarter last year was a catch up period, where customers were shipped additional product to restock shelves emptied during the production shutdown. As well, in this quarter there was greater focus on maintaining margins.

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OUTLOOK

Since the end of the second quarter the Canadian and US stock markets rose on improving corporate profit, increasing 4.4% between December 31st, 2013 and February 24th, 2014.

As of February 24, 2014 the total market value of the portfolio of investments has decreased to $51.982 million, and the margin loans have decreased to $24.3 million, resulting in a 12.3% decrease in the equity portion of the portfolio to $27.682 million since the end of Q2 2013-14. The Corporation has been and will continue to preserve its capital. Margin levels have been held to 46.7% of the total portfolio value. The top ten now consists of:

- AutoCanada Inc
- Altus Group
- Student Transport of America Ltd
- Long Run Exploration Ltd.
- Eagle Energy Trust
- Canelson Drilling Inc
- BGC Partners Class A
- Element Financial Corp
- Bellatrix Exploration Ltd.
- Macro Enterprises Inc.

The portfolio net asset value stands at $1.72 per share as of February 24, 2014.

Subsequent Events

During February 2014 the Corporation negotiated and is nearing the finalization of an agreement to sell 80% of the common shares of Naleway Foods Ltd. (which manages the remaining food business of the Corporation) as part of a restructuring of that business. The proposed sale would be to a long-time manager of that business with a view to creating greater local effectiveness in management. In addition to the remaining 20% of the common shares of Naleway Foods Ltd., following the transaction the Corporation would retain preferred shares with a redemption value of $1.3 million, $100,000 of shareholder loans and a royalty over Naleway Foods' sales, but otherwise the sale of the 80% common shares would be completed for nominal value. The Corporation would still retain ownership of and would continue to lease to Naleway Foods Ltd. the commercial building in Winnipeg where Naleway Foods has its operations.

Change in Management Positions

Effective February 26th, 2014 the Corporation has assigned Philip Gaiser to the role of Chief Financial Officer (CFO), and Gina Palmer to the role of Corporate Secretary.

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.

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. In addition, the Corporation holds US denominated cash, loans and securities. 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.

Investment Risk

The value of the investments we manage can be affected by a multiplicity of things. Below is a list, but by no means a complete list, of some of the things that could affect the value of the investments negatively:

- negative macro-economic data from major economic countries;
- negative political problems in major economic powers or areas;
- major financial problems in countries that could cause a systemic meltdown;
- lack of proper or adequate response to economic problems in major economic powers;
- things that could affect revenues and earnings in corporations that we invest in such as:
  - weather, management problems, breakdown of equipment, labour problems, competitive activity, change in government policies, changes in currency values, fall in commodity prices, inability of getting oil and natural gas out of western Canada, fraud, short selling activity, rise in interest rates etc.
- We use margin loans to increase the capital we have available. When a stock rises in price it enhances our gains but when the stock falls in price, our losses are greater than when we do not use margin loans. We generally try to keep our margin loans below 50% of the value of the portfolio but the percentage we use will depend on market conditions.
- "Black Swan" events such as terrorist acts, bank failures, assassinations, accidents, war could affect the value of our investments negatively.

Contingencies

The Corporation or its subsidiaries are involved in other litigation or claims in the ordinary course of business from time to time. 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, 2014