



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 March 31, 2014 and 2013 and the interim consolidated statements of earnings, retained earnings and cash flows for the six 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 International Financial Reporting Standards.

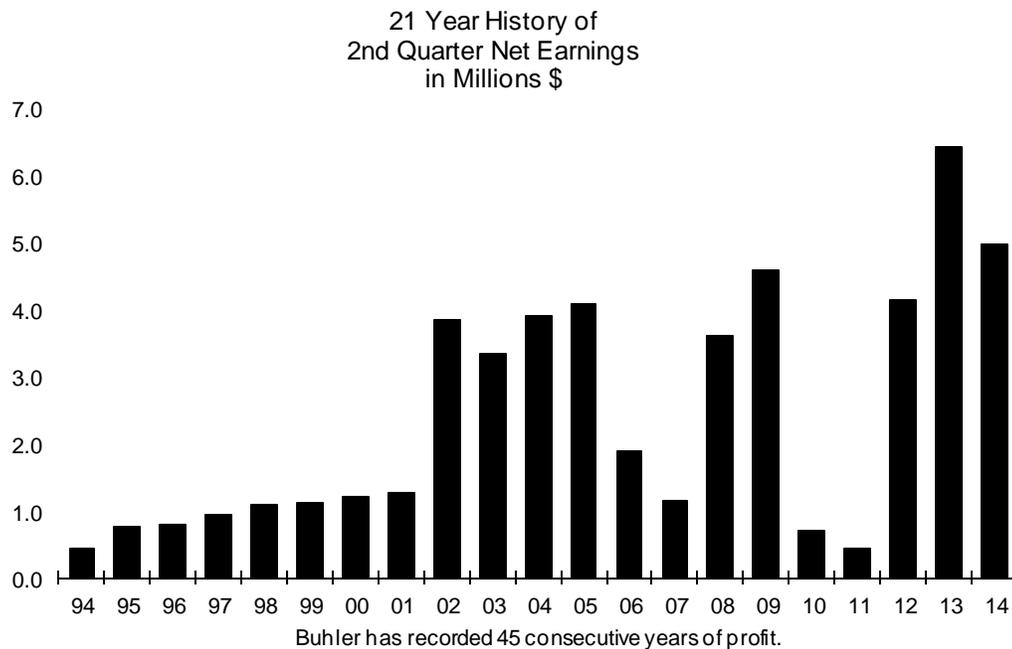
Yury Ryazanov
Chief Executive Officer
May 14, 2014

Willy Janzen, C.G.A., B.Comm.
Chief Financial Officer
May 14, 2014

bühler

Second Quarter Report

March 31, 2014



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, Ezee-On, Allied, Inland and Versatile. Today the Company operates several modern manufacturing plants and distribution centers. Factories in Morden and Winnipeg (Manitoba), Vegreville (Alberta), Fargo (North Dakota), Salem (South Dakota) and Willmar (Minnesota) build tractors, sprayers, front-end loaders, augers, snow blowers, mowers, seeding and tillage equipment, 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 into 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	2004 GAAP	2005 GAAP	2006 GAAP	2007 GAAP	2008 GAAP	2009 GAAP	2010 GAAP	2011 IFRS	2012 IFRS	2013 IFRS
Revenue	206,130	202,319	175,067	166,189	218,955	284,072	209,634	282,728	361,234	343,947
Gross profit	37,601	37,044	33,929	28,495	43,878	51,258	37,356	43,240	55,754	58,269
GP%	18.2%	18.3%	19.4%	17.1%	20.0%	18.0%	17.8%	15.3%	15.4%	16.9%
Income from operations	21,311	20,838	17,066	11,951	27,402	32,283	18,263	22,343	32,462	35,625
As percentage of revenue	10%	10%	10%	7%	13%	11%	9%	8%	9%	10%
Net earnings	11,726	9,331	4,406	8,012	11,670	14,388	8,180	11,917	16,363	19,891
Earnings per share (EPS)	0.48	0.37	0.18	0.32	0.47	0.57	0.33	0.48	0.65	.80
EPS without EOI	0.48	0.37	0.18	0.32	0.18	0.57	0.33	0.48	0.65	.80
EBITDA	19,534	16,915	14,129	13,391	33,504	26,710	14,206	22,357	27,435	35,195
Total assets	167,044	186,512	184,960	161,865	178,583	193,817	197,203	241,733	250,755	283,513
Working capital	87,414	86,030	81,121	76,089	75,718	93,073	101,199	123,355	132,928	144,052
Shareholders' equity	91,407	97,233	97,895	98,407	110,077	124,465	132,645	144,562	160,925	180,816
Book value per share	3.76	3.90	3.92	3.94	4.40	4.98	5.31	5.78	6.44	7.23
Return on average capital	12%	8%	5%	7%	12%	12%	6%	8%	10%	11%
Return on average equity	14%	10%	5%	8%	11%	12%	6%	9%	11%	12%

In this table, IFRS refers to the International Financial Reporting Standards. GAAP refers to the Canadian Generally Accepted Accounting Principles that were the standard until 2011.

Management Discussion & Financial Analysis

General Information

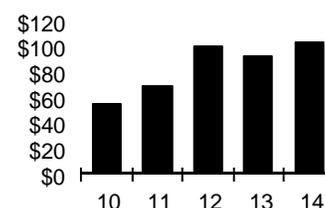
The following discussion and analysis dated May 14, 2014 was prepared by management and should be read in conjunction with the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The following discussion and analysis is presented in millions 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

Revenues

The Company saw the highest level of revenues in a single quarter in Company history, reaching \$104.8, up \$10.8 from the prior year second quarter of \$94.0. For the six months ended March 31, 2014, revenues were \$173.6, among the best in Company history, and up \$3.8 from the prior year's \$169.8. Tractor sales continues to be strong, both domestically and in the overseas market. The recently introduced DeltaTrack units have proven to be popular and have added to the revenues for the year.

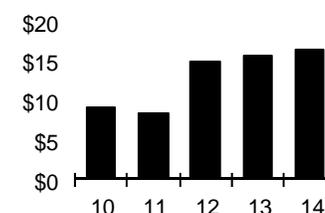
Revenues (millions)



Gross Profit

Gross profit for the three and six months ended March 31 were both records for the Company, coming in at \$16.6 and \$29.3 respectively, up from \$15.7 and \$27.1 seen last year. As a percentage of sales, gross profit for the quarter was 15.8%, down from 16.7% in the second quarter last year. For the six months ended, gross profit was 16.9%, up from last year to date's 15.9%. The increase in margin for the year to date was due to a weaker Canadian dollar and a change in sales mix.

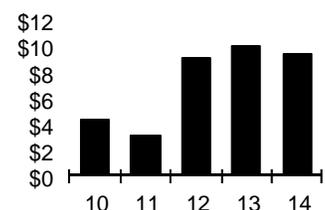
Gross Profit (millions)



Income from Operations

Income from operations in the quarter were amongst the highest recorded by the Company, coming in at \$9.5, a decrease of \$0.6 from the record second quarter in 2013. For the six months ended, income from operations was \$15.8, second only to the Company record prior year of \$16.3. Selling and administration expenses in the quarter were \$7.1, up from \$5.6 in the prior year. For the year to date, selling and administration were \$13.5, compared to \$10.8 in 2013. Increased spending on marketing, salaries and travel are responsible for most of this increase. As a percentage of sales, selling and administration expenses was 6.8%, an increase of 0.9% from the prior second quarter.

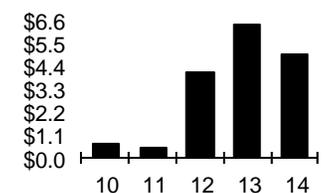
Income from Operation (millions)



Net Earnings

Net earnings were \$5.0, down \$1.4 from the prior year second quarter earnings of \$6.4. For the year to date, earnings were \$9.7, consistent with the prior year six months ended. Improved margins in the current year were offset by increased selling and administration expenditures.

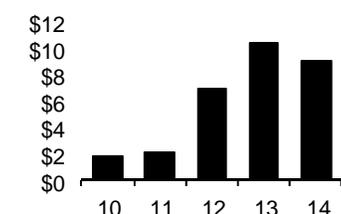
Net Earnings (millions)



EBITDA

EBITDA is the earnings before interest, 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 \$9.1, a decrease of \$1.4 from the same period last year. For the six months ended, EBITDA was consistent, reaching \$16.5 in 2014, down \$0.1 from \$16.6 in 2013. The decrease in income from operations and gain on foreign exchange was offset by the decrease in research and development spending and the decrease in interest expense.

EBITDA (millions)

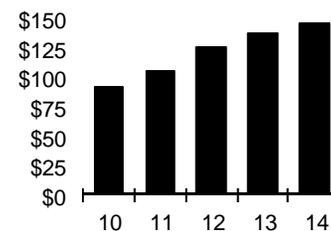


Management Discussion & Financial Analysis

Working Capital

Working capital is a measure of a 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 \$147.1, up \$7.7 (5.5%) from March 31, 2013. Increased levels of inventory and accounts receivable from 2013 are being offset by reductions in cash (increase in bank indebtedness) as well as increased accounts payable and accrued liabilities.

Working Capital (millions)



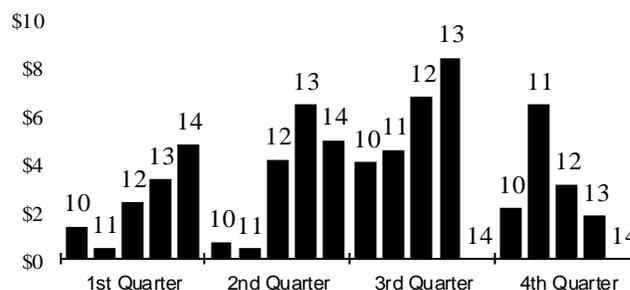
Research and Development

In keeping with the Company's strategy to invest in the development of new products for the future, expenditures for research and development (R&D) continued to be high. R&D spending for the quarter was down \$0.3 from last year, coming in at \$1.8. For the year to date, spending was \$3.9, down \$0.1 from 2013. Management believes this strategy will maintain the Company's competitive position in the marketplace. Current demand for the Company's new equipment lines, notably the DeltaTrack tractors, attest to this strategy paying off.

Quarterly Net Earnings Results (000's)

	2010	2011	2012	2013	2014
1st Q	\$ 1,364	\$ 480	\$ 2,364	\$ 3,303	\$ 4,745
2nd Q	691	437	4,150	6,426	4,972
3rd Q	4,022	4,562	6,754	8,378	
4th Q	2,103	6,438	3,095	1,784	
Total	\$ 8,180	\$ 11,917	\$ 16,363	\$ 19,891	\$ 9,717

Net Quarterly Income (millions)



Summary of Quarterly Results

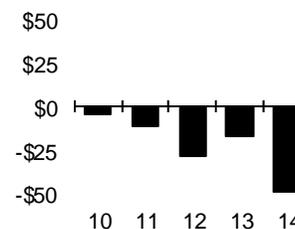
Sales in the second quarter were a record \$104.8 for the Company, up \$10.8 from the second quarter 2013. As a result of this increase in sales, gross margin for the quarter was also up, hitting \$16.6, an increase from \$15.7 in 2013. Increase spending in marketing, salaries and travel, as well as a large gain on foreign exchange in 2013 not being repeated in 2014 have resulted in a decrease in second quarter earnings to \$5.0 from \$6.4 in the prior year. Demand for tractors continue to be strong, both domestically and overseas, and the Company started shipping the new DeltaTrack's in high volume. Spending on research and development was lower in the quarter, as were interest costs.

Cash Flow and Capital Resources

Operating Activities

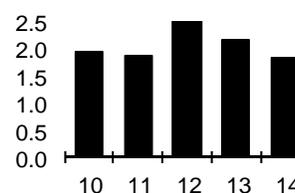
Cash for the quarter was down \$48.9 from December 31, 2013. Increases in accounts receivable of \$56.4 and repayments of long term debt of \$0.6 accounted for much of the cash usage. Off-setting these were decreases in inventory of \$2.8 and increases in income taxes payable of \$2.1. Net earnings contributed \$5.0 for the quarter.

Net Cash Flow (millions)



Management has diligently worked to control the investment in inventory in order to keep a strong cash position. As the Company invested in inventory for the anticipated high sales volume in 2014, the inventory turns slowed in the second quarter of 2014 as compared to the second quarter of 2013. The current period saw turns of 1.8 times, compared to the prior year's 2.2. The Company expects this ratio to improve during the year.

Inventory Turns

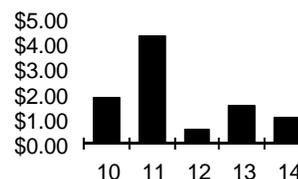


Management Discussion & Financial Analysis

Investing Activities

Capital purchases of \$1.0 in the quarter ended March 31, 2014 have increased from the \$0.8 spent in the second quarter of the prior year. Proceeds on the sale of excess equipment were \$0.2 in the second quarter of 2014, whereas in the same period of 2013 the proceeds were negligible.

Asset Purchases (millions)



Financing Activities

The Company had an outflow of cash of \$1.1 consisting of \$0.6 for repayment of long term debt, \$0.7 for repayment of advances from a related party, offset by a \$0.2 decrease in long term receivables. This compares to a long term reduction of debt of \$0.4 offset by a decrease of \$0.1 in long term receivables in the prior year for a net financing of \$0.3.

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 now has access to \$100.0 Canadian and \$20.0 U.S. in credit facilities, replacing the \$67.5 Canadian and \$20.0 U.S. credit facilities.

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, a low interest loan from the State of South Dakota, and loans from the Bank of Montreal, the Canadian Imperial Bank of Commerce, Heloval Holdings Ltd., and US Bank. 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.

Management Discussion & Financial Analysis

Accounting Policy Change

During the first quarter, the Company adopted the changes to IFRS 10 - Consolidated Financial Statements, IFRS 11 - Joint Arrangements and IFRS 12 - Disclosure of Interests in Other Entities. The changes for IFRS 10 and 12 did not have a material impact on the financial statements. IFRS 11 requires the Company to alter how it discloses its interests in joint ventures. Previously these were recorded using the proportionate consolidation method. The new standard requires the use of the equity method for these entities. As a result, the prior year balance sheet and statement of comprehensive income have been restated removing the effect that the joint venture had on the relevant items. These changes are disclosed in note 6 to the financial statements.

Looking Forward

The Company expects to see a slight decline in third and fourth quarter sales due to higher tractor inventory located at machinery dealers in North America as reported by the Association of Equipment Manufacturers. In addition, grain and corn prices have dropped from 2013 creating some uncertainty for farmers as they wait to see what commodity prices will be in the fall.

Export sales to Eastern Europe are also expected to decline due to political uncertainty in Russia and Ukraine. The Company continues to pursue new markets and products such as the new DeltaTrack tractor have helped offset a softer machinery market. In addition, the Company has been helped by a weaker Canadian dollar which has helped margins and increased sales as reported in Canadian dollars.

The Company expects cash flow to improve throughout the remainder of the year as inventory levels decline. The Company has established a new \$100 million line of credit with The Bank of Montreal and The Bank of Nova Scotia and has a \$20M line with Export Development Canada.

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 property, 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 expense.

Contingencies and litigation. Should a lawsuit or claim be brought against 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.

Management Discussion & Financial Analysis

Critical Accounting Estimates - continued

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 March 31, 2014 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 March 31, 2014 to provide reasonable assurance that the financial information being reported is materially accurate. During the quarter ended March 31, 2014, 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

<i>Unaudited (000's C\$)</i>	March 31, 2014	September 30, 2013 (note 6)	March 31, 2013 (note 6)
Assets			
Current Assets			
Cash (note 7)	\$ -	\$ 24,160	\$ 8,139
Accounts receivable	118,354	57,685	65,196
Income taxes receivable	1,942	1,844	3,782
Inventories (note 8)	193,136	153,325	144,426
Derivative financial instruments	-	375	-
Prepaid expenses	1,789	1,427	3,285
Total Current Assets	315,221	238,816	224,828
Property, plant and equipment (note 9)	25,396	25,712	23,783
Intangible assets (note 10)	128	171	213
Long term receivables (note 11)	1,724	2,043	2,356
Deferred income tax assets (note 12)	17,252	13,783	12,454
Interests in joint ventures and other entities (note 13)	3,091	2,878	2,610
Total Assets	\$ 362,812	\$ 283,403	\$ 266,244
Liabilities and Shareholders' Equity			
Current Liabilities			
Bank indebtedness (note 7)	\$ 66,887	\$ -	\$ -
Accounts payable and accrued liabilities	86,878	80,043	73,165
Income taxes payable	7,825	9,258	7,978
Advances from related party (note 14)	1,287	3,570	-
Derivative financial instruments	953	-	-
Current portion of long term debt (note 15)	4,277	4,580	4,276
Total Current Liabilities	168,107	97,451	85,419
Advances from related party (note 14)	-	-	3,570
Deferred income tax liabilities (note 12)	95	109	71
Long term debt (note 15)	4,077	5,027	6,530
Total Liabilities	172,279	102,587	95,590
Shareholders' Equity			
Share capital (note 16)	30,000	30,000	30,000
Retained earnings	160,533	150,816	140,654
Total Shareholders' Equity	190,533	180,816	170,654
Total Liabilities and Equity	\$ 362,812	\$ 283,403	\$ 266,244

Contingency (note 21)

Approved on behalf of the Board:

Director:

Yury Ryazov
Chief Executive Officer
May 14, 2014

Director:

Dmitry Udras
Chairman of the Board
May 14, 2014

Consolidated Statement of Comprehensive Income

<i>Unaudited six months ended March 31</i> <i>(000's C\$)</i>	Q2 2014	Q2 2013 <i>(note 6)</i>	YTD 2014	YTD 2013 <i>(note 6)</i>
Revenue (note 14)	\$ 104,754	\$ 93,964	\$ 173,628	\$ 169,815
Cost of goods sold	<u>88,173</u>	<u>78,274</u>	<u>144,354</u>	<u>142,738</u>
Gross Profit	16,581 15.8%	15,690 16.7%	29,274 16.9%	27,077 15.9%
Selling & administration expenses	<u>7,071</u> 6.8%	<u>5,562</u> 5.9%	<u>13,453</u> 7.7%	<u>10,814</u> 6.4%
Income From Operations	9,510 9.1%	10,128 10.8%	15,821 9.1%	16,263 9.6%
(Gain) loss on disposal of assets	(135)	10	(90)	(65)
Interest income	(75)	(87)	(145)	(186)
Interest expense	858	957	1,686	1,913
Loss (gain) on foreign exchange	185	(1,198)	(1,849)	(1,923)
Share of income from interests in joint ventures and other entities	(146)	(196)	(211)	(338)
Research and development costs	<u>1,796</u>	<u>2,074</u>	<u>3,876</u>	<u>4,025</u>
Net Earnings Before Taxes	7,027 6.7%	8,568 9.1%	12,554 7.2%	12,837 7.6%
Current income taxes (note 12)	3,715	2,534	6,113	3,847
Deferred income taxes recovered (note 12)	<u>(1,660)</u>	<u>(392)</u>	<u>(3,276)</u>	<u>(739)</u>
Total income taxes	<u>2,055</u>	<u>2,142</u>	<u>2,837</u>	<u>3,108</u>
Net Income and Comprehensive Income	\$ 4,972 4.7%	\$ 6,426 6.8%	\$ 9,717 5.6%	\$ 9,729 5.7%

Consolidated Statement of Change in Shareholders' Equity

<i>For the six months ended March 31</i> <i>(000's C\$ except per share amounts)</i>	Q2 2014	Q2 2013	YTD 2014	YTD 2013
Capital Stock, beginning and end of period	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>	<u>\$ 30,000</u>
Retained Earnings, beginning of period	155,561	134,228	150,816	130,925
Net income and comprehensive income	<u>4,972</u>	<u>6,426</u>	<u>9,717</u>	<u>9,729</u>
Retained Earnings, end of period	<u>160,533</u>	<u>140,654</u>	<u>160,533</u>	<u>140,654</u>
Shareholders' Equity, end of period	<u>\$ 190,533</u>	<u>\$ 170,654</u>	<u>\$ 190,533</u>	<u>\$ 170,654</u>
Earnings per share				
Basic and fully diluted	\$ 0.20	\$ 0.26	\$ 0.39	\$ 0.39

Consolidated Statement of Cash Flows

Unaudited six months ended March 31 (000's C\$)

2014 2013

Cash provided by (used in) operating activities

Net income and comprehensive income	\$ 9,717	\$ 9,729
Add (deduct) non-cash items		
Depreciation of plant and equipment	2,396	1,954
Amortization of intangible assets	43	66
Gain on disposal of assets	(90)	(65)
Gain on foreign exchange	(1,849)	(1,923)
Deferred revenue	-	(5)
Deferred income taxes recovered	(3,276)	(739)
Share of income from interests in joint ventures and other entities	(211)	(338)

6,730 8,679

Net change in non-cash working capital balances

Accounts receivable	(60,669)	(12,580)
Inventories	(39,811)	(13,177)
Prepaid expenses	(362)	(1,732)
Accounts payable and accrued liabilities	6,835	10,849
Income taxes receivable/payable	(1,531)	(3,082)
Derivative financial instruments	953	-
Foreign exchange gain on the above items	2,929	1,653

(91,656) (18,069)

(84,926) (9,390)

Investing activities

Purchase of plant and equipment	(2,231)	(1,498)
Proceeds on sale of plant and equipment	240	84

(1,991) (1,414)

Financing activities

Decrease in long term receivable	319	309
Repayment of advances from related party	(2,283)	-
Repayment of long term debt	(1,253)	(940)

(3,217) (631)

Foreign exchange (loss) gain on (bank indebtedness) cash

(913) 281

Net cash used in the period

(91,047) (11,154)

Cash, beginning of period

24,160 19,293

(Bank indebtedness) cash, end of period

\$ (66,887) \$ 8,139

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 address of the registered office is 1260 Clarence Avenue, Winnipeg, Manitoba.

The Company, through its subsidiaries and a joint venture, has manufacturing and warehousing facilities in Canada and the United States of America (U.S.). The company produces farm equipment for sale in Canada, U.S. and overseas.

2. Basis of Presentation

These unaudited interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), using the same accounting policies the Company's consolidated financial statements for the year ended September 30, 2013. The unaudited interim consolidated financial statements are in compliance with IAS 34. Accordingly, certain information and note disclosure normally included in annual financial statements prepared in accordance with IFRS as issued by the International Accounting Standards Board (IASB) have been omitted or condensed. These interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended September 30, 2013.

The Company's functional currency is the Canadian dollar. The Canadian dollar is the reporting currency as much of the Company's business, as well as the majority of the Company's financing is conducted in Canadian dollars.

The interim consolidated financial statements have been prepared under the historical-cost convention, except that certain financial instruments are stated at their fair value.

The interim consolidated financial statements were approved by the Board of Directors on May 14, 2014.

3. Significant Accounting Policies

(a) Basis of consolidation

The interim consolidated financial statements include the accounts of the Company and its active wholly-owned subsidiaries, Buhler Versatile Inc., Buhler Trading Inc., Buhler Ezee-On Inc., B.I.I. Fargo, Inc., Buhler Versatile USA Inc., Implement Sales Co. Inc., Haskett Properties Inc., ISCO Inc., Progressive Manufacturing Ltd., John Buhler Inc., Ezee-On (USA) Ltd., Amarillo Service and Supply Inc., Buhler Finance Inc. and McDermott Parkade Inc. Control exists when the Company has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Company holds 100% of the voting rights of the subsidiaries, and therefore controls these entities. The financial statements of all subsidiaries are prepared as of the same reporting date using consistent accounting policies. All inter-company balances and transactions, including any unrealized profits arising from inter-company transactions have been eliminated.

(b) Business combinations

Business combinations are accounted for using the acquisition method of accounting. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred by the former owners of the acquiree and the equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition costs incurred are expensed and included in general and administrative expenses. Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in the statement of income or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. Goodwill is initially measured as the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. If this consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the statement of income.

(c) Foreign currency translation

The functional currency for each of Company's subsidiaries is the currency of the primary economic environment in which the entity operates. Transactions in foreign currencies are translated to the respective functional currencies of each entity within the consolidated group using the exchange rates in effect at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rates prevailing at the end of the reporting period. Nonmonetary items measured at historical cost in a foreign currency are translated to the functional currency using the exchange rate prevalent at the date of acquisition. Non-monetary items denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate prevalent at the date that the fair value was determined. Foreign currency differences arising from translation are recognized in net income, except for exchange differences arising on the translation of financial instruments qualifying as a cash flow hedge, which are recognized directly in other comprehensive income ("OCI").

3. Significant Accounting Policies - continued

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, net of estimated returns, rebates and discounts, and after the elimination of intercompany sales. Revenue is recognized when the risks and rewards of ownership have transferred to the customer. No revenue is recognized if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, or there is continuing management involvement with the goods. Interest income is recognized as earned. Management uses historical experience to estimate and provide for discounts and returns. Volume rebates are assessed based on annual purchases.

(e) Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories, cost includes an appropriate share of variable and fixed overheads based on normal operating capacity. Any excess, unallocated, fixed overhead costs are expensed as incurred. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories are written down to net realizable value if net realizable value declines below carrying amount. When circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in selling price, the amount of the write-down previously recorded is reversed.

(f) Property, plant and equipment

Property and equipment are stated at cost less accumulated depreciation and any impairment losses. Cost includes any directly attributable costs, borrowing costs on qualifying construction projects, and the costs of dismantling and removing the items and restoring the site on which they are located. When major components of an item of property and equipment have different useful lives, they are accounted for as separate items. Depreciation is calculated using the following methods to allocate the cost of assets less their residual values over their estimated useful lives as follows:

Buildings	4 to 5%	Straight line
Equipment	20 to 100%	Declining balance
Computer equipment	30 to 100%	Declining balance

Depreciation methods, useful lives and residual values are reviewed at each reporting date. Assets under construction and land are not depreciated.

Leases of property, plant and equipment on terms that transfer substantially all of the benefits and costs of ownership are accounted for as finance leases. All other leases of property, plant and equipment are accounted for as operating leases.

(g) Intangible assets

Intangible assets are stated at cost less accumulated amortization.

Amortization is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Customer lists and patents	5 year, straight line
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(h) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive income except to the extent that it relates to items recorded directly to equity, in which case it is recognized directly in equity.

Current income tax expense is the expected income tax payable on the taxable income for the period, using income tax rates enacted or substantively enacted in the jurisdictions the Company is required to pay income tax at the reporting date, and any income adjustments to income taxes payable in respect of previous periods. Current income tax expense is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and by the availability of unused income tax losses.

Deferred tax expense is recognized using the balance sheet method in which temporary differences are calculated based on the carrying amounts of assets and liabilities for financial reporting purposes and the tax bases of assets and liabilities for income taxation purposes. Deferred tax is not recognized for the following temporary timing differences: the initial recognition for both goodwill and assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the income tax rates that are expected to be applied when the temporary difference reverses, that is, when the asset is realized or the liability is settled, based on the income tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only to the extent that it is probable that future taxable income will be available against which the assets can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

Current tax assets and liabilities are offset when the Company and its subsidiaries have a legally enforceable right to offset the amounts and intend to either settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset and when the deferred tax balances relate to the same income tax authority.

Notes to Consolidated Financial Statements

3. Significant Accounting Policies - continued

(i) Research and Development Expenses:

Research and development expenses are expensed in the period in which the costs are incurred.

(j) Interest In Joint ventures

The company accounts for its interest in joint ventures using the equity method.

(k) Interest In other entities

The Company accounts for its interest in other entities where there is no significant influence at fair value.

(l) Cash/bank indebtedness

Cash/bank indebtedness includes cash on hand, bank overdrafts and bankers acceptances. Bank overdrafts are repayable on demand. Bank overdrafts and bankers acceptances form an integral part of the Company's cash management and are included as a component of cash/bank indebtedness for the purpose of the statement of cash flows.

(m) Financial Instruments

Under IFRS, financial instruments are classified into one of the following five categories: fair value through profit or loss (FVTPL), 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.

The Company's financial instruments are classified as follows: a) cash and cash equivalents (bank indebtedness) - loans and receivables, b) accounts and other receivables - loans and receivables c) accounts payable and accrued liabilities - other financial liabilities and d) interests in other entities - fair value through profit and loss. All financial instruments are included in the consolidated balance sheet and are measured at fair value except loans and receivables and other financial liabilities, which are measured at amortized cost.

All changes in fair value are recorded to the statement of comprehensive income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

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

FVTPL financial instruments 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 instrument is derecognized or impaired.

(n) Derivative financial Instruments

The Company operates principally in Canada and the United States, which gives rise to risks that its income and cash flows may be adversely impacted by fluctuations in foreign exchange rates. The Company enters into foreign currency forward contracts to manage foreign exchange exposures on accounts receivables expected to be recovered in US dollars.

The fair value of each contract is included on the consolidated balance sheet within derivative financial instrument assets or liabilities, depending on whether the fair value was in an asset or liability position. Changes in fair value are recognized in the consolidated statement of comprehensive income through gains/losses on foreign exchange.

(o) 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 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 period.

(p) Impairment

Impairment of non-financial assets

Tangible assets and definite life intangible assets are reviewed at each balance sheet date to determine whether events or conditions indicate that their carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset, which is the higher of its fair value less costs to sell and its value in use, is estimated in order to determine the extent of the impairment loss. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit (CGU) to which the asset belongs. For tangible and intangible assets excluding goodwill, the CGU is the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

3. Significant Accounting Policies - continued

(p) Impairment - continued

Impairment of financial assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that they are impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at their original effective interest rate. All impairment losses are recognized in the consolidated statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates may, by definition, not equal the actual results. The estimates and assumptions that are critical to the determination of carrying value of assets and liabilities are addressed below.

(a) Allowance for doubtful accounts:

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

(b) 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.

(c) Impairment of property, plant and equipment and Intangible assets:

An integral component of impairment testing is determining the asset's recoverable amount. The determination of the recoverable amount involves significant management judgment, including projections of future cash flows and the appropriate discount rates. The cash flows are derived from financial forecasts and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance. Qualitative factors, including market presence and trends, strength of customer relationships, strength of local management, strength of debt and capital markets, and degree of variability in cash flows, as well as other factors, are considered when making assumptions with regard to future cash flows and the appropriate discount rate. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. A change in any of the significant assumptions or estimates could result in a material change in the recoverable amount.

No impairment losses have been recognized in the current fiscal year nor in 2013.

(d) Income taxes

Estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income before they expire. The Company's assessment is based upon existing tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future tax deductions changes, the Company would be required to recognize more or fewer of the tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined.

The Company makes claims for Scientific Research and Experimental Development (SRED) expenditures which are included in deferred taxes. Judgment is required in the determination of qualifying expenses. The final determination of qualifying expenses is not known until acceptance by tax authorities. IFRS requires the Company to estimate the ultimate collection of these credits. Actual collection may be materially different than what is recorded in the financial statements. The Company is currently challenging the Canada Revenue Agency (CRA) in court in regards to certain of its SRED credits and believes that it will be successful in defending its SRED claim. The Company's SRED credits are recorded on the balance sheet after review of the relevant accounting pronouncements.

In addition, the Company is challenging CRA in court in regards to a prior year ruling made by CRA in regards to an income allocation ruling involving a partnership the Company was involved with. While the Company is confident that it will successfully challenge this ruling, the liability for the CRA reassessment is included in the current tax liability.

The Company is subject to taxation in multiple jurisdictions. Significant judgment is required in determining the worldwide provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company maintains provisions for uncertain tax positions that it believes appropriately reflect its risk with respect to tax matters under active discussion, audit, dispute or appeal with tax authorities, or which are otherwise considered to involve uncertainty. These provisions for uncertain tax positions are made using management's best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. Management reviews the adequacy of these provisions at each consolidated balance sheet date. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

Notes to Consolidated Financial Statements

4. Critical Accounting Estimates and Judgments - continued

(d) Income taxes - continued

The operations and organizational structure of the Company are complex, and related tax interpretations, regulations and legislation are continually changing. As a result, there are usually some tax matters in question that result in uncertain tax positions. The Company approaches uncertain tax positions from a liability or exposure perspective. The Company provides for future liabilities in respect of uncertain tax positions where additional tax may become payable in future periods and such provisions are based on management's assessment of exposures.

(e) Provision for warranty costs

The Company offers warranties for its sale of equipment. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims.

Factors that could impact the estimated claim information include the success of the Company's productivity and quality initiatives as well as parts and labor costs.

5. Future Accounting Standards

The following recently issued accounting pronouncements represent a summary of the pronouncements that are likely to, or may at some future time, have an impact on the Company.

(a) Financial Instruments - measurement:

IFRS 9 "Financial Instruments" was issued in November 2009, introducing new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on an entity's business model and the contractual cash flow of the financial asset. Classification is made at the time the financial asset is initially recognized, namely when the entity becomes a party to the contractual provisions of the instrument. With regard to the measurement of financial liabilities designated as fair value through profit or loss, IFRS 9 requires that the amount of the change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in the statement of income. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to the statement of income. Previously, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in the statement of income. IFRS 9 is effective for annual periods beginning on or after January 1, 2015. The Company is currently assessing the impact of this new standard on its consolidated financial statements.

(a) Financial Instruments - presentation:

In December 2011, the IASB issued an amendment to the application guidance in IAS 32 "Financial Instruments: Presentation" to clarify some of the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The amendments do not change the current offsetting model in IAS 32 but instead clarify that the right of offset must not be contingent on a future event. It also must be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendments also clarify that gross settlement mechanisms with features that both (i) eliminate credit and liquidity risk and (ii) process receivables and payables in a single settlement process, are effectively equivalent to net settlement. The clarifications to the application guidance in IAS 32 are to be retrospectively applied, with an effective date for annual periods beginning on or after January 1, 2014. While the Company is currently assessing the impact of this new standard, management does not expect the standard to have a significant impact on the Company's consolidated financial statements. The new standard will be adopted by the Company in 2014.

6. Change in accounting policy

During the period, the Company adopted the new provisions in IFRS 11 - Joint arrangements. Where previously the Company presented any joint ventures using the proportionate consolidation method, the Company now accounts for these using the equity method.

As a result of this change, the balance sheets for the periods ending March 31, 2013 and September 30, 2013 changed as follows:

6. Change in accounting policy - continued

March 31, 2013	As presented	Adjustments	As restated
Cash	\$ 8,139	\$ -	\$ 8,139
Accounts receivable	67,215	(2,019)	65,196
Income taxes receivable	3,782	-	3,782
Inventories	144,873	(447)	144,426
Prepaid expenses	3,285	-	3,285
Total Current Assets	227,294	(2,466)	224,828
Property, plant and equipment	23,831	(48)	23,783
Intangible assets	213	-	213
Long term receivables	2,356	-	2,356
Deferred income tax assets	12,454	-	12,454
Investments in joint ventures and other entities	152	2,458	2,610
Total Assets	\$ 266,300	\$ (56)	\$ 266,244
Accounts payable and accrued liabilities	\$ 73,194	\$ (29)	\$ 73,165
Income taxes payable	8,005	(27)	7,978
Current portion of long term debt	4,276	-	4,276
Total Current Liabilities	85,475	(56)	85,419
Deferred income tax liabilities	71	-	71
Advances from related parties	3,570	-	3,570
Long term debt	6,530	-	6,530
Total Liabilities	95,646	(56)	95,590
Shareholder's Equity			
Share Capital	30,000	-	30,000
Retained Earnings	140,654	-	140,654
Total Shareholder Equity	170,654	-	170,654
Total Liabilities and Equity	\$ 266,300	\$ (56)	\$ 266,244
September 30, 2013	As presented	Adjustments	As restated
Cash	\$ 24,160	\$ -	\$ 24,160
Accounts receivable	59,911	(2,226)	57,685
Income taxes receivable	1,844	-	1,844
Inventories	153,834	(509)	153,325
Derivative financial instruments	375	-	375
Prepaid expenses	1,489	(62)	1,427
Total Current Assets	241,613	(2,797)	238,816
Property, plant and equipment	25,751	(39)	25,712
Intangible assets	171	-	171
Long term receivables	2,043	-	2,043
Deferred income tax assets	13,783	-	13,783
Investments in joint ventures and other entities	152	2,726	2,878
Total Assets	\$ 283,513	\$ (110)	\$ 283,403
Accounts payable and accrued liabilities	\$ 80,128	\$ (85)	\$ 80,043
Income taxes payable	9,283	(25)	9,258
Advances from related parties	3,570	-	3,570
Current portion of long term debt	4,580	-	4,580
Total Current Liabilities	97,561	(110)	97,451
Deferred income tax liabilities	109	-	109
Long term debt	5,027	-	5,027
Total Liabilities	102,697	(110)	102,587
Shareholder's Equity			
Share Capital	30,000	-	30,000
Retained Earnings	150,816	-	150,816
Total Shareholder Equity	180,816	-	180,816
Total Liabilities and Equity	\$ 283,513	\$ (110)	\$ 283,403

Notes to Consolidated Financial Statements

6. Change in accounting policy - continued

The change in policy also affected the statement of consolidated statement of comprehensive income for the three and six months ended March 31, 2013, as follows:

Three months ended March 31, 2013	As presented	Adjustments	As restated
Revenue	\$ 94,926	\$ (962)	\$ 93,964
Cost of goods sold	78,937	(663)	78,274
Gross profit	15,989	(299)	15,690
Selling & administration expenses	5,591	(29)	5,562
Income from operations	10,398	(270)	10,128
Loss on disposal of assets	10	-	10
Interest income	(87)	-	(87)
Interest expense	957	-	957
Gain on foreign exchange	(1,196)	(2)	(1,198)
Share of income from joint venture	-	(196)	(196)
Research and development costs	2,074	-	2,074
Net earnings before taxes	8,640	(72)	8,568
Current income taxes	2,606	(72)	2,534
Deferred income taxes	(392)	-	(392)
Total income taxes	2,214	(72)	2,142
Net Income and Comprehensive Income	\$ 6,426	\$ -	\$ 6,426
Six months ended March 31, 2013	As presented	Adjustments	As restated
Revenue	\$ 171,662	\$ (1,847)	\$ 169,815
Cost of goods sold	144,060	(1,322)	142,738
Gross profit	27,602	(525)	27,077
Selling & administration expenses	10,873	(59)	10,814
Income from operations	16,729	(466)	16,263
Gain on disposal of assets	(65)	-	(65)
Interest income	(186)	-	(186)
Interest expense	1,913	-	1,913
Gain on foreign exchange	(1,919)	(4)	(1,923)
Share of income from joint venture	-	(338)	(338)
Research and development costs	4,025	-	4,025
Net earnings before taxes	12,961	(124)	12,837
Current income taxes	3,971	(124)	3,847
Deferred income taxes	(739)	-	(739)
Total income taxes	3,232	(124)	3,108
Net Income and Comprehensive Income	\$ 9,729	\$ -	\$ 9,729

7. Credit Facilities (000's C\$)

The Company has available a financing facility in the amount of \$100,000. This facility is a one year revolving line of credit shared equally under a club agreement between the Bank of Montreal and the Bank of Nova Scotia. The credit facility is secured by a general security agreement and assignment of specific receivables and inventory in Canada and the US. The financing facility is at Bankers Acceptance rates plus stamping fees. At March 31, 2014, the amount drawn on this facility is \$13,200 (2013 - \$Nil).

The Company also has a financing facility with Export Development Canada (EDC) in the amount of \$20,000 USD. This facility is secured by specific receivables and can be borrowed on at LIBOR plus stamping fees. At March 31, 2014 the amount drawn on this facility is \$12,000 (2013 - \$Nil). This facility is in place until June 6, 2014 and is to be used for funding growth overseas.

8. Inventories (000's C\$)

	March 31 2014	Sept. 30 2013
Finished goods	\$ 111,901	\$ 82,074
Work in process	4,590	4,674
Raw materials	76,645	66,577
	\$ 193,136	\$ 153,325

During the quarter, inventories in the amount of \$68,354 (2013 - \$60,107) were expensed to cost of sales. For the six months ended March 31, 2014, \$106,400 (2013 - \$108,022) was expensed.

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

9. Property, plant and equipment (000's C\$)

	Land	Buildings	Equipment	Computer equipment	Total
Cost	\$ 3,575	\$ 26,245	\$ 51,491	\$ 7,617	\$ 88,928
Accumulated depreciation	-	(13,792)	(44,023)	(6,783)	(64,598)
Sept. 30, 2012 net book value	3,575	12,453	7,468	834	24,330
Additions	-	282	4,784	791	5,857
Disposals	-	-	(144)	(7)	(151)
Depreciation	-	(899)	(2,841)	(584)	(4,324)
Sept. 30, 2013 net book value	3,575	11,836	9,267	1,034	25,712
Additions	-	6	1,981	244	2,231
Disposals	-	-	(151)	-	(151)
Depreciation	-	(443)	(1,650)	(303)	(2,396)
March 31, 2014 net book value	\$ 3,575	\$ 11,399	\$ 9,447	\$ 975	\$ 25,396

Recorded as:

	Land	Buildings	Equipment	Computer equipment	Total
Cost	\$ 3,575	\$ 26,565	\$ 54,813	\$ 6,773	\$ 91,726
Accumulated depreciation	-	(14,729)	(45,546)	(5,739)	(66,014)
Sept. 30, 2013 net book value	\$ 3,575	\$ 11,836	\$ 9,267	\$ 1,034	\$ 25,712
	Land	Buildings	Equipment	Computer equipment	Total
Cost	\$ 3,575	\$ 26,571	\$ 55,540	\$ 7,017	\$ 92,703
Accumulated depreciation	-	(15,172)	(46,093)	(6,042)	(67,307)
March 31, 2014 net book value	\$ 3,575	\$ 11,399	\$ 9,447	\$ 975	\$ 25,396

The Company reviewed its property, plant and equipment for indicators of impairment. No assets were identified as impaired.

10. Intangible assets (000's C\$)

The Company's intangible assets consist of customer lists and patents.

	Total
Cost	\$ 426
Accumulated depreciation	(147)
September 30, 2012 net book value	279
Depreciation	(108)
September 30, 2013 net book value	171
Depreciation	(43)
March 31, 2014 net book value	\$ 128

Recorded as:

	Total
Cost	\$ 426
Accumulated depreciation	(255)
September 30, 2013 net book value	\$ 171
Cost	\$ 426
Accumulated depreciation	(298)
March 31, 2014 net book value	\$ 128

The Company reviewed its intangible assets for indicators of impairment. No assets were identified as impaired.

Notes to Consolidated Financial Statements

11. Long Term Receivables (000's C\$)	March 31 2014	Sept. 30 2013
Current portion (included in accounts receivable)	\$ 632	\$ 622
Long Term receivables	<u>1,724</u>	<u>2,043</u>
	\$ 2,356	\$ 2,665

Long term receivables are secured by property. The receivable carries interest at 3.00% and is repayable in monthly installments of \$58 including interest, due October 2017.

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

2014	\$ 632 (included in accounts receivable)
2015	652
2016	671
2017	401
2018	-

12. Income Taxes (000's C\$)	2014 Q2	2013 Q2	YTD 2014	YTD 2013
Current year	\$ 3,748	\$ 2,569	\$ 6,146	\$ 3,683
Adjustment for prior years	<u>(33)</u>	<u>(35)</u>	<u>(33)</u>	<u>164</u>
Current income tax provision	\$ 3,715	\$ 2,534	\$ 6,113	\$ 3,847
Origination and reversal of timing differences	\$ (339)	\$ 297	\$ (873)	\$ 177
Losses carried forward to future periods	<u>(1,229)</u>	<u>(434)</u>	<u>(2,054)</u>	<u>(434)</u>
SR&ED credits earned	<u>(92)</u>	<u>(255)</u>	<u>(349)</u>	<u>(482)</u>
Deferred tax recovery	\$ (1,660)	\$ (392)	\$ (3,276)	\$ (739)
Combined Canadian federal and provincial income tax rate	27.0%	27.0%	27.0%	27.0%
Foreign tax rate differences applied to losses	(3.3)	(2.6)	(3.7)	(3.6)
Losses carried back to prior years at higher tax rates	(0.0)	(0.5)	(0.1)	(0.4)
SR&ED credits earned	(1.3)	(3.0)	(2.8)	(5.0)
Derivative financial instruments	1.5	-	0.8	-
Non-taxable foreign exchange	(2.1)	(0.7)	(2.0)	(0.7)
Non-taxable portion of capital losses (gains)	(0.5)	-	(0.2)	(0.1)
Permanent differences and other	<u>7.9</u>	<u>4.8</u>	<u>3.6</u>	<u>7.0</u>
Effective income tax rate	29.2%	25.0%	22.6%	24.2%

Income taxes paid during the period were \$1,624 (Q2 2013 - \$199). For the six months ended March 31, 2014, the taxes paid were \$7,682 (2013 - \$7,004).

Deferred income taxes are recorded to reflect the timing differences arising from deduction of warranty costs for income tax purposes, the amounts of depreciation and amortization provided in the year compared to the allowances deducted for income tax purposes, and from expected Scientific Research and Experimental Development (SRED) tax credit claims.

The following are the components of the deferred tax assets and liabilities recognized by the Company:

Deferred income tax assets	March 31 2014	Sept. 30 2013
Property, plant, equipment and intangibles	\$ 2	\$ (177)
Warranty	3,309	3,057
SRED credits	8,212	7,863
Taxable losses carried forward to future periods	3,511	1,457
Derivative financial instruments	258	(101)
Temporary timing differences	<u>1,960</u>	<u>1,684</u>
	\$ 17,252	\$ 13,783
Deferred income tax liabilities	March 31 2014	Sept. 30 2013
Property, plant, equipment and intangibles	\$ 95	\$ 110
Warranty	-	(1)
	<u>\$ 95</u>	<u>\$ 109</u>

13. Investments in joint ventures and other entities (000's C\$)

The Company has a joint venture operating as Bradley Steel Processors Inc. and miscellaneous minority shareholdings in various entities.

The summarized financial information of the Company's share of the investments in joint ventures and other entities is as follows:

Balance sheet information	March 31 2014	Sept. 30 2013
As at:		
Assets		
Current	\$ 2,988	\$ 2,797
Non-current	<u>190</u>	<u>191</u>
Total Assets	\$ 3,178	\$ 2,988
Liabilities		
Current	\$ 87	\$ 110
Non-current	-	-
Total Liabilities	<u>87</u>	<u>110</u>
Equity	\$ 3,091	\$ 2,878

Income statement information

Period ended	2014 Q2	2013 Q2	2014 YTD	2013 YTD
Revenues	\$ 895	\$ 1,171	\$ 1,575	\$ 1,851
Profit from continuing operations	\$ 203	\$ 371	\$ 294	\$ 462
Net income and comprehensive income	\$ 146	\$ 273	\$ 211	\$ 338

Other information

Dividends received from joint ventures and other entities	\$ 2	\$ 2	\$ 3	\$ 3
Depreciation	\$ 3	\$ 6	\$ 6	\$ 9
Income tax expense	\$ 54	\$ 100	\$ 78	\$ 124

14. Related Party Transactions (000's C\$)

	March 31 2014	Sept. 30 2013		
Accounts receivable from controlling shareholder	\$ 47,071	\$ 15,291		
Advances from controlling shareholder	<u>1,287</u>	<u>3,570</u>		
	2014 Q2	2013 Q2	YTD 2014	YTD 2013
Net sales to controlling shareholder	\$ 21,156	\$ 16,470	\$ 33,311	\$ 26,878

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.

Compensation of Key Management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company. The Board of Directors and Executive Committee are key management personnel. The following table details the compensation paid to these key management personnel (note - no amounts were paid for post-retirement benefits nor were there any share based payments):

	2014 Q2	2013 Q2	YTD 2014	YTD 2013
Salaries, fees and short term employee benefits	\$ 419	\$ 432	\$ 963	\$ 975

Notes to Consolidated Financial Statements

15. Long Term Debt (000's C\$)	March 31 2014	Sept. 30 2013
Heloval Holdings Ltd., bearing interest of 1.5% due on demand	\$ 2,211	\$ 2,060
State of South Dakota, monthly payments of \$13 US including interest at 3%, due February 2015	901	905
CIBC, quarterly payments of \$375 plus monthly interest as indicated in note 6, due February 2016	3,000	4,125
BMO, monthly payments of \$25 US, plus interest as indicated in note 7, due April 2016	684	773
U.S. Bank, monthly payments of \$8 US, plus interest at 2% plus the monthly LIBOR rate, due June 2016	1,558	1,494
State of North Dakota, repaid during the period	-	250
	8,354	9,607
Less: Current portion	4,277	4,580
Long term portion	\$ 4,077	\$ 5,027

These loans are all secured by company assets.

Principal payments over the next 5 years are as follows:

	2014	\$	2015	2017	\$	2018
	2014	\$	4,277	2017	\$	-
	2015		2,708	2018		-
	2016		1,369			

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

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

	March 31, 2014	Sept. 30 2013
	Shares	Shares
Issued Class A common	25,000 \$30,000	25,000 \$30,000

There are no options outstanding as at March 31, 2014 nor at September 30, 2013.

17. Interest Paid (000's C\$)

	2014 Q2	2013 Q2	YTD 2014	YTD 2013
Operating loan	\$ 823	\$ 811	\$ 1,398	\$ 1,617
Long term debt	43	67	120	138
	\$ 866	\$ 878	\$ 1,518	\$ 1,755

18. Expenses by Nature (000's C\$)

	2014 Q2	2013 Q2	YTD 2014	YTD 2013
Raw materials and consumables used	\$ 77,781	\$ 66,918	\$122,752	\$120,407
Depreciation and amortization	1,317	1,035	2,439	2,020
Personnel expenses	15,498	15,813	31,886	31,261
Freight	2,444	2,144	4,606	3,889
	\$ 97,040	\$ 85,910	\$161,683	\$157,577

19. Segmented Information (000's C\$)

	2014 Q2			
	Canada	U.S.	CIS	Other
Revenue	\$ 29,048	\$ 42,854	\$ 26,700	\$ 6,152
Net income and comprehensive income	1,224	1,954	1,290	324
Property, plant, and equipment	16,382	8,847	167	-
Intangible assets	-	128	-	-
	2013 Q2			
	Canada	U.S.	CIS	Other
Revenue	\$ 21,537	\$ 47,624	\$ 21,897	\$ 2,906
Net income and comprehensive income	1,629	3,227	1,395	175
Property, plant and equipment	14,233	9,383	167	-
Intangible assets	-	213	-	-

19. Segmented Information (000's C\$) - continued

	Six months ended March 31, 2014			
	Canada	U.S.	CIS	Other
Revenue	\$ 53,624	\$ 73,383	\$ 39,231	\$ 7,390
Net income and comprehensive income	3,001	4,106	2,196	414
	Six months ended March 31, 2013			
	Canada	U.S.	CIS	Other
Revenue	\$ 46,596	\$ 86,425	\$ 33,181	\$ 3,613
Net income and comprehensive income	2,746	4,897	1,881	205

CIS is the Commonwealth of Independent States, including Russia, Kazakhstan and Ukraine.

The Company has organized its business between agricultural and non-agricultural operations due to the differences in the products and approaches in marketing and manufacturing in both segments. The agricultural equipment segment produces a wide variety of agricultural equipment, whereas the non-agricultural operations consist primarily of custom metal fabrication.

	2014 Q2		2013 Q2	
	Ag	Non-Ag	Ag	Non-Ag
Revenue	\$ 104,630	\$ 124	\$ 93,904	\$ 60
Interest income	57	18	63	24
Interest expense	858	-	957	-
Net income and comprehensive income	4,584	388	6,330	96
Assets	355,066	7,746	259,219	7,025
	Six months ended March 31, 2014		Six months ended March 31, 2013	
	Ag	Non-Ag	Ag	Non-Ag
Revenue	\$ 173,380	\$ 248	\$ 169,495	\$ 320
Interest income	107	38	130	56
Interest expense	1,686	-	1,913	-
Net income and comprehensive income	9,445	272	9,704	25

The accounting policies of the segments are the same as described in the note for significant accounting policies. The Company accounts for inter-segment sales at current market prices. Revenue from the top two customers in the second quarter of 2014 were \$21.2 million and \$2.8 million, both in the agricultural segments. For the same period of fiscal 2013, the top two customers were \$26.2 million and \$4.3 million, also both in the agricultural segments.

For the six months ended March 31, 2014, revenue from the top two customers were \$33.3 million and \$4.9 million, both in the agricultural segments. For the same period of fiscal 2013, the top two customers were \$36.6 million and \$7.6 million, also both in the agricultural segments.

20. 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 251,000 Buhler Industries Inc. shares. During the period, the company contributed \$Nil to the plan (2013 - \$Nil).

21. 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 March 31, 2014, 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.

Notes to Consolidated Financial Statements

22. Capital Management

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 cash, 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 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 March 31, 2014 all covenants were met.

There are no externally imposed capital restrictions on the Company.

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

23. Financial Instruments (000's C\$)

The following presents the carrying value and fair value of the Company's financial instruments:

Financial Asset/Liability	Classification	Hierarchy Level	March 31, 2014	
			Carried at cost/ Amortized cost	Carrying/ Fair Value
Bank indebtedness	Loans and receivables	1	\$ (66,887)	
Accounts receivable	Loans and receivables	1	118,354	
Derivative financial instruments	FVTPL	2		(953)
Long term receivables	Loans and receivables	1	1,724	
Accounts payable and accrued liabilities	Other liabilities	1	(86,878)	
Advances from related party	Loans and receivables	1	(1,287)	
Long term debt	Other liabilities	1	(8,354)	
			September 30, 2013	
			Carried at	
Financial Asset/Liability	Classification	Hierarchy Level	cost/ Amortized cost	Carrying/ Fair Value
Bank indebtedness	Loans and receivables	1	\$ 24,160	
Accounts receivable	Loans and receivables	1	57,685	
Derivative financial instruments	FVTPL	2		375
Long term receivables	Loans and receivables	1	2,043	
Accounts payable and accrued liabilities	Other liabilities	1	(80,043)	
Advances from related party	Loans and receivables	1	(3,570)	
Long term debt	Other liabilities	1	(9,607)	

Financial instruments include cash/bank indebtedness, accounts receivable, derivative financial instruments, long term receivables, accounts payable and accrued liabilities, advances from related party and long term debt. Except for the long term receivables 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 fair value of the derivative financial instruments has been estimated based on current market rates for such vehicles, which is impacted by the current exchange rate between the Canadian and US dollars. The estimated fair value of the derivative financial instruments as at March 31, 2014 is a liability of \$953 (September 2013 - asset of \$375).

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 as at March 31, 2014 is \$1,705 (September 30, 2013 - \$2,003).

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

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 as at March 31, 2014 is \$6,903 (September 30, 2013 - \$8,381).

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.

24. 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.

Interest Rate Risk

The Company's interest rate risk arises from its variable rate bank indebtedness and long term debt. 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 March 31, 2014, a 1% increase/decrease in the rate being charged to the Company would result in a \$523 (Q2 2013 - \$72) decrease/increase in net earnings.

Commodity Price Risk

The Company's manufacturing costs are affected by the price of raw materials, namely steel. In order to manage its risk, the Company applies a steel surcharge to its product when the cost of steel increases significantly. The Company's preferred practice is to match raw materials cost changes with selling price adjustments, although there is a time lag. This matching is not always possible, as customers react to selling price pressures related to raw material price fluctuations according to conditions pertaining to their markets.

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 and sales to the CIS region are 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 March 31, 2014, a one-cent strengthening/weakening in the period-end foreign exchange rate from Canadian dollars to U.S. dollars would have increased/decreased net earnings by \$584 (Q2 2013 - \$799).

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 foreign currency forward contracts to further mitigate these fluctuations when the natural hedges are forecasted to be insufficient.

Notes to Consolidated Financial Statements

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

As at March 31, 2014, The Company had US to Canadian dollar foreign currency forward contracts with a notional amount of US \$30,000 in place (2013 - \$Nil). These contracts expire between May and October 2014 with an average rate of 1.0758. As at March 31, 2014, the fair value of these foreign currency forward contracts resulted in a liability of \$953 which have been recognized on the consolidated balance sheet. Fair value adjustments are recognized within (gain) loss on foreign exchange in the consolidated statement of comprehensive income. A one-cent strengthening/weakening in the period-end foreign exchange rate from Canadian dollars to U.S. dollars would have increased/decreased the value of these contracts by \$300 (2013 - \$Nil) before taxes.

Liquidity Risk

The 2014 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:

	2014	2015	2016	2017	2018	Post 2018	Total
Accounts payable and accrued liabilities	\$86,878	\$ -	\$ -	\$ -	\$ -	\$ -	\$86,878
Long term debt	4,277	2,708	1,369	-	-	-	8,354
Advances from related party	1,287	-	-	-	-	-	1,287
Total	\$92,442	\$2,708	\$1,369	\$ -	\$ -	\$ -	\$96,519

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:

	March 31, 2014	Sept. 30, 2013
Current - neither impaired nor past due	\$ 112,958	\$ 57,290
Not impaired but past the due date:		
Within 30 days	1,950	244
31-60 Days	826	91
Over 60 days	3,134	588
	<u>118,868</u>	<u>58,213</u>
Less: Allowance for doubtful accounts	(514)	(528)
Total receivables, net	\$ 118,354	\$ 57,685

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

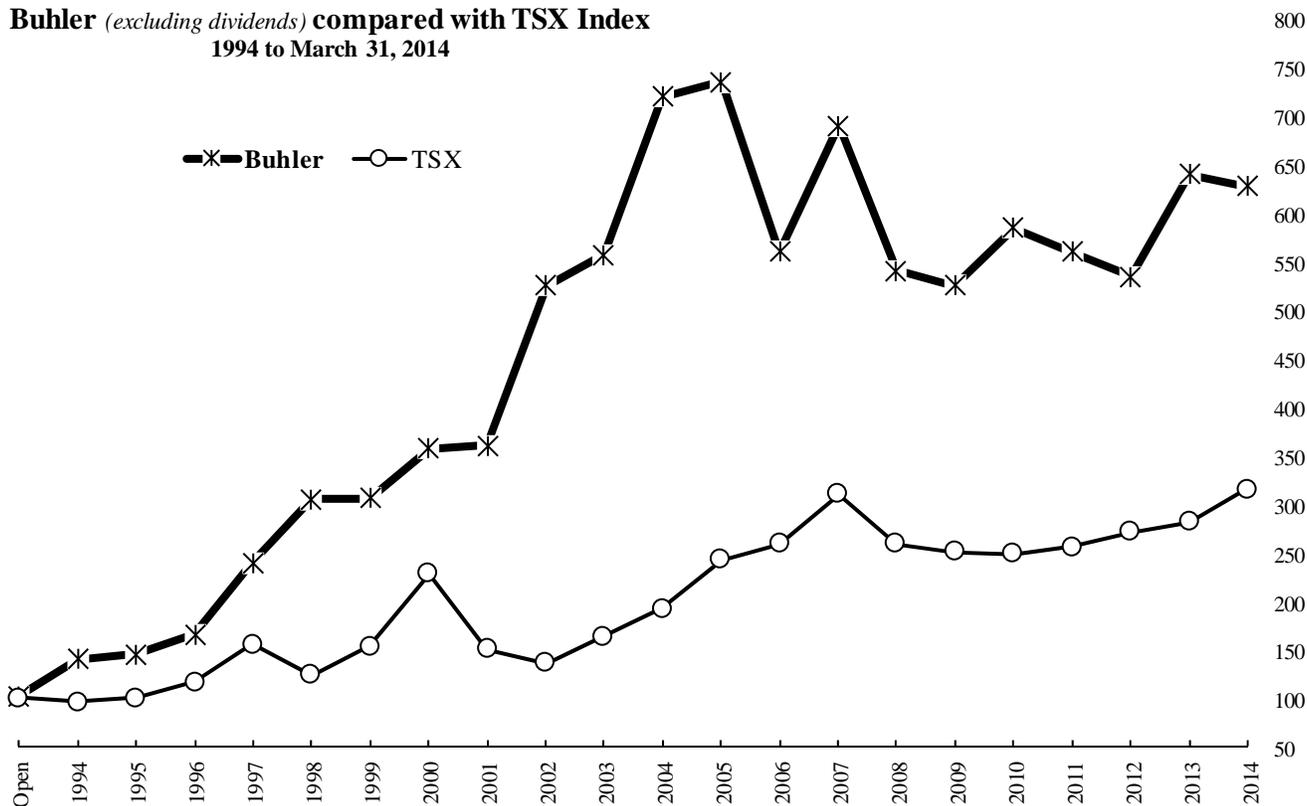
	March 31, 2013	Sept. 30, 2013
Balance, beginning of period	\$ (528)	\$ (671)
Provisions for the period, net of recoveries	33	23
Uncollectible amounts written off	16	129
Foreign exchange impact	(35)	(9)
Balance, end of period	\$ (514)	\$ (528)

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, <i>B.A., LL.B.</i>	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, <i>P.Mgr</i>	Officer	Chief Operating Officer, Buhler Industries Inc.
Willy Janzen, <i>C.G.A., B.Comm.</i>	Officer	Chief Financial Officer, Buhler Industries Inc.
Chad Gray	Management	Director of Sales, Tractor Division
Min Lee, <i>I.S.M.</i>	Management	Chief Information Officer, Buhler Industries Inc.
Todd Trueman, <i>C.I.M. P.Mgr</i>	Management	Director of Human Resources, Buhler Industries Inc.
Adam Reid	Management	Director of Marketing, Buhler Industries Inc.

Stock Data

Buhler (excluding dividends) compared with TSX Index
1994 to March 31, 2014



Ten Year Summary

SUMMARY OF OPERATIONS	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Reported standards utilized	GAAP	GAAP	GAAP	GAAP	GAAP	GAAP	GAAP	IFRS	IFRS	IFRS
In thousands of Canadian dollars (except per share amounts)										
Revenue	206,130	202,319	175,067	166,189	218,955	284,072	209,634	282,728	361,234	343,947
Cost of goods sold	168,529	165,275	141,138	137,694	175,077	232,814	172,278	239,488	305,480	285,678
Gross profit	37,601	37,044	33,929	28,495	43,878	51,258	37,356	43,240	55,754	58,269
Selling & admin. expense	16,290	16,206	16,863	16,544	16,476	18,975	19,093	20,897	23,292	22,644
Income from operations	21,311	20,838	17,066	11,951	27,402	32,283	18,263	22,343	32,462	35,625
Gain on sale of capital assets	(2,010)	(119)	(801)	(3,689)	(1,512)	(3,247)	(3,477)	(1,184)	(1,213)	(74)
Interest income	-	-	-	-	-	-	-	(557)	(553)	(300)
Interest expense (income)	(328)	62	2,414	585	2,089	1,148	1,407	3,004	3,507	4,459
Amortization	6,812	6,411	6,133	4,768	3,933	4,070	3,584	-	-	-
Foreign exchange (gain) loss	-	-	-	-	-	-	-	(1,940)	2,705	(3,479)
Research & development exp.	2,903	3,342	3,183	2,003	2,621	8,820	7,534	7,480	8,375	8,533
Non-controlling interest	884	700	555	246	-	-	-	-	-	-
Net earnings before taxes	13,050	10,442	5,582	8,038	20,271	21,492	9,215	15,540	19,641	26,586
Income taxes (expense) recovery	(1,324)	(1,111)	(1,176)	(26)	(15,812)	(7,104)	(1,035)	(3,623)	(3,278)	(6,695)
Extraordinary items	-	-	-	-	7,211	-	-	-	-	-
NET EARNINGS	11,726	9,331	4,406	8,012	11,670	14,388	8,180	11,917	16,363	19,891
CASH FLOW SUMMARY										
Capital asset purchases	4,470	7,515	2,815	3,151	3,294	2,088	4,039	9,662	2,444	5,857
Long-term debt incurred	-	-	-	-	-	807	2,437	17,068	-	-
Reduction of long-term debt	3,628	3,360	3,315	3,315	18,852	1,305	1,368	1,550	5,949	2,139
Dividends paid	2,990	3,500	3,750	7,500	-	-	-	-	-	-
Net cash flow	15,778	13,132	8,079	11,640	25,843	18,958	11,295	16,287	21,203	24,336
Net cash (bank indebtedness)	15,360	(17,129)	(39,203)	10,733	14,512	(6,591)	(4,772)	(10,515)	19,293	24,160
BALANCE SHEET SUMMARY										
Cash, receivables and prepaids	51,222	38,138	43,202	49,420	64,860	68,764	57,573	74,422	79,849	87,779
Inventory	73,762	105,979	104,888	69,668	74,492	87,731	102,573	126,998	131,703	153,834
Total current assets	124,984	144,117	148,090	119,088	139,352	156,495	160,146	201,420	211,552	241,613
Total assets	167,044	186,512	184,960	161,865	178,583	193,817	197,203	241,733	250,755	283,513
Total current liabilities	37,570	58,087	66,969	42,999	63,634	63,422	58,947	78,065	78,624	97,561
Total short and long term debt	29,870	45,398	61,813	19,011	760	1,198	2,189	17,695	11,746	9,607
Total liabilities	75,998	96,407	87,065	63,458	68,506	69,352	64,558	97,171	89,830	102,697
Total shareholders equity	91,407	97,233	97,895	98,407	110,077	124,465	132,645	144,562	160,925	180,816
Shares o/s (avg. in millions)	24.3	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Working capital	87,414	86,030	81,121	76,089	75,718	93,073	101,199	123,355	132,928	144,052
DATA PER COMMON SHARE										
Revenue	\$ 8.47	\$ 8.09	\$ 7.00	\$ 6.65	\$ 8.76	\$ 11.36	\$ 8.39	\$ 11.31	\$14.45	\$13.76
EBITDA	0.95	0.69	0.57	0.54	1.34	1.07	0.57	0.89	1.10	1.41
Price to EBITDA	6.8	10.9	11.9	13.5	3.8	4.9	10.2	6.3	4.9	4.5
EBIT	0.54	0.42	0.22	0.32	1.27	0.91	0.42	0.72	0.90	1.23
Net earnings	0.48	0.37	0.18	0.32	0.47	0.57	0.33	0.48	0.65	0.80
Net earnings, no extraordinary item	0.48	0.37	0.18	0.32	0.18	0.57	0.33	0.48	0.65	0.80
Price to earnings	15.25	27.34	31.77	21.53	11.51	9.21	17.61	11.75	8.17	8.04
Cash flow	0.76	0.53	0.42	0.41	1.03	0.76	0.45	0.65	0.85	0.97
Dividends paid	0.13	0.14	0.15	0.30	0.00	0.00	0.00	0.00	0.00	0.00
Closing share price	7.20	7.35	5.60	6.90	5.41	5.25	5.81	5.60	5.35	6.40
Shareholders' equity	3.76	3.90	3.92	3.94	4.40	4.98	5.31	5.78	6.44	7.23
STATISTICAL DATA										
Current ratio	3.3	2.5	2.3	2.8	2.2	2.5	2.7	2.6	2.7	2.5
Interest bearing debt/ equity ratio	-	0.2	0.4	0.1	-	0.1	0.2	0.1	0.1	0.1
Inventory turnover	2.3	1.6	1.3	2.0	2.4	2.7	1.8	1.9	2.4	2.0
Gross margin (% of revenue)	18.2%	18.3%	19.4%	17.1%	20.0%	18.0%	17.8%	15.3%	15.4%	16.9%
Selling & Admin. (% of revenue)	8%	8%	10%	10%	8%	7%	9%	7%	6%	7%
EBITDA (% of revenue)	10%	9%	8%	7%	16%	9%	7%	8%	8%	10%
Net earnings (% of revenue)	6%	5%	3%	5%	5%	5%	4%	4%	5%	6%
Return on average capital	12%	8%	5%	7%	12%	12%	6%	8%	10%	11%
Return on average equity	14%	10%	5%	8%	11%	12%	6%	9%	11%	12%