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 sheet as at March 31, 2006 and the interim consolidated statements of earnings, retained earnings and cash flows for the six month period then ended are the responsibility of the Company's management. These consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company, Gislason Targownik Peters.

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

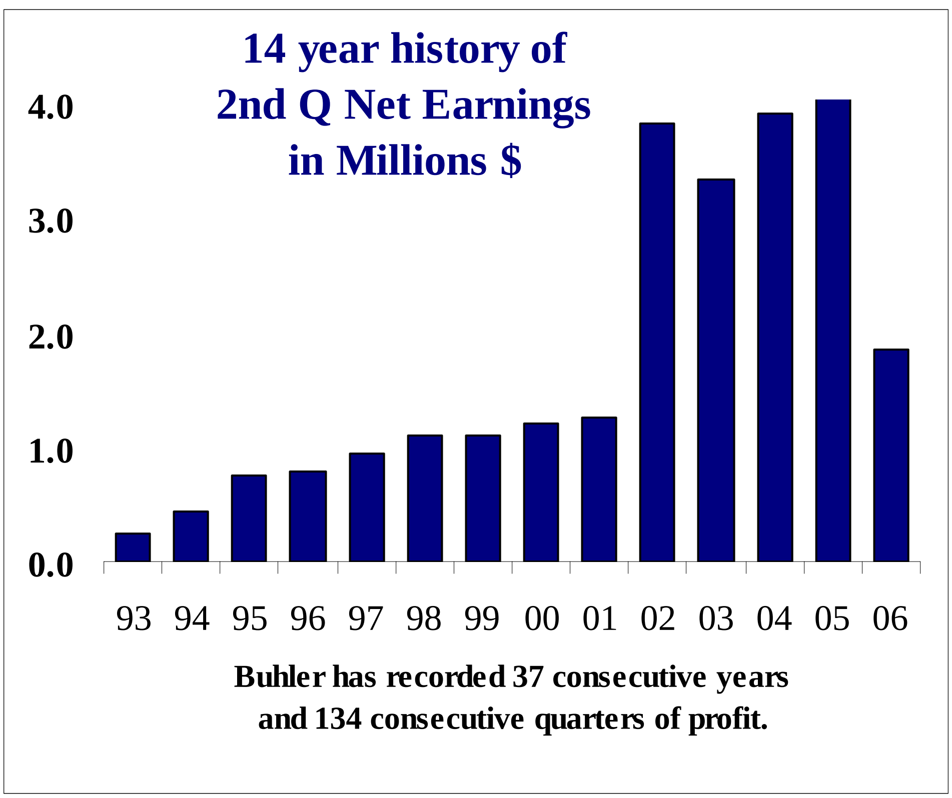
__/d/ J. Buhler ____________________

John Buhler
Chief Executive Officer
Winnipeg, Canada
April 25, 2006

__/d/ Ossama AbouZeid____________________

Ossama A. AbouZeid, Ph.D., MBA
Chief Financial Officer
Winnipeg, Canada
April 25, 2006

Second Quarter report
March 31, 2006



A Leading Manufacturer and Distributor of Farm Equipment

Management Discussion & Financial Analysis

During Q2, we experienced reduced sales, increased production costs, selling and administration costs and interest costs, ultimately resulting in significantly lower than expected financial results.

In addition, the current agricultural economy is being impacted by further depressed commodity prices, lingering affects of the Canadian Mad Cow disease and the rising costs of fuel and fertilizer.

In spite of the state of the agriculture industry, our Q2 sales aided modestly in our year-to-date sales recovery. Our year-to-date sales are now only 10% lower than the same period last year. Nearly 50% of the reduction in sales is directly attributable to an average 6 cent decline in the US dollar.

In addition to the US dollar exchange effects, we also experienced the cancellation of a significant number of tractor orders from export markets. As stated in our Q1 report, the Company began Q2 with an unprecedented high order book for many of its' products, including tractors. During Q2, we were advised, with little notice, that tractor orders were going to be significantly delayed. In essence "cancelled". As this inventory had already been built, this not only caused our sales to fall below expectations, but also resulted in continuing high inventory levels. As such, our export markets have proven to be more unpredictable than anticipated. We will take a more cautious approach as we move forward in growing our business in these very important markets.

As anticipated, gross margin declined to 17.3% compared with 23.9% in Q1. This was due to the higher proportion of tractor sales typically experienced during Q2. Year-to-date gross margin of 19.9% is in line with our expectations.

Selling and administration costs reduced to 8.0%, however, still remains unacceptably high with a year-to-date expense of 9.3% of revenue. GSA expenses are being scrutinized and measures have been taken to reduce the GSA going forward.

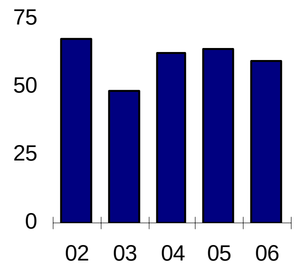
Interest expense was higher than in previous periods and will decrease as our inventory is reduced over the next 6 months.

Year-to-date R&D expenses approached $2 million. Restrictions have been put in place to limit these expenses for the remainder of the year. Projects will be prioritized to prevent a negative impact on our business. As a result, earnings per share decreased by 54.0% to $0.07, resulting in a year-to-date decrease of 37.6% to $0.14.

Looking forward:
In spite of the negative trend of this quarter, management is committed to improving the areas of our operation that have caused our financial results to decline. There is no "quick fix" for some of these issues, but we will work to implement changes and improve our results in due course.

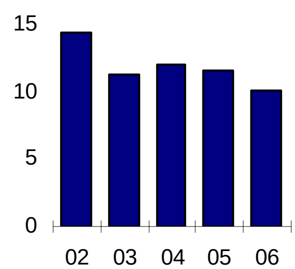
Craig Engel
President
April 25, 2006

Sales and Growth *(millions C$)*



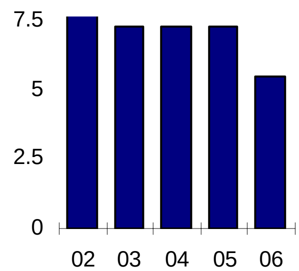
Revenue for the second quarter reduced by 7.6% to $59.1 million compared with $64.0 million last year. Revenue for six months reduced by 10.3% to $98.5 million compared with $109.8 million last year. The high value of the Canadian dollar is the main reason for the lower revenue.

Gross Profit *(millions C$)*



Gross profit for the second quarter is reduced to $10.2 million or 17.3% of revenue compared with $11.6 million or 18.1% of revenue last year. Gross profit for 6 months increased to $19.6 million or 19.9% of revenue compared with $19.2 million or 17.5% of revenue last year. Gross margin as a percentage continues to show improvement and we are forecasting that gross margin for fiscal 2006 will be in the 18% to 20% range compared with year-end gross margin of 18.3% in fiscal 2005.

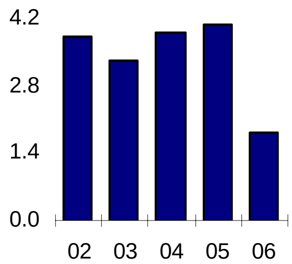
Income from Operations *(millions C$)*



Second quarter income from operations decreased to $5.5 million or 9.3% of revenue compared with $7.3 million or 11.3% of revenue last year. Income from operations for six months decreased to $10.4 million or 10.6% of revenue compared with $11.1 million or 10.1% of revenue last year.

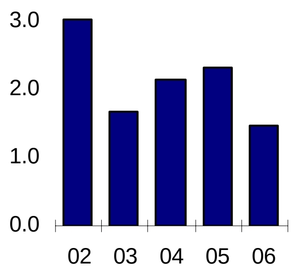
Management Discussion & Financial Analysis

Net Earnings *(millions C$)*



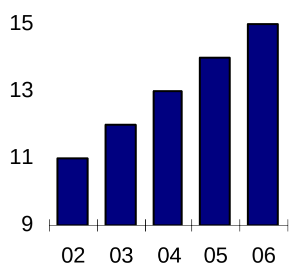
Net earnings for the second quarter decreased by 54.0% to $1.9 million or $0.07 per share compared with $4.1 million or $0.16 per share last year. Net earnings for 6 months decreased to $3.6 million or $0.14 per share compared with $5.7 million or $0.23 per share last year.

Inventory Turns



Inventory turns of 1.4 are far from satisfactory but we expect to be back on target soon. We are hoping to exceed 2 turns by year end and will work hard to make sure we stay above that mark, always working toward our record of 3 turns per year.

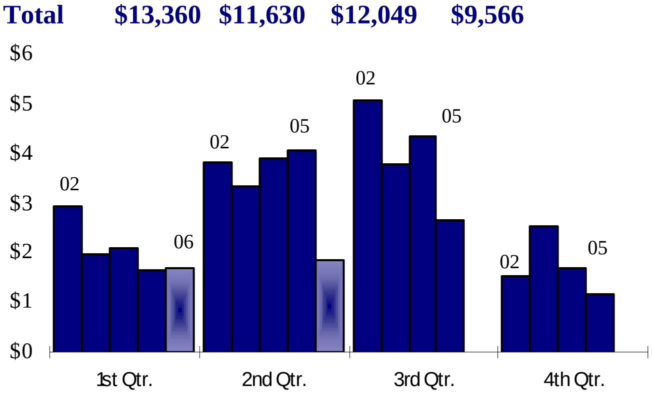
Dividends *(cents C$)*



The Directors declared the 13th consecutive increase in dividends to 15 cents per share paid on January 13, 2006 to shareholders of record on December 2, 2005. The Company pays dividends annually and expects that annual increases will continue.

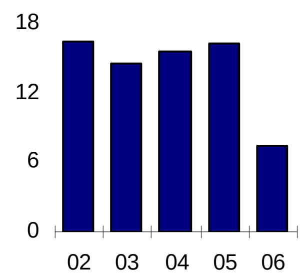
Quarterly Net Earnings Results *(000's millions C$)*

	2002	**2003**	**2004**	**2005**	**2006**
1st Q	$ 2,950	$ 1,985	$ 2,093	**$ 1,647**	**$ 1,707**
2nd Q	3,831	3,336	3,915	**4,078**	**1,875**
3rd Q	5,059	3,782	4,361	**2,670**	
4th Q	1,520	2,527	1,680	**1,171**	
Total	**$13,360**	**$11,630**	**$12,049**	**$9,566**	



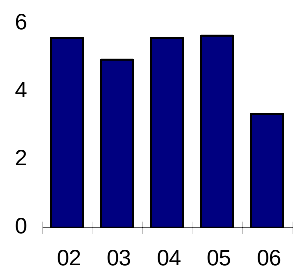
Earnings for the second quarter are significantly lower than last year but ahead of last quarter. The agricultural sector carries many risks such as poor weather, high input costs and low grain prices, therefore, we remain cautious in forecasting significant improvements.

Net Earnings *(cents per share C$)*



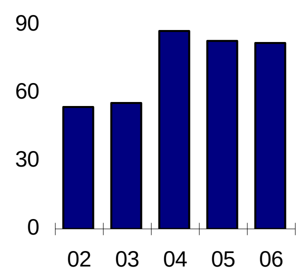
Earnings per share (EPS) of $0.07 for the second quarter is below expectations. We are forecasting EPS of $0.30 to $0.40 for fiscal 2006. The total number of shares outstanding remain at 25 million.

Net Cash Flow *(millions C$)*



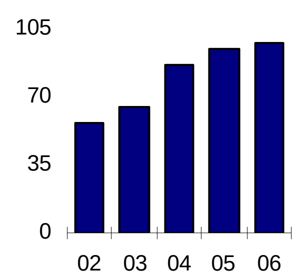
Second quarter cash flow decreased to $3.4 million, lower than our 5 year average of $5.1 million. Cash flow is the sum of net after tax earnings plus amortization. The cash flow is sufficient to take advantage of all cash discounts and to create a reserve that will allow the Company to pursue acquisitions.

Liquidity, Working Capital *(millions C$)*



Working capital of $81.9 million is in line with last year's $83.0 million. The Company is always on the lookout for acquisitions that will compliment the existing lines. The healthy working capital combined with the Company's line of credit provide cash for expansion and future acquisitions.

Equity *(millions C$)*



Equity has increased for 37 consecutive years as a result of consistent earnings. Equity now stands at $97.9 million or $3.91 per share compared with $94.3 million last year or $3.77 per share. By year end, we will exceed the $100 million threshold. Share capital remains at $30 million.

Consolidated Balance Sheets

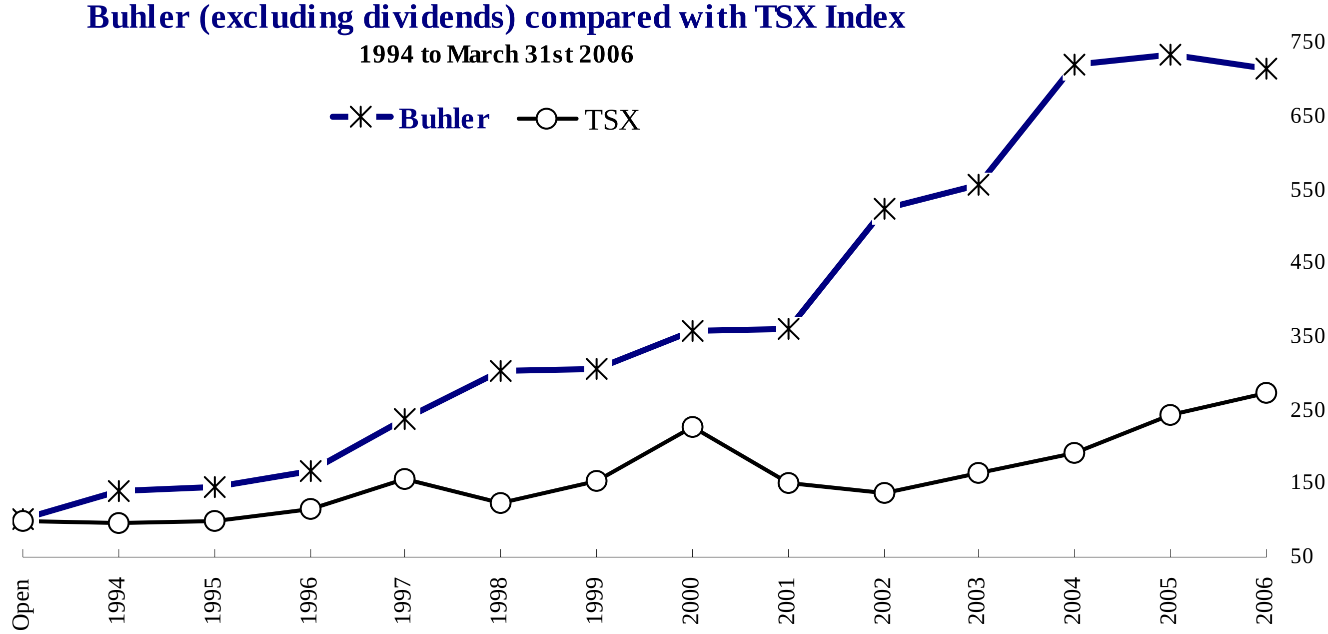
Buhler Industries Inc. 2nd Quarter 2006

Unaudited (000's C$)

ASSETS	as at March 31	2006	2005
Current assets			
Cash		-	-
Accounts receivable		$ 57,453	$ 47,319
Inventories (note 2)		115,062	81,967
Prepaid expenses		131	333
Total current assets		172,646	129,619
Property Plant and Equipment (note 3)		37,522	36,674
Related party loan (note 5)		-	2,561
Future income taxes (note 10)		3,047	4,712
Investments - at cost		166	182
Total assets		$ 213,381	$ 173,748
LIABILITIES AND SHAREHOLDERS EQUITY			
Current liabilities			
Bank indebtedness (note 4)		$ 59,028	$ 11,681
Account payable & accrued liabilities		28,411	31,625
Current portion, long term		3,276	3,274
Total current liabilities		90,715	46,580
Advances from related party (note 5)		622	-
Long term debt (note 7)		20,776	24,088
Total liabilities		112,113	70,668
Non-controlling interest (note 8)		3,323	8,808
SHAREHOLDERS' EQUITY			
Share capital (note 12)		30,000	30,000
Retained earnings		67,945	64,272
Total shareholders equity		97,945	94,272
Total Liabilities and equity		$ 213,381	$ 173,748

Buhler (excluding dividends) compared with TSX Index

1994 to March 31st 2006

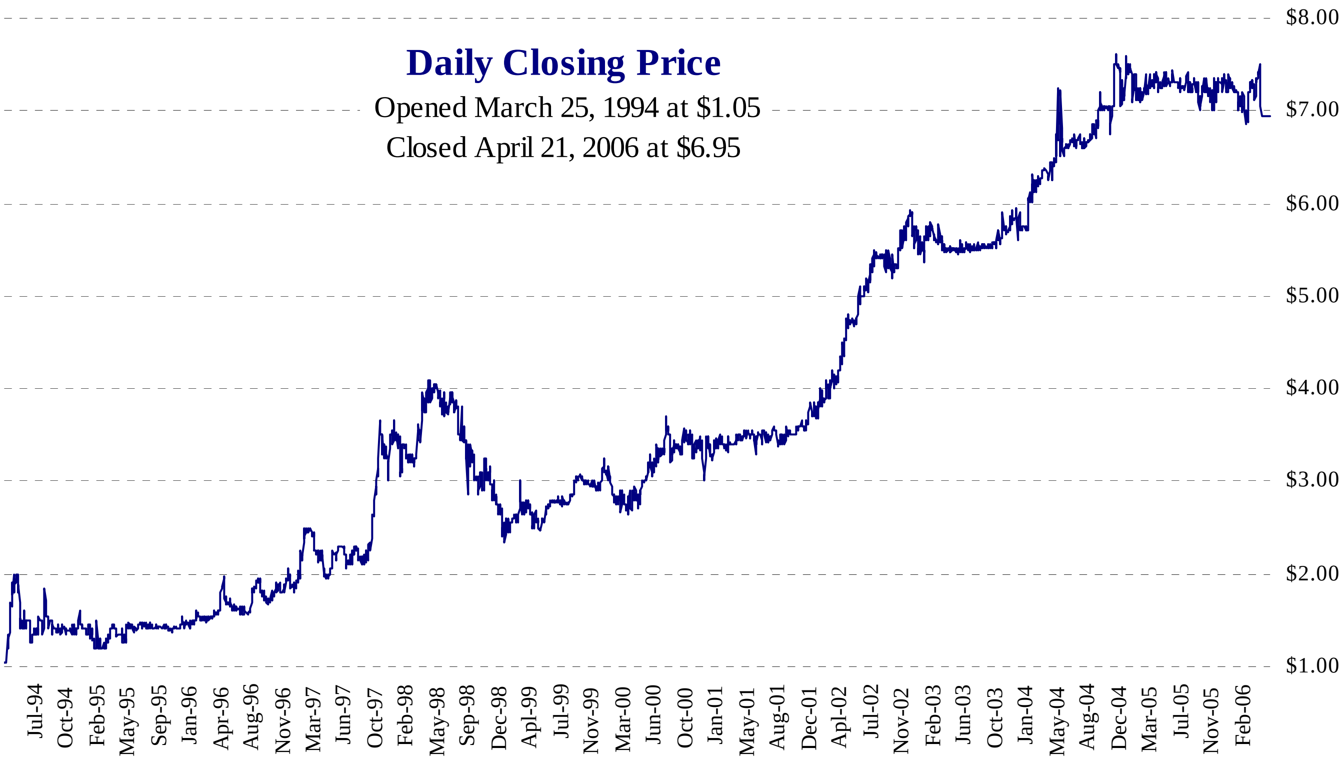


Consolidated Statements of Earnings

Buhler Industries Inc. 2nd Quarter Fiscal 2006

Unaudited *(000's C$) except per share amounts*

	Three Months Ended March 31				Six Months Ended March 31			
	2006		2005		**2006**		2005	
Revenue	**$ 59,152**		$ 63,989		**$ 98,541**		$ 109,800	
Cost of Goods Sold	**48,938**		52,420		**78,918**		90,638	
Gross Profit	**10,214**	**17.3%**	11,569	18.1%	**19,623**	**19.9%**	19,162	17.5%
Selling & administration expenses	**4,706**	**8.0%**	4,315	6.7%	**9,190**	**9.3%**	8,036	7.3%
Income From Operations	**5,508**	**9.3%**	7,254	11.3%	**10,433**	**10.6%**	11,126	10.1%
Loss (gain) sale capital assets	**(46)**		(36)		**(54)**		(52)	
Interest expense (income)	**832**		(157)		**1,253**		(391)	
Amortization	**1,489**		1,564		**2,990**		3,070	
Research & Development	**964**		978		**1,907**		1,681	
Non-controlling interest	**60**		61		**121**		123	
Earnings Before Taxes	**2,209**	**3.7%**	4,844	7.6%	**4,216**	**4.3%**	6,695	6.1%
Provision for income taxes	**334**		766		**634**		970	
NET EARNINGS	**$ 1,875**	**3.2%**	$ 4,078	6.4%	**$ 3,582**	**3.6%**	$ 5,725	5.2%
Retained Earnings, begin period	**66,070**		60,194		**68,113**		62,047	
Dividends	**-**		-		**(3,750)**		(3,500)	
Retained Earnings, End of Period	**$ 67,945**		$ 64,272		**$ 67,945**		$ 64,272	
Earnings per share *(fully diluted)*	**$ 0.07**		$ 0.16		**$ 0.14**		$ 0.23	



Consolidated Statement of Cash Flows

For 6 months ended March 31 (000's) C$	**2006**	2005
Cash provided by (used in) operating activities		
Net earnings	**$ 3,582**	5,725
Add (deduct) non-cash items		
Amortization	**2,990**	3,070
Gain on disposal of assets	**(54)**	(52)
Gain on foreign exchange	**(1,109)**	3
Future income taxes	**1**	(1,160)
	5,410	7,586
Net change in non-cash working capital balances*	**(37,801)**	(22,667)
	(32,391)	(15,081)
Investing activities		
Purchase of capital assets, net of investment tax credits	**(1,573)**	(1,524)
Proceeds on sale of capital assets	**272**	169
Investments	**25**	(9)
	(1,276)	(1,364)
Financing activities		
Repayment of long term debt	**(1,633)**	(1,681)
Decrease in non-controlling interest	**(1,997)**	(2,027)
Advances (repayment) from related party	**(1,961)**	(3,384)
Dividends paid	**(3,750)**	(3,500)
	(9,341)	(10,592)
Foreign exchange gain on cash held in foreign curren	**1,109**	(3)
Net cash provided (used) in the period	**(41,899)**	(27,040)
Bank balance (debt), beginning of period	**(17,129)**	15,360
Bank balance (debt), end of period	**$ (59,028)**	$ (11,680)
***Net change in non-cash working capital balances is comprised of:**		
Accounts receivable	**$ (20,057)**	(12,229)
Inventories	**(9,083)**	(8,205)
Prepaid expenses	**610**	437
Accounts payable, accrued liabilities and taxes payable	**(9,271)**	(2,670)
Net cash provided (used)	**$ (37,801)**	$ (22,667)

Notes to Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

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

(b) Inventories

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

(c) Capital assets and amortization

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

Buildings	4 to 5%	Straight line
Equipment	20 to 30%	Declining balance
Computers	30%	Declining balance
Software and tools	100%	Year acquired

(d) Foreign currency translation

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

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

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

(e) Financial instruments

Foreign exchange and interest rate risk

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

Other risks

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

Fair value

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

2. INVENTORIES *(000's C$)*

	2006 Q2	2005 Y/E
Land for development	**$ 2,425**	$ 2,451
Finished goods	**62,085**	51,748
Work in process	**4223**	5,374
Raw materials	**46,329**	46,406
	$ 115,062	$ 105,979

3. CAPITAL ASSETS *(000's C$)*

	Cost	Accum. Amort.	2006 Q2 Net Book Value	2005 Y/E Net Book Value
Land	$ 4,569	$ 0	**$ 4,569**	$ 4,569
Buildings	30,653	11,879	**18,774**	19,337
Equipment	51,539	38,513	**13,026**	13,998
Computers	4,553	3,434	**1,119**	1,191
Software & tools	2,783	2,750	**33**	61
	$ 94,097	$ 56,576	**$ 37,521**	$ 39,156

4. BANK INDEBTEDNESS

The Company has available a financing facility with the Bank of Montreal in the amount of $60,000,000. The credit facility is secured by a mortgage, debenture, general security agreement and assignment of receivables and inventory. All interest rates are at prime or less.

5. ADVANCES FROM RELATED PARTY *(000's C$)*

Throughout the year, the majority shareholder advances or borrows funds from the Company. Interest calculated at bank prime. The Company has provided a letter of credit for $665 (2005 - $665) to secure a line of credit for an entity in which the majority shareholder has a significant influence.

6. RELATED PARTY TRANSACTIONS

Related party transactions are detailed in the annual report.

7. LONG TERM DEBT *(000's C$)*

	2006 Q2	2005 Y/E
Long term debt	**$ 23,752**	$ 25,686
Current portion	**3,276**	3,276
Long term portion	**$ 20,776**	$ 22,410

The unsecured, interest free, Industry Canada loan is repayable in 120 equal monthly installments of $265 commencing July 31, 2003. The U.S. Bank loan (State of North Dakota interest free loan) is repayable over 10 years and is secured by Company assets. $3,276 is repayable annually over the next 5 years.

8. NON-CONTROLLING INTEREST

During the 1999 fiscal year, Buhler Industries Inc. created a controlled manufacturing partnership operating as Buhler Manufacturing, through which a significant portion of the manufacturing activity is now conducted. The partnership was formed to optimize the organizational structure and efficiency of the Company.

The non-controlling interest represents a partner's interest in the assets, liabilities & income in the partnership. The partnership's financial activities have been accounted for by consolidation. The Company has provided a $20 million dollar guarantee, for a fee, to the Bank of Montreal to secure a loan to the new partner. These proceeds were used by the new partner to invest in the partnership.

9. INTEREST PAID *(000's C$)*

	2006 Q2	2005 Y/E
Operating loan	**$ 1,194**	$ 681
Long term debt	**177**	0
	$ 1,371	$ 681

10. FUTURE INCOME TAXES

Future income taxes are recorded to reflect the timing differences arising from deduction of warranty costs for income tax purposes and from the amounts of amortization provided in the year compared to the allowances deducted for income tax purposes.

11. DEFERRED PROFIT SHARING PLAN

In 1995, the Company established a Deferred Profit Sharing Plan for its employees. The Company contributes 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. In 2005, the Company contributed $150,000 to the plan (2004-$200,000). The plan trust owns approximately 1.1 million Buhler shares.

12. CAPITAL STOCK AND OPTIONS *(000's C$)*

Authorized, an unlimited number of common shares.

	2006 No. of Shares	2006	2005 No. of Shares	2005
Issued as at Sept. 30	**25,000**	**$30,000**	25,000	$30,000
Options exercised	**0**	**0**	0	0

There are no options outstanding as of March 31, 2006.

Ten Year Summary

Year Ended September 30,	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
						In thousands of Canadian dollars (except per share amounts)				
SUMMARY OF OPERATIONS										
Revenue	66,517	85,375	89,194	79,961	116,700	187,633	232,619	181,162	206,130	**202,319**
Cost of goods sold	45,229	58,315	59,951	53,754	86,398	156,223	183,134	139,929	168,529	**165,275**
Gross profit	21,288	27,060	29,243	26,207	30,302	31,410	49,485	41,233	37,601	**37,044**
Selling & admin. expense	9,081	10,747	11,823	11,264	13,513	14,883	19,758	16,135	16,290	**16,206**
Income from operations	12,207	16,313	17,420	14,943	16,789	16,527	29,727	25,098	21,311	**20,838**
Gain on sale of capital assets	-	-	(727)	(346)	(1,039)	(733)	(134)	(726)	(2,010)	**(119)**
Interest expense (Income)	679	457	458	434	671	1,032	369	703	(328)	**62**
Amortization	3,685	4,809	4,808	5,126	5,520	7,684	7,339	6,894	6,812	**6,411**
Research & development exp.	498	645	552	577	1,043	1,895	2,850	3,683	2,903	**3,342**
Non-controlling interest	-	-	-	224	903	847	809	267	378	**333**
Net Earnings before taxes	7,345	10,402	12,329	8,928	9,691	5,802	18,494	14,277	13,556	**10,809**
Income taxes	2,212	4,271	5,216	3,131	2,393	(1,313)	5,134	2,647	1,507	**1,243**
NET EARNINGS	**5,133**	**6,131**	**7,113**	**5,797**	**7,298**	**7,115**	**13,360**	**11,630**	**12,049**	**9,566**
CASH FLOW SUMMARY										
Capital asset purchases	9,552	12,253	5,917	5,960	17,278	3,593	14,546	7,854	4,470	**7,515**
Long-term debt incurred	-	1,201	-	2,417	31,656	-	-	-	-	**-**
Reduction of long-term debt	1,689	-	7,696	-	-	2,894	795	1,657	3,628	**3,360**
Dividends Paid	1,097	1,432	1,703	1,992	2,209	2,435	2,584	2,760	2,990	**3,500**
Net cash flow	8,573	10,940	11,921	10,923	12,818	14,799	20,699	18,524	18,861	**15,977**
Cash (Bank indebtedness)	(1,576)	(2,724)	(2,348)	(4,043)	(12,040)	(9,939)	(14,258)	(16,560)	15,360	**(17,129)**
BALANCE SHEET SUMMARY										
Acc'ts rec, cash & ppd. exp.	13,386	12,352	12,996	13,793	46,789	27,277	40,094	41,777	51,222	**38,138**
Inventory	13,188	16,586	19,014	20,610	52,846	60,179	70,361	90,495	73,762	**105,979**
Total current assets	26,574	28,938	32,010	34,403	99,635	87,456	110,455	132,272	124,984	**144,117**
Total assets	54,341	60,716	61,139	74,843	149,073	127,531	156,305	178,281	167,044	**186,512**
Total current liabilities	16,108	16,131	13,004	14,195	54,038	41,783	49,860	49,742	37,570	**58,087**
Total short and long term debt	10,034	11,246	5,741	7,587	47,240	42,245	57,743	60,409	29,870	**45,398**
Total liabilities	22,530	23,219	16,349	27,516	97,414	74,089	94,307	107,413	74,997	**88,399**
Total shareholders equity	31,811	37,497	44,790	47,327	51,659	53,442	61,998	70,868	92,047	**98,113**
Shares o/s (avg. in millions)	23.0	23.9	24.9	24.5	24.2	23.5	23.0	23.0	24.3	**25.0**
Working capital	10,466	12,807	19,006	20,208	45,597	45,673	60,595	82,530	87,414	**86,030**
DATA PER COMMON SHARE										
Revenue	$ 2.89	$ 3.57	$ 3.57	$ 3.27	$ 4.82	$ 7.98	$ 10.11	$ 7.88	$ 8.47	**$ 8.09**
EBITDA	0.51	0.66	0.71	0.59	0.66	0.62	1.14	0.95	0.82	**0.69**
Price to EBITDA	3.3	3.6	4.3	5.2	5.4	5.8	4.6	5.9	8.7	**10.6**
EBIT	0.35	0.45	0.51	0.38	0.43	0.29	0.82	0.65	0.54	**0.43**
Net earnings	0.22	0.26	0.29	0.24	0.30	0.30	0.58	0.51	0.50	**0.38**
Price to earnings	7.44	9.32	10.68	12.91	11.85	11.90	9.04	11.02	14.54	**19.21**
Cash flow	0.37	0.46	0.48	0.45	0.53	0.63	0.90	0.81	0.78	**0.64**
Dividends Paid	0.05	0.06	0.07	0.08	0.09	0.10	0.11	0.12	0.13	**0.14**
Closing share price	1.66	2.39	3.05	3.06	3.57	3.60	5.25	5.57	7.20	**7.35**
Shareholders' equity	1.38	1.57	1.80	1.93	2.13	2.27	2.70	3.08	3.78	**3.92**
STATISTICAL DATA										
Current ratio	1.6	1.8	2.5	2.4	1.8	2.1	2.2	2.7	3.3	**2.5**
Int. bearing debt to equity ratio	0.3	0.3	0.1	0.1	0.2	0.2	0.2	0.2	-	**0.2**
Number of shareholders	1,350	1,600	1,700	1,700	1,600	1,600	1,600	1,600	1,600	**1,600**
Inventory turnover	3.4	3.5	3.2	2.7	2.8	2.6	2.6	1.5	2.3	**1.6**
Gross margin (% of revenue)	32%	32%	33%	33%	26%	17%	21%	23%	18%	**18%**
SG&A (% of revenue)	14%	13%	13%	14%	12%	8%	8%	9%	8%	**8%**
EBITDA (% of revenue)	18%	18%	20%	18%	14%	8%	11%	12%	10%	**9%**
Net earnings (% of revenue)	8%	7%	8%	7%	6%	4%	6%	6%	6%	**5%**
Return on average capital	21%	24%	26%	18%	14%	8%	18%	13%	12%	**8%**
Return on average equity	18%	18%	17%	13%	15%	13%	23%	18%	14%	**10%**