Buhler Industries Inc.

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NOTICE TO READER OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of Buhler Industries Inc. and the accompanying interim consolidated balance sheets as at December 31, 2010 and 2010 and the interim consolidated statements of earnings, retained earnings and cash flows for the three month periods then ended are the responsibility of the Company's management. These consolidated financial statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors of the Company.

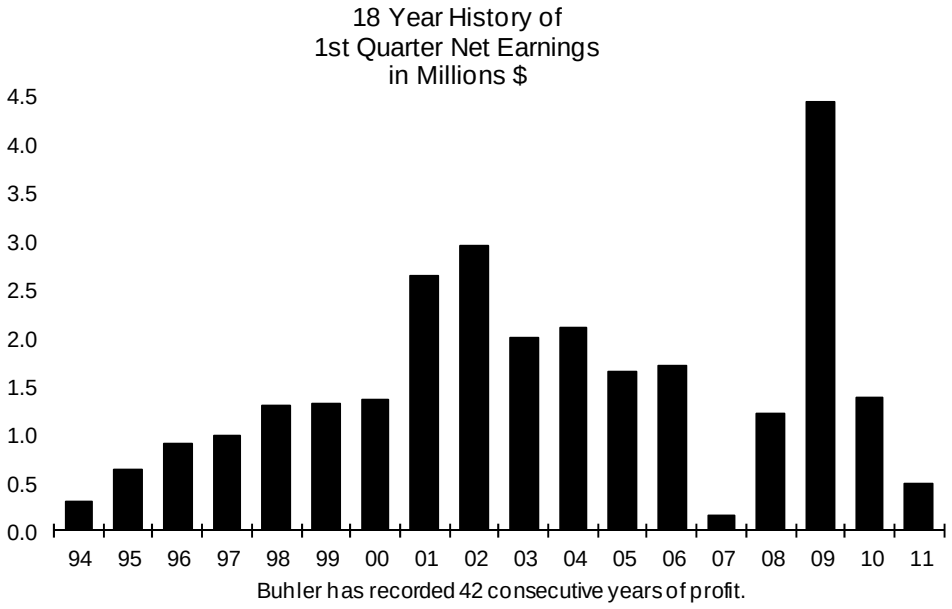
The interim consolidated financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these financial statements in accordance with Canadian generally accepted accounting principles.

Yury Ryazanov
Chief Executive Officer
February 14, 2011

Willy Janzen, C.G.A., B.Comm.
Chief Financial Officer
February 14, 2011

First Quarter Report

December 31, 2010



A Leading Manufacturer and Distributor of Farm Equipment

Management Discussion & Financial Analysis

Certain statements made in the following Management's Discussion and Analysis contain forward-looking statements including, but not limited to, statements concerning possible or assumed future results of operations of Buhler Industries Inc. (the Company). Forward-looking statements represent the Company's intentions, plans, expectations and beliefs, and are not guarantees of future performance. Such forward-looking statements represent the Company's current views based on information as at the date of this report. They involve risks, uncertainties and assumptions and the Company's actual results could differ, which in some cases may be material, from those anticipated in these forward-looking statements. Unless otherwise required by applicable securities law, the Company disclaims any intention or obligation to publicly update or revise this information, whether as a result of new information, future events or otherwise. The Company cautions investors not to place undue reliance upon forward-looking statements.

Company Overview

The Company is headquartered in Winnipeg, Manitoba, Canada. Established in 1932 as an agricultural equipment manufacturer, the original company was purchased by John Buhler in 1969. Through expansion, new products and acquisitions, the Company has experienced progress and steady growth.

Over the years, many brands have joined Buhler Industries: Farm King, Allied, Inland and Versatile. Today the Company operates several modern manufacturing plants and distribution centers. Factories in Morden and Winnipeg, Manitoba, Fargo, North Dakota and Salem, South Dakota, build tractors, front-end loaders, augers, snow blowers, compact implements and more. In addition, the Company maintains several well-stocked parts warehouses.

In 2007, Combine Factory Rostselmash Ltd, a major combine manufacturer located in Rostov-on-Don, Russia, acquired 80% of the common shares of the Company. The Company continues to grow with additional investment in engineering, research and development and production. The dealer / distribution network in North America remains steady, however the Rostselmash network adds more than 200 dealers in Russia, Ukraine and Kazakhstan that provides for additional sales growth in the future.

Buhler Industries remains committed to continuous product improvement and incorporating new value-added features. That tradition of excellence will continue well into the future.

Ten Year Highlights

In thousands of Canadian dollars (except per share amounts)

Year ended Sept. 30	2001	2002	2003 restated	2004 restated	2005 restated	2006 restated	2007 restated	2008 restated	2009	**2010**
Revenue	187,633	232,619	181,162	206,130	202,319	175,067	166,189	218,955	284,072	**209,634**
Gross profit	31,410	49,485	41,233	37,601	37,044	33,929	28,495	43,878	51,258	**37,356**
GP%	16.7%	21.3%	22.8%	18.2%	18.3%	19.4%	17.1%	20.0%	18.0%	**17.8%**
Income from operations	16,527	29,727	25,098	21,311	20,838	17,066	11,951	27,402	32,283	**18,263**
As percentage of revenue	9%	13%	14%	10%	10%	10%	7%	13%	11%	**9%**
Net earnings	7,115	13,360	11,314	11,726	9,331	4,406	8,012	11,670	14,388	**8,180**
Earnings per share (EPS)	0.30	0.58	0.49	0.48	0.37	0.18	0.32	0.47	0.57	**0.33**
EPS without EOI	0.30	0.58	0.49	0.48	0.37	0.18	0.32	0.18	0.57	**0.33**
EBITDA	14,518	26,202	21,380	19,534	16,915	14,129	13,391	33,504	26,710	**14,206**
Total assets	127,531	156,305	178,460	167,044	186,512	184,960	161,865	178,583	193,817	**197,203**
Working capital	45,673	60,595	82,530	87,414	86,030	81,121	76,089	75,718	93,073	**101,199**
Shareholders' Equity	53,442	61,998	70,552	91,407	97,233	97,895	98,407	110,077	124,465	**132,645**
Book value per share	2.27	2.70	3.07	3.76	3.90	3.92	3.94	4.40	4.98	**5.31**
Return on average capital	8%	18%	13%	12%	8%	5%	7%	12%	12%	**6%**
Return on average equity	13%	23%	18%	14%	10%	5%	8%	11%	12%	**6%**

Management Discussion & Financial Analysis

General Information

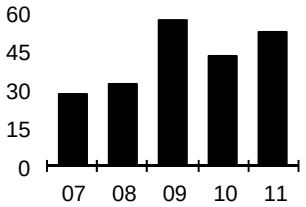
The following discussion and analysis dated February 14, 2011 was prepared by management and should be read in conjunction with the consolidated financial statements prepared in accordance with Canadian GAAP. The following discussion and analysis is presented in millions of Canadian dollars except where otherwise noted. The consolidated financial statements include the accounts of all subsidiaries. All subsidiaries in the United States operate with the U.S. dollar as the functional currency, while the Company and all its Canadian subsidiaries operate with the Canadian dollar as the functional currency.

Highlights

Sales

Revenues increased by $9.4 (22.2%) to $52.2 for the first quarter. Sales for the quarter were among the highest recorded by the Company. The rise in sales was due to increased demand for tractors over the prior year, as well as demand for the sprayer line that was introduced in 2010. Revenues in the short-line division remain strong.

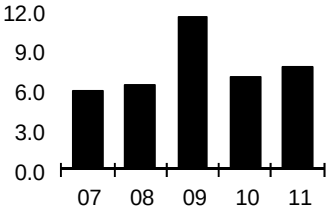
Sales (millions)



Gross Profit

Gross profits for the quarter were above historical averages, showing an increase of 12.0%to $7.8, largely due to the increased level of sales for the quarter. As a percentage of sales, gross profit for the quarter was 15.0%, down from 16.3% in the first quarter last year. The decrease was due to economic and competitive pressures as well as the strengthening of the Canadian dollar.

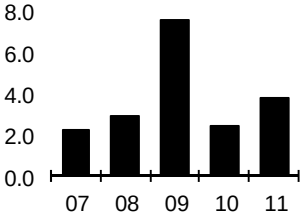
Gross Profit (millions)



Income from Operations

Income from operations for the first quarter were among the highest recorded by the Company, coming in at $3.8, an increase of 55.8% over the prior year first quarter. Selling and administration expenses were $4.0, a decrease of $0.5 from the prior year. As a percentage of sales, selling and administration expenses were down to 7.7%, a decrease of 2.9% from the 10.6% shown last year. Reduced travel and warehouse expenses contributed to the reduction for the quarter.

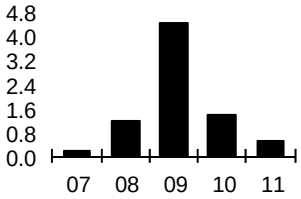
Income from Operation (millions)



Net Earnings

Net earnings came in at $0.5, down from $1.3 in the prior year first quarter. The prior year's first quarter was elevated due to a large gain on disposal of excess assets, while the current year saw $1.4 higher research and development spending as the Company continues to concentrate on its future.

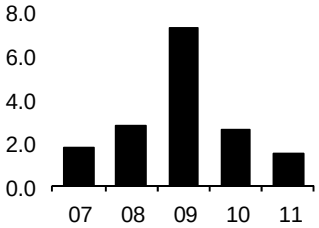
Net Earnings (millions)



EBITDA

EBITDA is the earnings before income taxes, depreciation and amortization, and is considered to be a useful measure of the cash flow from operations of the Company. EBITDA for the quarter was $1.5, a decrease of $1.1 from the same period last year. The prior period figure was strengthened by the large gain on disposal of excess assets, while the current quarter saw the above average spending on research and development.

EBITDA (millions)

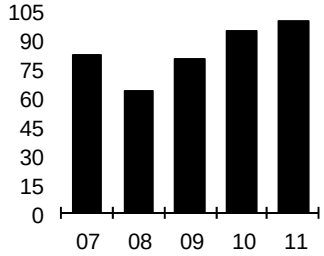


Management Discussion & Financial Analysis

Working Capital

Working capital is a measure of company's ability to discharge its current obligations by using its current assets. The Company continues to be in a strong position as the working capital at quarter end was $100.3, up $5.2 (5.5%) from December 31, 2009, a record level for the first quarter for the Company. In order to be prepared for projected sales, the Company increased the investment in inventory by $34.1 (38.5%) from the same quarter last year, which has led to an increase in bank indebtedness by $17.2 (248.1%) and accounts payable and accrued liabilities by $13.6 (40.4%). Income taxes payable were reduced by $3.0 (42.3%) to $4.1.

Working Capital (millions)



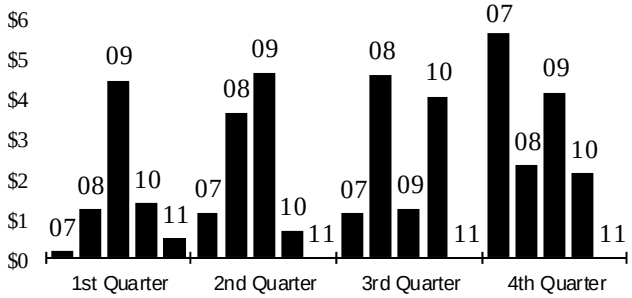
Research and Development

In keeping with the Company's strategy to invest in the development of new products for the future, expenditures for research and development increased to $2.7 from $1.3 for the same quarter in 2009. Management believes this strategy will maintain the Company's competitive position in the marketplace.

Quarterly Net Earnings Results *(000's C$)*

	2007 restated	2008 restated	2009	2010	**2011**
1st Q	$ 149	$ 1,203	$ 4,429	$ 1,364	**$ 480**
2nd Q	1,132	3,223	4,586	691	
3rd Q	1,104	4,374	1,238	4,022	
4th Q	5,627	2,870	4,135	2,103	
Total	$ 8,012	$ 11,670	$ 14,388	$ 8,180	**$ 480**

Net Quarterly Income (millions)



Summary of Quarterly Results

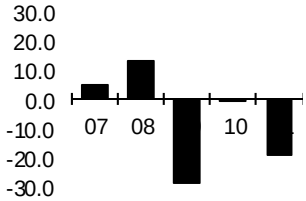
Bolstered by an increase in demand for tractors and sprayers, sales were increased over the prior first quarter. Gross profit rose due to the increase in sales, despite the strengthening of the Canadian dollar and competitive pressures prevalent in the current market place. The Company also spent significantly near record levels on research and development. The prior first quarter was strengthened by the proceeds on the sale of excess assets, which was not repeated in the current first quarter.

Cash Flow and Capital Resources

Operating Activities

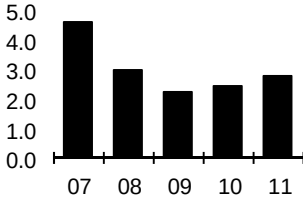
Cash for the quarter was down $19.4 from September 30, 2010. Receipts on account of accounts receivable for the quarter brought in $2.6, inventories were increased by $20.2, mostly due to an end of life inventory purchase that will be used up during the year. Furthermore, accounts payable, accrued liabilities and income taxes payable were paid in the amount of $1.3. These cash outflows were offset by net earnings of $0.5.

Net Cash Flow *(millions)*

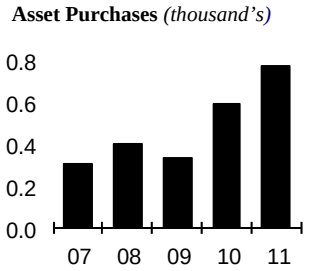


Management has diligently worked to control the investment in inventory in order to keep the cash position strong. Despite the increase in inventory, inventory turns rose to 2.77 times, up from the prior first quarter's 2.48.

Inventory Turns



Investing Activities



Cash expended in the quarter by investing activities was $0.8, a decrease from the prior first quarter which provided cash of $1.5. The Company purchased $0.8 of capital assets (net of investment tax credits), up from $0.6 in the first quarter 2009. The company generated cash of $2.1 by selling off excess assets during the prior first quarter, while there were no significant disposals in the current year.

Financing Activities

The Company had an outflow of cash of $0.02 from financing activities in the first quarter, compared to cash generated of $0.08 in the prior year's first quarter. The cash brought in for the period consisted primarily of a recovery of long term receivables of $0.14, offset by repayment of long term debt and capital lease obligations of $0.16.

Resources

In order for the Company to operate and grow, continued funding resources are required. The Company has several options for funding available to it, such as cash in the bank, cash provided by operations and acquiring new debt. Under the current bank agreements in place, the Company has access to a $60.0 credit facility.

Risks and Financial Instruments

The Company recognizes that net earnings are exposed to changes in market interest rates, foreign exchange rates, prices of raw materials and risks regarding the financial condition of customers. These market conditions are regularly monitored and actions are taken when appropriate. Despite the methods employed to manage these risks, future fluctuations in interest rates, exchange rates, raw material costs and customers condition can be expected to impact net earnings.

The Company may enter into fixed-rate debt to minimize the risk associated with interest rate fluctuations. In addition, the Company may employ hedging programs to minimize foreign exchange risks associated with the changes in the value of the Canadian dollar relative to the U.S. dollar. To the extent possible, the Company maximizes natural currency hedging by matching inflows from sales in either currency with outflows of costs and expenses denominated in the same currency. A portion of the remaining exposure to fluctuations in exchange rates may be mitigated with forward and option contracts.

The Company currently has a variable interest bank credit facility and two loans from the State of North Dakota, one of which is zero interest, the other at low interest. Should future cash requirements result in additional debt be taken on, management would evaluate the financing options available at that time and take a course of action that is in the best interests of the Company in the long term. Currently, all of the financing needs of the Company are being met by the bank credit facility, which carries a low rate of variable interest.

With respect to foreign exchange, the Company manages risk by use of the natural hedge that exists between the U.S. dollar denominated accounts receivables and accounts payable. Where a large difference in this hedge is anticipated, forward foreign exchange contracts may be entered into to mitigate the risk. Purchases of foreign exchange products for the purpose of speculation are not permitted. Transactions are only conducted with certain approved financial institutions. Fluctuations in foreign exchange rates represent a material exposure for the Company's financial results. Hedging programs employed may mitigate a portion of exposures to short-term fluctuations in foreign currency exchange rates. The Company's financial results over the long term will be affected by sizeable changes in the value of the Canadian dollar relative to the U.S. dollar.

Credit risk arises from cash held with banks and credit exposure to customers, including outstanding accounts receivable. The Company assesses the credit quality of customers, taking into account their financial position, past experience and other factors. Management regularly monitors customer credit limits, performs credit reviews and, in certain cases, insures accounts receivable balances against credit losses. Nonetheless, unexpected deterioration in the financial condition of a customer can have a negative impact on net earnings in the case of default.

Accounting Policy Changes

As described more fully in note 3 to the consolidated financial statements, the Company has prospectively adopted new accounting standards for comprehensive income, financial instruments, capital disclosures and inventories effective with the annual statement beginning September 30, 2009. These standards had no significant impact on the Company's consolidated financial results.

In February 2008, the Canadian Accounting Standards Board confirmed that Publicly Accountable Enterprises will be required to adopt International Financial Reporting Standards (IFRS) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition from Canadian generally accepted accounting principles (GAAP) to IFRS will be applicable for the Company's first quarter of 2012, at which time the Company will prepare both its fiscal 2012 and fiscal 2011 comparative financial information using IFRS. The Company expects the transition to IFRS to impact financial reporting, business processes, disclosure controls, information systems and internal controls.

The Company will formally commence its IFRS conversion project in the second quarter of 2010. Regular reporting will be provided to the Company's senior management and Audit Committee of the Board of Directors. The Company's conversion project consists of three phases: diagnostic assessment, design and development, and implementation. A high-level review of the major differences between Canadian GAAP and current IFRS will be undertaken and, at that time, the Company will determine where the differences with the highest potential impact to the Company's accounting policies are. These are likely to be, but are not limited to, property, plant and equipment; financial instruments and hedges; impairments; income taxes; financial statement disclosures; as well as the initial adoption of IFRS under the provisions of IFRS 1, First-Time Adoption of IFRS. The potential impact of these changes on the Company's future financial position and results of operations has yet to be determined as accounting policy choices under IFRS are subject to a number of accounting alternatives which still have to be evaluated by the Company. The Company will continue to invest in training and external advisor resources as required throughout the transition to facilitate a timely and successful conversion.

Looking Forward

The Company completed the purchase of Feterl (an auger manufacturer in the U.S.) in 2010 and is projecting its sales of augers to be higher in 2011. In addition, the Company recently announced a partnership with Westeel (a manufacturer of grain bins in Canada). Westeel will be selling Buhler made augers in Canada, while Buhler's Farm King division will be distributing grain bins in the United States. Sales of the Versatile tractors are expected to be stronger in 2011 due to increased domestic demand.

Net earnings for the year are expected to be higher as the result of an anticipated increase in sales during the year. Research and development spending is expected to be higher as the company continues to invest in the future.

Cash flow is expected to increase during the year as inventory acquired due to an end of life purchase is used in production. In addition, cash flow for the year is expected to improve during 2011 as receivables are collected.

Critical Accounting Estimates

The Company believes the following accounting estimates are critical to determining and understanding the operating results and the financial position of the Company.

Allowance for doubtful accounts. The Company estimates allowances for potential losses resulting from the inability of customers to make required payments of accounts receivable. Additional allowances may be required if the financial condition of any customer deteriorates.

Allowance for inventory obsolescence. The Company estimates allowances for potential losses resulting from inventory becoming obsolete and that cannot be processed and/or sold to customers. Additional allowances may be required if the physical condition of inventory deteriorates or customer requirements change.

Impairment of long-lived assets. On an ongoing basis, the Company estimates the useful life of long-lived assets such as plant, equipment and intangible assets. The net carrying value of these assets is determined by providing depreciation and amortization based on the estimated useful life of each asset. The Company periodically reviews these assets for impairment whenever certain events or changes in circumstances indicate that the net carrying value may not be recoverable, based upon future net cash flows directly associated with the use and possible disposal of the asset. The amount of impairment, if any, is measured by deducting the fair value of the asset from its net carrying value and charged to depreciation or amortization expense. Goodwill is reviewed annually for possible impairment. Assumptions and projections used in the determination of possible impairment losses, such as future cash flows, may affect the carrying value of goodwill and require an impairment

Contingencies and litigation. Should a lawsuit or claim be brought again the Company, management would assesses the potential financial exposure of the Company. In assessing any probable losses, the amount of possible insurance recoveries will be projected. The Company accrues such liabilities when a loss becomes probable and the net amount of the loss can reasonably be estimated. Due to the inherent uncertainties relating to the eventual outcome of litigation and potential insurance recovery, certain matters could ultimately be resolved for amounts materially different to provisions or disclosures previously made by the Company.

Warranty obligation. The Company has accrued amounts that are expected to be potential future warranty claims. These amounts are based on management's best estimates based on the Company's sales and history of past warranty claims. Due to the inherent uncertainty associated with these estimates, the actual amount of future claims could be different than the amount accrued. Management believes that the amounts accrued are reasonable.

Income taxes. The future income tax assets and liabilities are measured using the income tax rates that are expected to apply upon realization or settlement. They are also determined on the basis of management's best estimate of the period over which they will be realized or settled. Future income tax assets are realized to the extent that the realization of benefits is considered more likely than not. In the event that the actual outcome differs from management's assumptions and estimates, the carrying amounts may be adjusted. Management believes that estimates employed are reasonable and reflect the probable outcome of known tax contingencies.

Disclosure Controls and Internal Controls

Disclosure Controls

Management is responsible for establishing and maintaining disclosure controls and procedures in order to provide reasonable assurance that material information relating to the Company is made known to them in a timely manner and that information required to be disclosed is reported within time periods prescribed by applicable securities legislation. There are inherent limitations to the effectiveness of any system of disclosure controls and procedures, including the possibility of human error and the circumvention or overriding of the controls and procedures. Accordingly, even effective disclosure controls and procedures can only provide reasonable assurance of achieving their control objectives. Based on management's evaluation of the design and effectiveness of the Company's disclosure controls and procedures, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed and operating effectively as of December 31, 2010 to provide reasonable assurance that the information being disclosed is recorded, summarized and reported as required.

Internal Controls Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. Internal control systems, no matter how well designed, have inherent limitations and therefore can only provide reasonable assurance as to the effectiveness of internal controls over financial reporting, including the possibility of human error and the circumvention or overriding of the controls and procedures. Based on management's design and testing of the effectiveness of the Company's internal controls over financial reporting, the Company's Chief Executive Officer and Chief Financial Officer have concluded that these controls and procedures are designed and operating effectively as of December 31, 2010 to provide reasonable assurance that the financial information being reported is materially accurate. During the quarter ended December 31, 2010, there have been no changes in the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Consolidated Balance Sheet

Unaudited ($000's C$)	**December 31 2010**	September 30 2010
Assets		
Current Assets		
Accounts receivable	**$ 52,805**	$ 55,372
Inventories (note 6)	**122,797**	102,573
Prepaid expenses	**1,450**	2,201
Total Current Assets	**177,052**	160,146
Property, plant, equipment and intangibles (note 7)	**22,006**	21,977
Long term receivables (note 8)	**7,052**	7,187
Future income taxes (note 9)	**8,994**	7,741
Investments (note 10)	**152**	152
Total Assets	**$ 215,256**	$ 197,203
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness (note 11)	**$ 24,181**	$ 4,772
Accounts payable and accrued liabilities	**47,218**	45,761
Income taxes payable	**4,103**	6,923
Current portion of deferred gains	**693**	951
Current portion of deferred revenue	**191**	206
Current obligation under capital lease	**-**	3
Current portion of long term debt (note 12)	**324**	331
Total Current Liabilities	**76,710**	58,947
Advances from related party (note 13)	**3,570**	3,570
Deferred gains	**-**	4
Deferred revenue	**137**	179
Long term debt (note 12)	**1,714**	1,858
Total Liabilities	**82,131**	64,558
Shareholders' Equity		
Share capital (note 14)	**30,000**	30,000
Retained earnings	**103,125**	102,645
Total Shareholders' Equity	**133,125**	132,645
Total Liabilities and Equity	**$ 215,256**	$ 197,203

Contingency (note 20)

Approved on behalf of the Board:

Director:
Yury Ryazov
Chief Executive Officer
February 14, 2011

Director:
Dmitry Udras
Director General
February 14, 2011

Consolidated Statement of Earnings

Unaudited three months ended December 31 (000's C$)		**2010**			2009	
Revenue (note 13)	**$**	**52,179**		$	42,754	
Cost of goods sold		**44,359**			35,769	
Gross Profit		**7,820**	15.0%		6,985	16.3%
Selling & administration expenses		**4,013**	7.7%		4,541	10.6%
Income from Operations		**3,807**	7.3%		2,444	5.7%
Gain on disposal of assets		**(310)**			(1,385)	
Interest expense		**444**			159	
Amortization		**823**			782	
Research and development costs		**2,668**			1,267	
Net Earnings before Taxes		**182**	0.3%		1,621	3.8%
Current income taxes (note 16)		**981**			509	
Future income taxes (recovered) (note 9)		**(1,279)**			(252)	
Net Earnings	**$**	**480**	0.9%	$	1,364	3.2%

Consolidated Statement of Retained Earnings

Unaudited three months ended December 31 (000's C$) except per share amounts

Retained Earnings, beginning of period	**$**	**102,645**	$	94,465
Net earnings for the period		**480**		1,364
Retained Earnings, end of period	**$**	**103,125**	$	95,829
Earnings per share				
Basic	**$**	**0.02**	$	0.06
Fully diluted	**$**	**0.02**	$	0.06

Consolidated Statement of Cash Flows

Unaudited three months ended December 31 (000's C$)	**2010**	2009
Cash provided by (used in) operating activities		
Net earnings	**$ 480**	$ 1,364
Add (deduct) non-cash items		
Amortization	**823**	782
Gain on disposal of assets	**(310)**	(1,385)
Loss (gain) on foreign exchange	**1,764**	(316)
Deferred revenue	**(57)**	(43)
Future income taxes (recovered)	**(1,279)**	(252)
	1,421	150
Net change in non-cash working capital balances*	**(20,349)**	(2,117)
	(18,928)	(1,967)
Investing activities		
Purchase of capital assets, net of investment tax credits	**(781)**	(598)
Proceeds on sale of capital assets	**3**	2,147
	(778)	1,549
Financing activities		
Decrease in long term receivable	**135**	116
Repayment of long term debt	**(151)**	(28)
Decrease in obligations under capital lease	**(3)**	(10)
	(19)	78
Foreign exchange gain (loss) on bank indebtedness	**316**	(17)
Net cash used in the period	**(19,409)**	(357)
Bank indebtedness, beginning of period	**(4,772)**	(6,591)
Bank indebtedness, end of period	**$ (24,181)**	$ (6,948)
***Net change in non-cash working capital balances is comprised of:**		
Accounts receivable	**$ 2,567**	$ 13,444
Inventories	**(20,224)**	(941)
Prepaid expenses	**751**	(504)
Accounts payable, accrued liabilities and taxes payable	**(1,363)**	(14,449)
Foreign exchange (loss) gain on the above items	**(2,080)**	333
Net cash used	**$ (20,349)**	$ (2,117)

Notes to Consolidated Financial Statements

1. Basis of Operations

Buhler Industries Inc. (the Company) was incorporated under the laws of Canada on February 1, 1994. On March 24, 1994 the Company was listed and posted for trading on the TSX under the stock exchange symbol "BUI".

The Company, through its subsidiaries and joint venture, has manufacturing and warehousing facilities in Canada and the United States of America.

2. Basis of Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (GAAP) and have been prepared on a basis consistent with the same accounting policies and methods of application as disclosed in the Company's audited consolidated financial statements for the year ended September 30, 2010.

These unaudited interim consolidated financial statements do not include all of the information required by GAAP for annual financial statements and therefore should be read in conjunction with the audited consolidated financial statements and notes included in the Company's annual report for the year ended September 30, 2010.

The preparation of interim consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent liabilities as at the date of the consolidated financial statements and the reported amounts of revenues and expenses in the reporting period. Management believes that the estimates and assumptions used in preparing its interim consolidated financial statements are reasonable and prudent, however, actual results could differ from these estimates.

3. Accounting Policy Changes

Effective October 1, 2009, the Company adopted the following new Canadian Institute of Chartered Accountants (CICA) accounting standards:

(a) Section 3064 - Goodwill and Intangible Assets

Effective October 1, 2009, the Company implemented the new CICA Handbook Section 3064 "Goodwill and Intangible Assets". This Section establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. The adoption of Section 3064 did not have a material impact on the Company's consolidated financial statements or results of operations.

(b) EIC-173 - Credit Risk and the Fair Value of Financial Assets and Financial Liabilities

During the year, the Company adopted EIC-173 "Credit Risk and the Fair value of Financial Assets and Financial Liabilities". Under this new standard, an entity's own credit risk and the credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities, including derivative instruments. The adoption of these recommendations did not have any material effect on the Company's consolidated financial statements.

(c) Section 3862- Financial Instruments - Disclosures

The CICA has issued amendments to section 3862 "Financial Instruments – Disclosures", to enhance disclosures related to the fair value of financial instruments and the liquidity risk associated with financial instruments. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009.

In accordance with CICA Handbook Section 3862, Financial Instruments – Disclosures, the Company categorizes its fair value measurements according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2 – fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates and credit risks) and inputs that are derived from or corroborated by observable market data.

Level 3 – fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable data, including assumptions about risk.

The company has reviewed the amendments and determined there was no impact on the consolidated financial statements.

4. Future Accounting Standards

(a) International Financial Reporting Standards

In January 2006, the CICA Accounting Standards Board (AcSB) adopted a strategic plan for the direction of accounting standards in Canada. As part of that plan, accounting standards for public companies would be required to converge with International Financial Reporting Standards (IFRS) for fiscal years beginning on or after January 1, 2011 with comparative figures presented on the same basis. In February 2008, the CICA ASB confirmed the effective date of the initial adoption of IFRS.

While the implementation of these new standards will not impact the Company's financial statement until the September 30, 2012 year end, the Company will soon begin the process of the conversion by evaluating the major differences between Canadian GAAP and IFRS.

The Company has not yet determined the impact these future changes may have on the Company's future consolidated financial position and results of operation.

(b) Business Combinations - Handbook Section 1582

This section, which replaces CICA Section 1581- Business Combinations, establishes standards for the accounting for a business combination. It is the Canadian equivalent to International Financial (Reporting Standard IFRS 3, Business Combinations. The standard applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 2011 with earlier applications permitted.

The Company has not yet determined the impact of the adoption of this change on its consolidated financial statements.

(c) Consolidated Financial Statements and Non-Controlling Interests - Handbook Section 1601 and 1602

These sections replace CICA Section 1600 - Consolidated Financial Statements. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

Section 1602 is equivalent to the corresponding provisions of International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. These standards are effective on or after the beginning of the first annual reporting period on or after January 2011 with earlier application permitted.

The Company has not yet determined the impact of the adoption of these changes on its consolidated financial statements.

5. Significant Accounting Policies

(a) Basis of consolidation

The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Canada and include the accounts of the company and all of its subsidiaries, including a 50% joint venture interest in Bradley Steel Processors Inc., which is accounted for using proportionate consolidation.

(b) Inventories

Inventories are stated at the lower of cost (first-in, first-out) and net realizable value. It is the Company's policy to record provisions for obsolete and slow moving inventory based on management estimates. These estimates are necessarily subject to a degree of measurement uncertainty.

(c) Property, plant & equipment, and intangibles

Capital assets and intangibles are recorded at cost less accumulated amortization and related investment tax credits. Amortization is provided over the estimated useful lives using the following rates and methods:

Buildings	4 to 5%	Straight line
Equipment	20 to 30%	Declining balance
Equipment under capital lease	20 to 30%	Declining balance
Equipment held for leasing purposes	20 to 30%	Declining balance
Computers	30%	Declining balance
Software and tools	100%	Year acquired

Intangible assets consist of customer lists and patents, and will be amortized over their expected useful life of five years.

(d) Revenue recognition

The Company records revenue when goods are shipped and legal title passes to the customer. Customer volume rebates and cash discounts are accrued at the time of sale and are recorded as a reduction of sales. Interest income is recognized as earned.

5. Significant Accounting Policies - continued

(e) Investments

The Company accounts for its investments where significant influence is exercised using the equity method of accounting whereby original costs are increased by the Company's proportionate share of earnings, net of losses, since dates of acquisition and are decreased by dividends received.

(f) Foreign currency translation

The accounts of the United States subsidiaries, which are considered integrated foreign operations, have been translated into Canadian dollars on the following bases:

1) Monetary assets and liabilities at the year-end rates of exchange;
2) Non-monetary assets and related amortization at rates prevailing at dates of transactions;
3) Revenue and expense items, other than amortization, at the average rate for the year.

The resulting currency translation gains and losses are included in earnings.

(g) Long-lived Assets

Long-lived assets consist of property, plant, equipment and intangible assets with finite and indefinite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

The Company performs impairment testing on long-lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from its use and disposal are less than the asset's carrying amount. Impairment is measured as the amount by which the asset's carrying value exceeds its fair value. Any impairment is included in loss for the year.

Prices for similar items are used to measure the fair value of long-lived assets.

(h) Future Income Taxes

The Company follows the asset and liability method of accounting for future income taxes. Under this method, future income tax assets and liabilities are recorded based on temporary differences between the carrying amount of balance sheet items and their corresponding tax bases. In addition, the future benefits of income tax assets, including unused tax losses, are recognized, subject to a valuation allowance, to the extent that it is more likely than not that such future benefits will ultimately be realized. Future income tax assets and liabilities are measured using enacted and substantively enacted tax rates and laws expected to apply when the tax liabilities or assets are to be either settled or realized.

(i) Earnings Per Share

Earnings per share is calculated using the daily weighted average number of shares outstanding during the year.

(j) Financial Instruments

Financial instruments are classified as held for trading ("HFT"), held to maturity ("HTM"), loans and receivables, available for sale ("AFS") financial assets or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value, except for those classified as loans and receivables, HTM investments and other financial liabilities, which are measured at amortized cost using the effective interest rate method. Changes in fair value of HFT financial instruments are recorded in net income. Changes in fair value of AFS financial assets are recorded in other comprehensive income until the investment is sold or impaired at which time, the realized gain or loss will be recorded in net income.

The Company has designated its financial instruments, as follows:

Financial Statement Item	Classification	Measurement
Cash/bank indebtedness	Held for trading	Fair Value
Accounts receivable	Loans and receivables	Amortized Cost
Long term receivables	Loans and receivables	Amortized Cost
Investments	Available for Sale	Amortized Cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized Cost
Advances from related party	Other financial liabilities	Amortized Cost
Long term debt	Other financial liabilities	Amortized Cost

Transaction costs related to held-for-trading financial assets are expensed as incurred. Transaction costs related to loans and receivables and other financial liabilities are netted against the carrying value of the asset or liability and amortized over the expected life of the instrument using the effective interest rate method.

Foreign exchange and interest rate risk

These are the risks to the Company's earnings that arise from fluctuations in interest rates and foreign exchange rates. The Company does not use any derivative financial instruments to reduce its exposure to interest rate or foreign exchange rate risk.

Other risks

The Company is exposed to credit risk on its accounts receivable. Also, as part of the Company's risk management, the Company will assume some risk in insuring some of its widely held assets.

5. Significant Accounting Policies - continued

Fair value

The carrying values of financial assets and financial liabilities are considered to approximate fair value unless otherwise disclosed.

k) Use of Estimates

The preparation of financial statements in conformity with Canadian Generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. The more subjective of such estimates is valuation of accounts receivable, inventory, future income tax assets, long term receivables and long term investments. Management believes its estimates to be appropriate; however, actual results could differ from the amounts estimated.

The Company has estimated the federal and provincial investment tax credits it is entitled to based on management's estimate of qualifying expenditures and the tax rates in effect. Actual investment tax credits received could differ from those accrued in the financial statements.

(l) Comprehensive Income

Comprehensive income includes all changes in equity of the Company, except those resulting from investments by shareholders and dividends paid. Comprehensive income is the total of net income and other comprehensive income. Other comprehensive income comprises revenues, expenses, gains and losses that, in accordance with Canadian generally accepted accounting principles, require recognition, but are excluded from net income. The Company does not have any items giving rise to other comprehensive income, nor is there any accumulated balance of other comprehensive income. All gains and losses, including those arising from measurement of all financial instruments have been recognized in net income for the year.

6. Inventories (000's C$)

	Dec. 31 2010	Sept. 30 2010
Finished goods	$ 65,153	$ 51,423
Work in process	4,433	5,189
Raw materials	53,211	45,961
	$ 122,797	$ 102,573

During the period, inventories in the amount of $33,500 (2009 - $26,619) were expensed to cost of sales.

The carrying value of inventories is pledged as security against the Company's credit facility.

7. Property, Plant, Equipment, and Intangible Assets (000's C$)

	Cost	Accum. Amort.	Dec. 31 2010 Net Book Value
Land	$ 2,996	-	$ 2,996
Buildings	23,733	(12,677)	11,056
Equipment	48,082	(41,493)	6,589
Equipment under capital lease	113	(113)	-
Equipment held for leasing purposes	1,353	(946)	407
Computers	4,807	(4,359)	448
Software & tools	3,365	(3,260)	105
Intangibles	426	(21)	405
	$ 84,875	$ (62,869)	$ 22,006

	Cost	Accum. Amort.	Sept. 30 2010 Net Book Value
Land	$ 2,996	-	$ 2,996
Buildings	23,410	(12,492)	10,918
Equipment	47,732	(40,996)	6,736
Equipment under capital lease	113	(113)	-
Equipment held for leasing purposes	1,353	(913)	440
Computers	4,679	(4,323)	356
Software & tools	3,331	(3,226)	105
Intangibles	426	-	426
	$ 84,040	$ (62,063)	$ 21,977

Notes to Consolidated Financial Statements

8. Long Term Receivables (000's C$)

	Dec. 31 2010	Sept. 30 2010
Current portion (included in accounts receivable)	$ 803	$ 881
Long Term receivables	7,052	7,187
	$ 7,855	$ 8,068

Long term receivables are secured by property. One receivable carries interest at 6.50% and is repayable in blended monthly installments of $22 commencing October 2010, with the remaining amount due in October 2012. The other receivable carries interest at 6.00% and is repayable in monthly installments of $61 plus interest, with a renewal date of December 2012.

Amounts to be received over the next five years are as follows:

2011	$ 665	(included in accounts receivable)
2012	3,983	
2013	556	
2014	590	
2015	626	

9. Future Income Taxes (000's C$)

Future income taxes are recorded to reflect the timing differences arising from deduction of warranty costs for income tax purposes, the amounts of amortization provided in the year compared to the allowances deducted for income tax purposes, and from expected Scientific Research and Experimental Development (SR&ED) tax credit claims. Future tax benefits are composed of an asset of $508 (September 30, 2010 — $819) relating to amortization of capital assets, a benefit of $1,965 (September 30, 2010 — $2,111) in respect of provisions for warranty, and a benefit from SR&ED and other amounts of $6,521 (September 30, 2010 — $4,811).

10. Investments (000's C$)

	Dec. 31 2010	Sept. 30 2010
Investments	$ 109	$ 109
Investments accounted for by the equity method	43	43
	$ 152	$ 152

11. Bank Indebtedness (000's C$)

The Company has available a financing facility with the Bank of Montreal in the amount of $60,000. The credit facility is secured by a mortgage, debenture, general security agreement and assignment of receivables and inventory. The Company's operating line is at prime.

12. Long Term Debt (000's C$)

	Dec. 31 2010	Sept. 30 2010
State of North Dakota, monthly payments of $10 US non-interest bearing, due August 2013.	$ 341	$ 382
State of North Dakota, monthly payments of $10 US including interest at 1%, due December 2015.	498	537
State of South Dakota, monthly payments of $13 US including interest at 3%, due February 2020.	1,199	1,270
	2,038	2,189
Less: Current portion	324	331
Long term portion	$ 1,714	$ 1,858

These loans are all secured by company assets.

Principal payments over the next 5 years are as follows:

2011	$ 242	2014	229
2012	338	2015	240
2013	343		

13. Related Party Transactions (000's C$)

	Dec. 31 2010	Sept. 30 2010
Accounts receivable from controlling shareholder	$ 26,164	$ 23,886
Advances from controlling shareholder	3,570	3,570

Net sales to the controlling shareholder for the first quarter were $4,326 (2009 - $344).

All transactions with related parties are recorded at the exchange amount agreed to by the related parties. The advances to the shareholder were made in the normal course of trade and have no specific terms of repayment.

14. Capital Stock and Options (000's C$)

Authorized, an unlimited number of Class A & B common shares.

	Dec. 31 2010		Sept. 30 2010	
Issued at December 31				
Class A Common	25,000	$30,000	25,000	$30,000

There are no options outstanding as of December 31, 2010 nor September 30, 2010.

15. Interest Paid (000's C$)

	2011 Q1	2010 Q1
Operating loan	$ 473	$ 249
Long term debt	13	4
	$ 486	$ 253

16. Income Taxes (000's C$)

	2011 Q1	2010 Q1
At applicable statutory rate	$ 276	$ 298
Federal SRED Credits Earned	(554)	(252)
Reassessments and other	(20)	211
Income tax provision	$ (298)	$ 257

Income taxes paid during the period were $3,895 (2009– $4,380)

17. Capital Disclosures

The Company's fundamental objectives in managing capital are to maintain financial flexibility in order to preserve its ability to meet financial obligations, ensure adequate liquidity and financial flexibility at all times, and deploy capital to provide an appropriate investment return to its shareholders while maintaining prudent levels of financial risk. The Company believes that the aforementioned objectives are appropriate in the context of the Company's business.

The Company defines its capital as bank indebtedness, shareholders' equity, long-term debt including the current portion, net of any cash and cash equivalents. The Company's financial strategy is designed to maintain a flexible capital structure including an appropriate debt to capital ratio consistent with the objectives stated above and to respond to changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust its capital structure, the Company may purchase shares for cancellation pursuant to normal course issuer bids, issue new shares, raise debt (secured, unsecured, convertible and/or other types of available debt instruments), enter into hedging arrangements and refinance existing debt with different characteristics, amongst others.

The Company constantly monitors and assesses its financial performance and economic conditions in order to ensure that its net debt levels are prudent.

The Company's financial objectives and strategy are reviewed on an annual basis. The Company believes that its ratios are within reasonable limits, in light of the relative size of the Company and its capital management objectives.

As part of the lending agreements for the financing facility and long term debt, the Company is subject to certain covenants. These are reviewed monthly to ensure compliance. As at December 31, 2010, all covenants were met.

There were no changes in the Company's approach to capital management during the current period.

18. Financial Instruments (000's C$)

The Company's policy is not to utilize derivative financials instruments for trading or speculative purposes. The Company may utilize derivative instruments in the management of its foreign currency and interest rate exposures.

18. Financial Instruments (000's C$) - continued

Categories of financial assets and liabilities

Under Canadian GAAP, financial instruments are classified into one of the following five categories: held for trading, held to maturity investments, loans and receivables, available-for-sale financial assets, or other financial liabilities. All financial instruments, including derivatives, are included on the consolidated balance sheet, which are measured at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost.

Held for trading financial investments are subsequently measured at fair value and all gains and losses are included in net income in the period in which they arise. Available-for-sale financial instruments are subsequently measured at fair value with revaluation gains and losses included in other comprehensive income until the instruments is derecognized or impaired.

Financial Asset/Liability	Classification	Carried at cost/ Amortized cost	Carrying/ Fair Value
Cash/bank indebtedness	Held for trading		($ 24,181)
Accounts receivable	Loans and receivables	52,805	
Long term receivables	Loans and receivables	7,052	
Investments	Available for Sale	152	
Accounts payable and accrued liabilities	Other financial liabilities	47,218	
Advances from related party	Loans and receivables	3,570	
Long term debt	Other financial liabilities	2,038	

Financial instruments include cash/bank indebtedness, accounts receivable, long term receivables, investments, accounts payable and accrued liabilities, advances from related party and long term debt . Except for the long term receivables, investments and long term debt, the carrying values of these financial instruments approximate fair value due to the short term nature of the financial instruments or they are carried at fair value.

The Company has classified its investments as available for sale. These shares are not actively traded in a quoted market and accordingly have been recorded at cost.

The fair value of the long term receivables and long term debt is impacted by changes in market yields which can result in differences between the carrying value and fair value of the instruments.

The fair value of long term receivables has been estimated based on the current market rates for long term bonds with similar terms and conditions. The estimated fair value of long term receivable for the period ended December 31, 2010 is $8,170 (September 30, 2010 - $8,411).

The fair value of long term debt has been estimated based on the current market rates for long term debt with similar terms and conditions. The estimated fair value of long term debt payable for the year ended December 31, 2010 is $1,989 (September 30, 2010 - $2,162).

In accordance with CICA Handbook Section 3862, Financial Instruments – Disclosures, the Company categorizes its fair value measurements of financial instruments according to a three-level hierarchy. The hierarchy prioritizes the inputs used by the Company's valuation techniques. A level is assigned to each fair value measurement based on the lowest level input significant to the fair value measurement in its entirety. The three levels of the fair value hierarchy are defined as follows:

Level 1 – fair value measurements that reflect unadjusted, quoted prices in active markets for identical assets and liabilities that the Company has the ability to access at the measurement date.

Level 2 – fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets and liabilities in active markets, quoted prices for identical or similar assets and liabilities in inactive markets, inputs that are observable that are not prices (such as interest rates and credit risks) and inputs that are derived from or corroborated by observable market data.

Level 3 – fair value measurements using significant non-market observable inputs. These include valuations for assets and liabilities that are derived using data, some or all of which is not market observable data, including assumptions about risk.

All of the financial instruments carried at fair value have been measured within the Level 1 hierarchy.

19. Deferred Profit Sharing Plan

In 1995, the Company established a Deferred Profit Sharing Plan for its employees. The Company can contribute funds to the plan annually as determined by the Board of Directors, subject to certain maximum limits established by the plan. Contributions are used to purchase common shares of the Company for the employees from the plan trust. The plan trust owns approximately 257,000 Buhler Industries Inc. shares.

20. Contingent Liability (000's C$)

In a prior year, a loan from Industry Canada in the amount of $9,300 was forgiven. Should the Company fail to maintain certain tractor production levels in Winnipeg until October 22, 2017, $5,000 of the amount forgiven may become payable by the Company.

As at December 31, 2010, the Company was in compliance with this requirement, and management believes that productions levels will continue to be met during the time period set out in the contract with Industry Canada.

21. Financial Risk Management (000's C$)

The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls and sound business practices.

Risk management is primarily the responsibility of the Company's corporate finance function. Significant risks are regularly monitored and actions are taken, when appropriate, according to the Company's approved policies, established for that purpose. In addition, as required, these risks are reviewed with the Company's Board of Directors.

Foreign Exchange Risk

The Canadian dollar is the Company's functional currency. The Company operates primarily in Canada and the United States. The reporting currency of the Company is Canadian dollars, whereas the functional currency for operations in the United States is the U.S. dollar. Fluctuations in the exchange rate between the U.S. dollar and Canadian dollar will affect the Company's reported results. However, the impact of changes in foreign exchange rates on the Company's reported results differs over time depending on whether the Company is generating a net cash inflow or outflow of Canadian dollars. This is largely dependent on the Company's revenue mix by currency as operating costs denominated in Canadian dollars have been relatively stable.

In addition, translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. These foreign exchange gains and losses are recorded in revenues. As a result of the Company's U.S. dollar net monetary position within the Canadian dollar reporting currency operations through to December 31, 2010, a one-cent strengthening/weakening in the year-end foreign exchange rate from Canadian dollars to U.S. dollars would have increased/decreased net earnings by $442 for 2010 (2009 - $429).

The Company is insulated from large foreign exchange gains and losses by virtue of its mix of cash inflows and outflows in U.S. dollars. Gains and losses generated by fluctuations in the exchange rates used to translate U.S. dollar assets are offset by similar gains and losses on U.S. dollar liabilities. The Company also uses forward contracts to further mitigate these fluctuations when the natural hedges are forecasted to be insufficient. There were no forward contracts in place at December 31, 2010.

The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company manages its risks and risk exposures through a combination of insurance, a system of internal and disclosure controls and sound business practices.

Interest Rate Risk

The Company's interest rate risk arises from its variable rate bank indebtedness. The long-term debt is either interest-free or very low rate, and therefore carries minimal interest rate risk. As the bank indebtedness is all variable rate, the Company is exposed to a certain level of interest rate risk. Management feels that these risks are manageable as the interest rate on this debt is less than prime and therefore has not entered into any instruments to mitigate this risk. Based on the level of bank indebtedness outstanding at December 31, 2010, a 1% increase/decrease in the rate being charged to the Company would result in a $178 (2009 - $84) decrease/increase in net earnings.

Liquidity Risk

Investments to drive growth can require significant financial resources. A range of funding alternatives is available to the Company including cash on hand, cash flow provided by operations, additional debt, the issuance of equity or a combination thereof. The low level of outstanding debt and an informal investment grade credit rating allow the Company to enjoy relatively low interest rates. The Company has determined that total current credit facilities of $60,000 are adequate. The Company has remained within all bank debt covenants during 2010 and foresees no change in its ability to meet these covenants in 2011.

21. Financial Risk Management (000's C$) - continued

The 2011 requirements for capital expenditures, working capital and debt repayments can be financed from cash resources, cash flow provided by operating activities and unused credit facilities. The following table outlines the maturity analysis of the Company's liabilities:

	2011	2012	2013	2014	2015	Post 2015	Total
Accounts payable and accrued liabilities	$ 47,218	-	-	-	-	-	$ 47,218
Income taxes payable	4,103	-	-	-	-	-	4,103
Long term debt	242	338	343	229	240	646	2,038
Advances from related party	-	-	-	-	-	3,570	3,570
Total	$ 51,563	$ 338	$ 343	$ 229	$ 240	$ 4,216	$ 56,929

Credit Risk
Credit risk arises from cash held with banks and credit exposure to customers, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets.

The objective of managing counterparty credit risk is to prevent losses on financial assets. The Company assesses the credit quality of counterparties, taking into account their financial position, past experience and other factors. Management regularly monitors customer credit limits, performs credit reviews and, in certain cases insures accounts receivable balances against credit losses.

The carrying amount of accounts receivable is reduced through the use of an allowance account and the amount of the loss is recognized in the earnings statement within selling, general and administrative expenses. When a receivable balance is considered uncollectible, it is written off against the allowance for accounts receivable. Subsequent recoveries of amounts previously written off are credited against selling, general and administrative expenses in the earnings statement.

The following table sets out the aging details of the Company's accounts receivable balances outstanding based on the status of the receivable in relation to when the receivable was due and payable and related allowance for doubtful accounts:

	Dec. 31 2010	Sept. 30 2010
Current - neither impaired nor past due	**$ 20,940**	$ 32,456
Not impaired but past the due date;		
Within 30 days	**3,249**	842
31-60 Days	**5,789**	72
Over 60 days	**23,757**	22,955
	53,735	56,325
Less: Allowance for doubtful accounts	**(930)**	(953)
Total receivables, net	**$ 52,805**	$ 55,372

21. Financial Risk Management (000's C$) - continued

The following table details the continuity of the allowance for doubtful accounts:

	2011 Q1	2010 Q1
Balance, beginning of period	**$ (953)**	$ (979)
Provisions for the period, net of recoveries	**1**	19
Uncollectible amounts written off	**-**	-
Foreign exchange impact	**22**	14
Balance, end of period	**$ (930)**	$ (946)

22. Subsequent Events (000's C$)

Business Purchase

Subsequent to the period end, the Company completed a deal to purchase the assets and operations of Ezee-On Manufacturing, a manufacturer of cultivators, air carts, air seeders and other farm implements located in Vegreville, Alberta for $14,500. The Company received certain assets and assumed certain liabilities. Among other assets acquired were the shares of Ezee-On USA Ltd., a distribution company located in Billings, Montana, USA. The Company negotiated a term loan of $7,500 repayable over five years and an operating line of $7,500. The debt bears an interest rate at less than prime.

Acquisition of Debt

Subsequent to year end, the Company entered into a financing agreement with Heloval Holdings Limited for a loan in the amount of $5,000 US. This debt bears interest at a rate less than prime, and is repayable over 3 years.

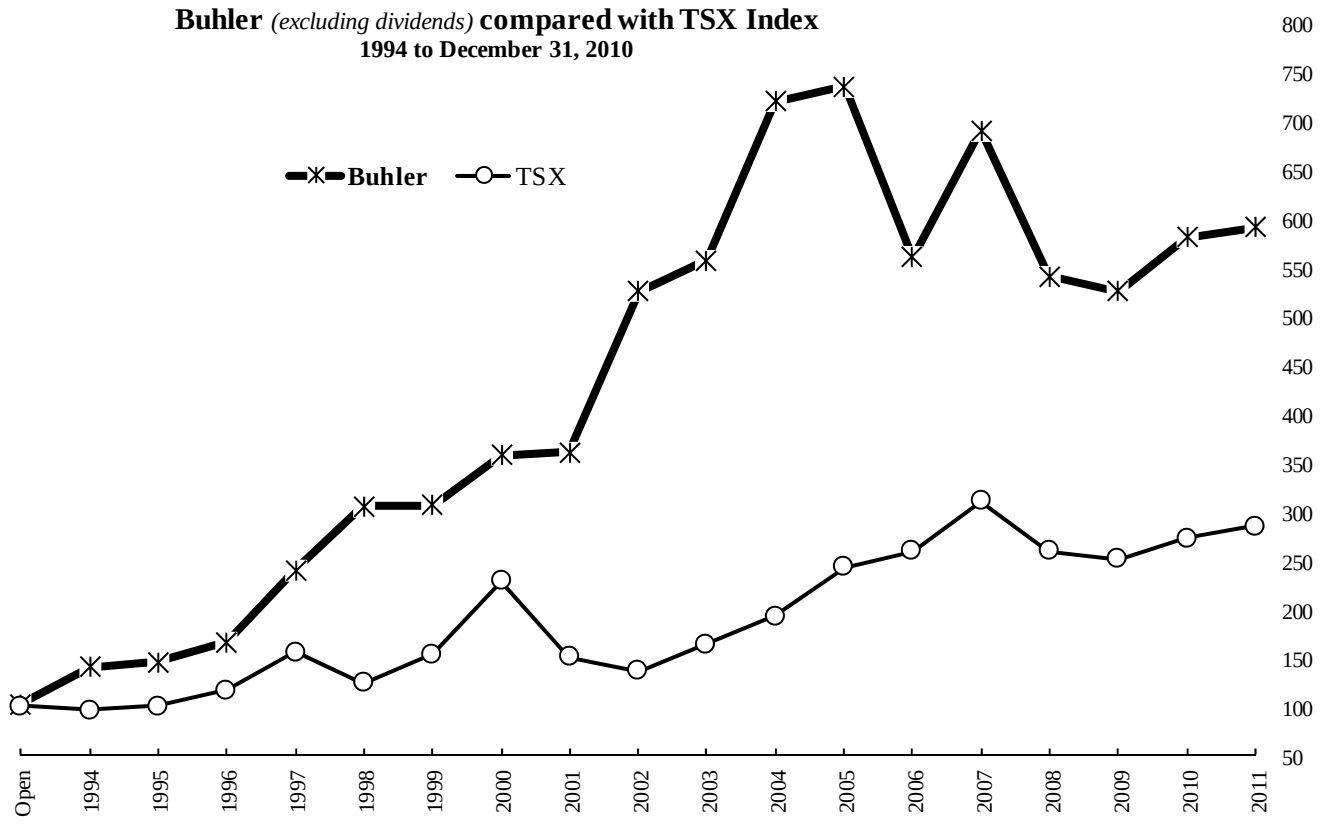
23. Comparative Figures

Certain of the prior period figures have been reclassified to conform with current period presentation.

Directors, Officers and Senior Management

Name	Office	Principal Occupation
Dmitry Udras	Chairman/Officer	Director General of Novoe Sodrugestvo, CJSC
Yury Ryazanov	Director/Chief Executive Officer	Vice President of Novoe Sodrugestvo, CJSC
Konstantin Babkin	Director	Chairman of the Board of Directors of Novoe Sodrugestvo, CJSC
Oleg Gorbunov	Director	Deputy Head of Government Bank, Russia
Allan Stewart, *B.A., LL.B.*	Director	Lawyer, Thompson Dorfman Sweatman LLP
John Buhler	Director	President, Highland Park Financial Inc.
Dmitry Lyubimov	Officer	President, Buhler Industries Inc.
Maxim Loktionov	Officer	Vice President, Buhler Industries Inc.
Grant Adolph, *P.Mgr*	Officer	Chief Operating Officer, Buhler Industries Inc.
Willy Janzen, *C.G.A., B.Comm.*	Officer	Chief Financial Officer, Buhler Industries Inc.
Darrell Steiner	Management	Director of Sales, Tractor division
Bill Morgan	Management	Director of Sales, Short Line Division
Min Lee, *I.S.M.*	Management	Chief Information Officer, Buhler Industries Inc.
Todd Trueman, *C.I.M. P.Mgr*	Management	Director of Human Resources, Buhler Industries Inc.
Adam Reid	Management	Marketing Manager, Buhler Industries Inc.

Stock Data



Ten Year Summary

	2001	2002	2003 restated	2004 restated	2005 restated	2006 restated	2007 restated	2008 restated	2009	2010
SUMMARY OF OPERATIONS					In thousands of Canadian dollars (except per share amounts)					
Revenue	187,633	232,619	181,162	206,130	202,319	175,067	166,189	218,955	284,072	**209,634**
Cost of goods sold	156,223	183,134	139,929	168,529	165,275	141,138	137,694	175,077	232,814	**172,278**
Gross profit	31,410	49,485	41,233	37,601	37,044	33,929	28,495	43,878	51,258	**37,356**
Selling & admin. expense	14,883	19,758	16,135	16,290	16,206	16,863	16,544	16,476	18,975	**19,093**
Income from operations	16,527	29,727	25,098	21,311	20,838	17,066	11,951	27,402	32,283	**18,263**
Gain on sale of capital assets	(733)	(134)	(726)	(2,010)	(119)	(801)	(3,689)	(1,512)	(3,247)	**(3,477)**
Interest expense (Income)	1,032	369	703	(328)	62	2,414	585	2,089	1,148	**1,407**
Amortization	7,684	7,339	6,894	6,812	6,411	6,133	4,768	3,933	4,070	**3,584**
Research & development exp.	1,895	2,850	3,683	2,903	3,342	3,183	2,003	2,621	8,820	**7,534**
Non-controlling interest	847	809	762	884	700	555	246	-	-	**-**
Net Earnings before taxes	5,802	18,494	13,783	13,050	10,442	5,582	8,038	20,271	21,492	**9,215**
Income taxes (expense) recovery	1,313	(5,134)	(2,468)	(1,324)	(1,111)	(1,176)	(26)	(15,812)	(7,104)	**(1,035)**
Extraordinary items	-	-	-	-	-	-	-	7,211	-	**-**
NET EARNINGS	7,115	13,360	11,314	11,726	9,331	4,406	8,012	11,670	14,388	**8,180**
CASH FLOW SUMMARY										
Capital asset purchases	3,593	14,546	7,854	4,470	7,515	2,815	3,151	3,294	2,088	**4,039**
Long-term debt incurred	-	-	-	-	-	-	-	-	807	**1,368**
Reduction of long-term debt	2,894	795	1,657	3,628	3,360	3,315	3,315	18,852	1,305	**2,437**
Dividends Paid	2,435	2,584	2,760	2,990	3,500	3,750	7,500	-	-	**-**
Net cash flow	14,799	20,699	16,938	15,778	13,132	8,079	11,640	25,843	18,958	**11,295**
Net cash (Bank indebtedness)	(9,939)	(14,258)	(16,560)	15,360	(17,129)	(39,203)	10,733	14,512	(6,591)	**(4,772)**
BALANCE SHEET SUMMARY										
Acc'ts rec, cash & ppd. exp.	27,277	40,094	41,777	51,222	38,138	43,202	49,420	64,860	68,764	**57,573**
Inventory	60,179	70,361	90,495	73,762	105,979	104,888	69,668	74,492	87,731	**102,573**
Total current assets	87,456	110,455	132,272	124,984	144,117	148,090	119,088	139,352	156,495	**160,146**
Total assets	127,531	156,305	178,460	167,044	186,512	184,960	161,865	178,583	193,817	**197,203**
Total current liabilities	41,783	49,860	49,742	37,570	58,087	66,969	42,999	63,634	63,422	**58,947**
Total short and long term debt	42,245	57,743	60,409	29,870	45,398	61,813	19,011	760	1,198	**2,189**
Total liabilities	74,089	94,307	107,908	75,998	96,407	87,065	63,458	68,506	69,352	**64,558**
Total shareholders equity	53,442	61,998	70,552	91,407	97,233	97,895	98,407	110,077	124,465	**132,645**
Shares o/s (avg. in millions)	23.5	23.0	23.0	24.3	25.0	25.0	25.0	25.0	25.0	**25.0**
Working capital	45,673	60,595	82,530	87,414	86,030	81,121	76,089	75,718	93,073	**101,199**
DATA PER COMMON SHARE										
Revenue	$ 7.98	$ 10.11	$ 7.88	$ 8.47	$ 8.09	$ 7.00	$ 6.65	$ 8.76	$ 11.36	**$8.39**
EBITDA	0.62	1.14	0.63	0.95	0.69	0.57	0.54	1.34	1.07	**0.57**
Price to EBITDA	5.8	4.6	6.2	6.8	10.9	11.9	13.5	3.8	4.9	**10.2**
EBIT	0.29	0.82	0.60	0.54	0.42	0.22	0.32	1.27	0.91	**0.72**
Net earnings	0.30	0.58	0.49	0.48	0.37	0.18	0.32	0.47	0.57	**0.33**
Net earnings, no extraordinary item	0.30	0.58	0.49	0.48	0.37	0.18	0.32	0.18	0.57	**0.33**
Price to earnings	11.90	9.04	14.94	15.25	27.34	31.77	21.53	11.51	9.21	**17.61**
Cash flow	0.63	0.90	0.79	0.76	0.53	0.42	0.41	1.03	0.76	**0.45**
Dividends Paid	0.10	0.11	0.12	0.13	0.14	0.15	0.30	0.00	0.00	**0.00**
Closing share price	3.60	5.25	5.57	7.20	7.35	5.60	6.90	5.41	5.25	**5.81**
Shareholders' equity	2.27	2.70	3.07	3.76	3.90	3.92	3.94	4.40	4.98	**5.31**
STATISTICAL DATA										
Current ratio	2.1	2.2	2.7	3.3	2.5	2.3	2.8	2.2	2.5	**2.7**
Interest bearing debt/ equity ratio	0.2	0.2	0.2	-	0.2	0.4	0.1	-	0.1	**0.2**
Inventory turnover	2.6	2.6	1.5	2.3	1.6	1.3	2.0	2.4	2.7	**1.8**
Gross margin (% of revenue)	16.7%	21.3%	22.8%	18.2%	18.3%	19.4%	17.1%	20.0%	18.0%	**17.8%**
Selling & Admin. (% of revenue)	8%	8%	9%	8%	8%	10%	10%	8%	7%	**9%**
EBITDA (% of revenue)	8%	11%	12%	10%	9%	8%	7%	16%	9%	**7%**
Net earnings (% of revenue)	4%	6%	6%	6%	5%	3%	5%	5%	5%	**4%**
Return on average capital	8%	18%	13%	12%	8%	5%	7%	12%	12%	**6%**
Return on average equity	13%	23%	18%	14%	10%	5%	8%	11%	12%	**6%**