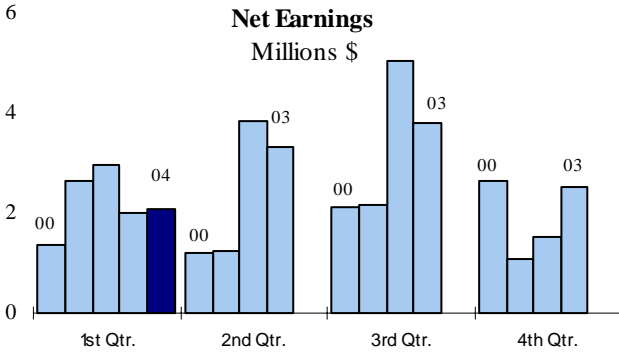


**Revenue**

First quarter revenue increased 9.4% to \$42.3 million compared with \$38.7 million last year.

**Net Earnings**

First quarter earnings increased 5.4% to \$2.1 million or \$0.091 per share, compared with \$2.0 million last year or \$0.086 per share. The number of shares outstanding is 23 million, unchanged from last year.



**Earnings History**

The above chart indicates a trend toward improved quarterly earnings.

**Looking Forward**

We have seen a decline in gross margins and can attribute that to a weakened U.S. dollar. We have some concern about the impact of the Mad Cow Disease (BSE) on future revenue.

**Balance Sheet Items**

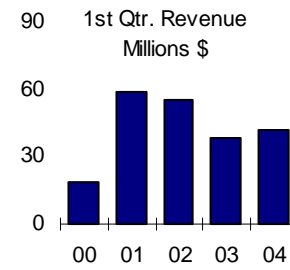
Inventory remains high, but has come down by \$4 million from year end. Compared to one year ago, current liabilities have decreased by \$22 million and retained earnings have increased by \$9 million. All of the long-term debt is interest free and the Industry Canada loan representing most of the debt is unsecured.

**2004  
1st Quarter Report**

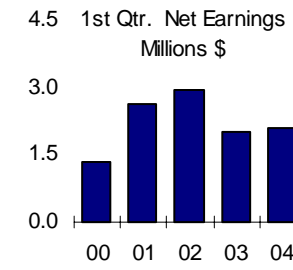


A Leading Manufacturer and Distributor  
of Farm Equipment

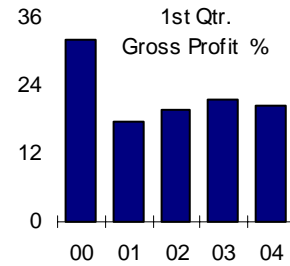
**FINANCIAL ANALYSIS**



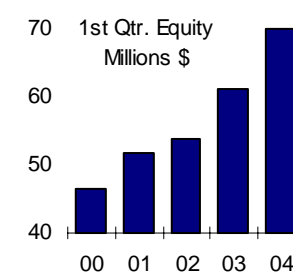
Revenue for Q1 increased by 9.4% to \$42.3 million. Our core products are showing consistent increases and as a result of new tractor dealers being added each month, we expect revenue will continue to grow.



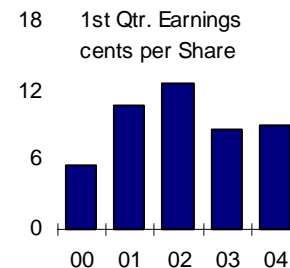
Earnings of \$2.1 million for Q1 show improvement over last year's \$2.0 million. The impact of the exchange rate is affecting earnings in the short term. If the U.S. dollar stabilizes and the BSE issue is resolved, we expect to see a continued increase in earnings.



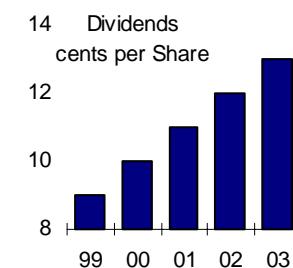
Gross profit of 20.3% is down from last year's 21.7%, but in line with our forecast. We expect gross profit to stay in the range of 20% to 22% as a result of the weakened U.S. dollar.



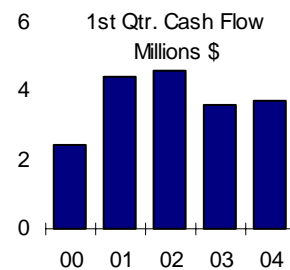
Equity has increased for 35 consecutive years and now stands at \$70 million or \$3.04 per share compared to \$61 million last year or \$2.66 per share.



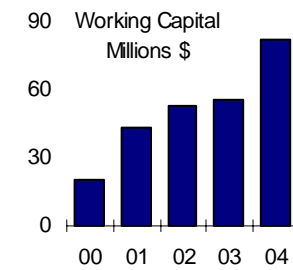
First quarter earnings per share increased by 5.4% to \$0.091 cents per share compared with \$0.086 last year. There are 23 million shares outstanding. There are no options outstanding as of December 31, 2003.



Dividends increased for the 11th consecutive year and the Company expects to continue the practice of increasing dividends. The dividend of \$0.13 per share for fiscal year ending September 30, 2003 was paid on January 14, 2004, to shareholders of record on December 5, 2003.



Cash flow of \$3.8 million in the first quarter is slightly better than last year. The healthy cash flow enables the Company to utilize all cash discounts offered by suppliers. Cash flow is the sum of net after tax earnings, plus amortization.



Net working capital of \$81 million has improved over last year's \$56 million. The strong working capital position will allow us to take advantage of future acquisitions, should they arise.

## Consolidated Balance Sheet

Buhler Industries Inc. 1st Quarter 2004

Unaudited (000's)

As at December 31	2003	2002
<b>ASSETS</b>		
<b>Current assets</b>		
Accounts receivable	\$ 48,295	\$ 47,954
Inventories	86,436	82,651
Prepaid expenses	392	393
<b>Total current assets</b>	<b>135,123</b>	130,998
Capital assets	42,240	42,476
Future income taxes	2,380	1,780
Investments - at cost	175	155
<b>Total assets</b>	<b>\$ 179,918</b>	<u>\$ 175,409</u>
<b>LIABILITIES AND SHAREHOLDERS EQUITY</b>		
<b>Current liabilities</b>		
Bank indebtedness	\$ 26,284	\$ 26,143
Account payable & accrued	24,336	47,797
Current portion, long term	3,269	1,590
<b>Total current liabilities</b>	<b>53,889</b>	75,530
Advances from related party	12,000	8,114
Long term debt (unsecured)	28,530	30,260
<b>Total liabilities</b>	<b>94,419</b>	113,904
Non-controlling interest	15,528	282
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	17,880	17,880
Retained earnings	52,091	43,343
<b>Total shareholders equity</b>	<b>69,971</b>	61,223
<b>Total Liabilities and equity</b>	<b>\$ 179,918</b>	<u>\$ 175,409</u>

On behalf of the Board of Directors

John Buhler,  
Chairman

## Consolidated Statement of Earnings and Retained Earnings

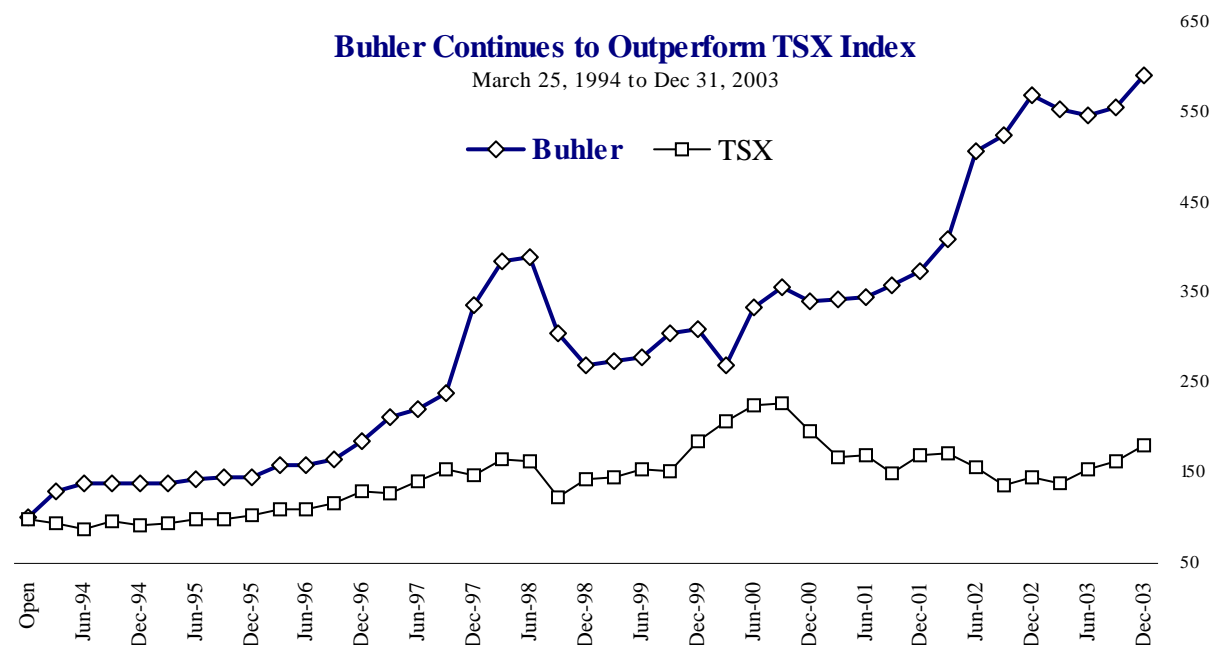
Buhler Industries Inc. 1st Quarter 2004

Unaudited (000's except per share amounts)

	Three Months Ended December 31	
	2003	2002
<b>Revenue</b>	<b>\$ 42,303</b>	\$ 38,653
Cost of Goods Sold	33,712	30,278
<b>Gross Profit</b>	<b>8,591</b>	8,375
Selling & administration expenses	3,598	3,146
<b>Income From Operations</b>	<b>4,993</b>	5,229
Loss (gain) sale capital assets	(64)	(414)
Interest expense	146	204
Amortization	1,669	1,643
Research & Development	514	1,122
Non-controlling interest	94	91
<b>Earnings Before Taxes</b>	<b>2,634</b>	2,583
Income taxes	541	598
<b>NET EARNINGS</b>	<b>\$ 2,093</b>	\$ 1,985
Retained Earnings, begin period	52,988	44,118
Dividends	(2,990)	(2,760)
<b>Retained Earnings, End of Period</b>	<b>\$ 52,091</b>	<u>\$ 43,343</u>
<b>Earnings per share (fully diluted)</b>	<b>\$ 0.09</b>	\$ 0.09

### Buhler Continues to Outperform TSX Index

March 25, 1994 to Dec 31, 2003



## Consolidated Statement of Cash Flows

Unaudited (000's)

3 months ended December 31	2003	2002
<b>Cash provided by (used in) operating activities</b>		
Net earnings	2,093	1,985
Add (deduct) non-cash items		
Amortization	1,669	1,643
Loss (gain) on disposal of assets	(64)	(414)
Loss (gain) on foreign exchange	397	(121)
	<b>4,095</b>	3,093
Net change in non-cash working capital balances*	<b>(8,425)</b>	(7,553)
	<b>(4,330)</b>	(4,460)
<b>Investing activities</b>		
Purchase of capital assets	(708)	(888)
Proceeds (sale of capital assets)	317	1,098
	<b>(391)</b>	210
<b>Financing activities</b>		
Increase in non-controlling interest	(1,566)	(1,475)
Repayment of long term debt	(871)	-
Advances (repayment) from related party	821	(3,521)
Dividends	(2,990)	(2,760)
	<b>(4,606)</b>	(7,756)
<b>Foreign exchange gain (loss) on cash held in foreign currency</b>	<b>(397)</b>	121
<b>Net cash used in the period</b>	<b>(9,724)</b>	(11,885)
<b>Bank debt, beginning</b>	<b>(16,560)</b>	(14,258)
<b>Bank debt, end of period</b>	<b>(26,284)</b>	(26,143)
<b>*Net change in non-cash working capital balances is comprised of</b>		
Accounts receivable	(7,601)	(8,766)
Inventories	4,059	(12,290)
Prepaid expenses	691	513
Acc'ts payable and accrued	(5,574)	12,990
<b>Net cash used</b>	<b>(8,425)</b>	(7,553)