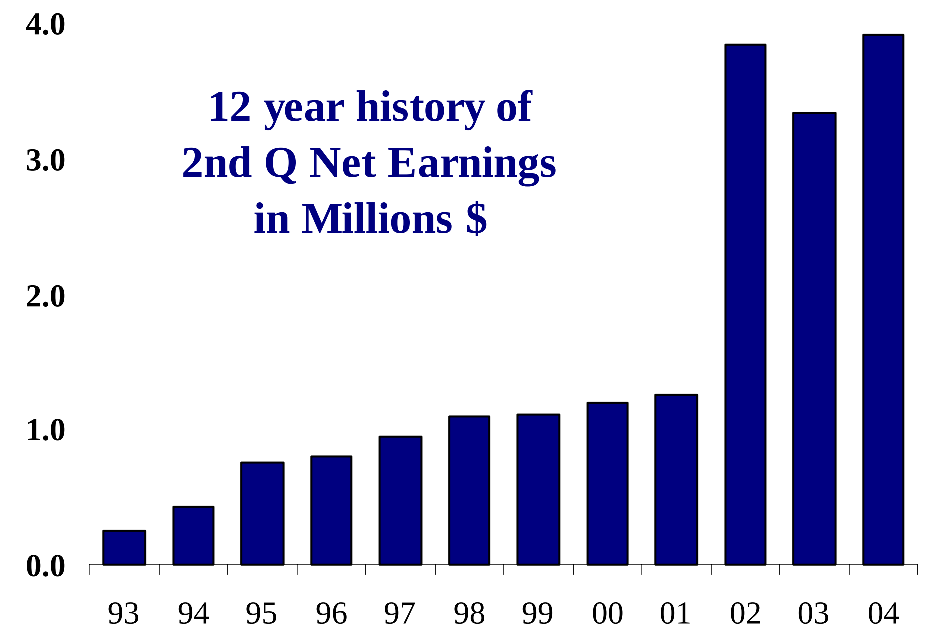
bühler

2nd Quarter report

March 31, 2004



Buhler has recorded 35 consecutive years and 126 consecutive quarters of profit.

A Leading Manufacturer and Distributor of Farm Equipment

Management Discussion and Financial Analysis

Revenue:
Second quarter revenue increased by 28% to $62.6 million compared with $48.8 million last year. Revenue for six months increased by 20% to $104.9 million compared with $87.5 million last year.

Net Earnings:
Second quarter net earnings increased by 17% to $3.9 million ($0.16 per share) compared with $3.3 million ($0.15 per share) last year. Net earnings for six months increased by 13% to $6.0 million ($0.25 per share) compared with $5.3 million ($0.23 per share) last year. There were 25 million shares outstanding on March 31, 2004 compared with 23 million last year.

Gross Profit:
Second quarter gross profit increased to $12.0 million (19.2% of revenue) compared with $11.3 million (23.3% of revenue) last year. Gross profit for 6 months increased to $20.6 million (19.6% of revenue) compared with $19.7 million (22.6% of revenue) last year. The drop in gross profit as a percentage of revenue is the result of the continuing weak US dollar and recent, unprecedented increases in the cost of steel. Going forward, we have increased our selling prices, but are not expecting to fully recover these cost increases.

Income From Operations:
Income from operations of $12.3 million for the first six months is down slightly from last year's $12.5 million, due to the lower gross margin.

Inventory:
Since year end, inventory has been reduced by 20% ($17.7 million) to $72.8 million, down from $90.5 million. Much of the reduction was a result of reduced tractor inventory.

Bank Indebtedness:
The Company's total debt has been significantly reduced as a result of the improved cash flow from operations, reduction of inventory and the increase in share capital.

Share Capital:
Share capital increased to $30 million compared to $17.9 million last year. The increased share capital resulted from the exercise of 2 million share options by John Buhler at an average price of $6.06. These shares were subsequently sold into the market at an average price of $6.11.

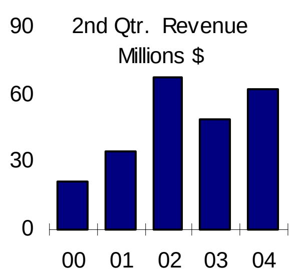
Tractor Operations:
Our tractors are continuing to increase in exposure and accessibility as we add more high quality dealers in North America.

Short Line Products:
Our core products are showing slow and steady increases in sales in spite of the impact of the BSE (Mad Cow Disease) and the remaining weak US dollar.

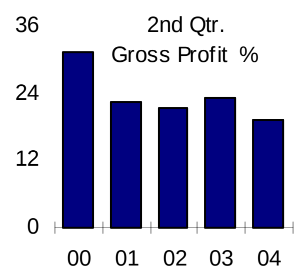
Research and Development:
The Company is continuing with its commitment to R&D, spending in excess of $3 million annually.

Looking Forward:
While the farm economy seems to be strengthening, we remain cautious in forecasting future increases in earnings due to the reduced gross margins. We are forecasting F2004 earnings to be $0.50 to $0.52 per share.

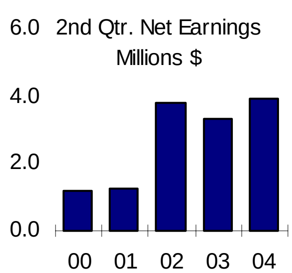
Craig Engel
President and Chief Operating Officer.
March 31, 2004



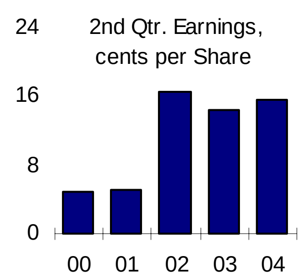
Revenue for Q2 increased by 28% to $62.6 million. Tractor sales accounted for most of the increase, however our core products are also showing increases in spite of the effects of the "Mad Cow" crisis.



Gross profit of 19.2% is down from last year and less than last quarter's forecast. Steel prices have increased significantly in the past few months and this will continue to have an impact on gross profit.

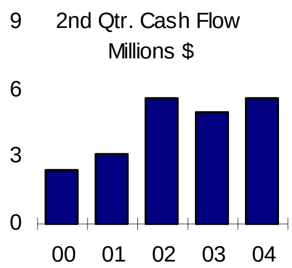


Earnings of $3.9 million for Q2 is an improvement over last year's $3.3 million in spite of the impact of the "Mad Cow" crisis, the weakened US dollar and the recent unprecedented increases in steel costs.

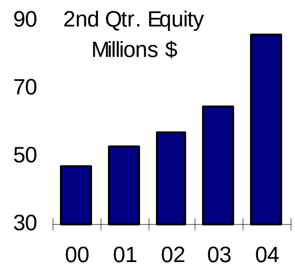


Earnings per share of $0.16 are up slightly from last year. There are presently 25 million shares outstanding compared with 23 million last year. This has a dillutive effect on earnings per share.

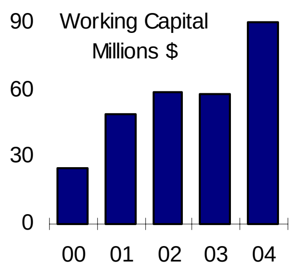
Management Discussion and Financial Analysis



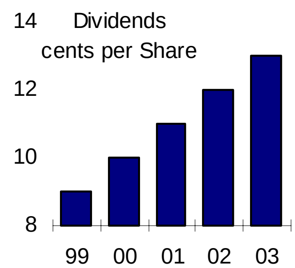
2nd quarter cash flow of $5.6 million is slightly ahead of last year's $5.0 million. Cash flow is the sum of net after tax earnings plus amortization.



Equity has increased for 35 consecutive years as a result of steady earnings. Equity now stands at $86.0 million ($3.44 per share). This year's equity has increased by an additional $12 million as a result of the increase of share capital.



Working capital of $87.1 million is up significantly over last year's $55.9 million. This increase is due to the improved cash flow, reduction of inventory and the increase in share capital from $17.9 million to $30.0 million.



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.

Consolidated Statement of Earnings and Retained Earnings

Buhler Industries Inc. 2nd Quarter 2004

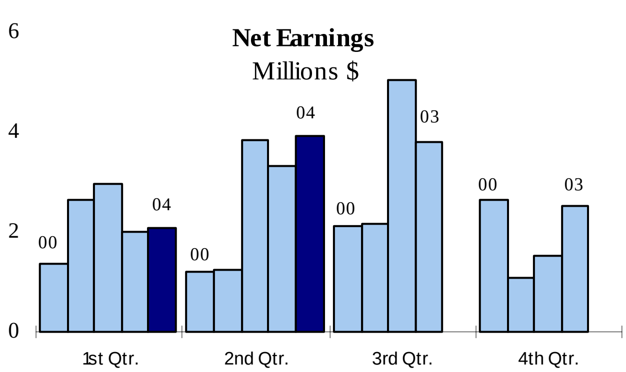
Unaudited (000's except per share amounts)	Three Months Ended March 31				Six Months Ended March 31			
	2004		2003		**2004**		2003	
Revenue	**$ 62,634**		$ 48,803		**$ 104,937**		$ 87,456	
Cost of Goods Sold	**50,633**		37,455		**84,345**		67,733	
Gross Profit	**12,001**	19.2%	11,348	23.3%	**20,592**	19.6%	19,723	22.6%
Selling & administration expenses	**4,694**	7.5%	4,030	8.3%	**8,292**	7.9%	7,176	8.2%
Income From Operations	**7,307**	11.7%	7,318	15.0%	**12,300**	11.7%	12,547	14.3%
Loss (gain) sale capital assets	**(239)**		(183)		**(303)**		(597)	
Interest expense (income)	**(7)**		282		**139**		486	
Amortization	**1,669**		1,624		**3,338**		3,267	
Research & Development	**1,024**		913		**1,538**		2,035	
Non-controlling interest	**85**		-		**179**		91	
Earnings Before Taxes	**4,775**	7.6%	4,682	9.6%	**7,409**	7.1%	7,265	8.3%
Income taxes	**860**		1,346		**1,401**		1,944	
NET EARNINGS	**$ 3,915**	6.3%	$ 3,336	6.8%	**$ 6,008**	5.7%	$ 5,321	6.1%
Retained Earnings, begin period	**52,091**		43,343		**52,988**		44,118	
Dividends	**-**		(12)		**(2,990)**		(2,772)	
Retained Earnings, End of Period	**$ 56,006**		$ 46,667		**$ 56,006**		$ 46,667	
Earnings per share *(fully diluted)*	**$ 0.16**		$ 0.15		**$ 0.25**		$ 0.23	

Consolidated Statement of Cash Flow

Buhler Industries Inc. 2nd Quarter 2004

Unaudited (000's)

6 months ended March 31	2004	2003
Cash provided by (used in) operating activities		
Net earnings	**6,008**	5,321
Add (deduct) non-cash items		
Amortization	**3,338**	3,267
Loss (gain) on disposal of assets	**(303)**	(597)
Loss (gain) on foreign exchange	**219**	284
Future income taxes	**(1,080)**	-
	8,182	8,275
Net change in non-cash working capital balances*	**5,671**	(38,121)
	13,853	(29,846)
Investing activities		
Purchase of capital assets	**(938)**	(2,156)
Proceeds (sale of capital assets)	**993**	1,635
Investments	**-**	-
	55	(521)
Financing activities		
Issuance of share capital	**12,120**	-
Increase in non-controlling interest	**(2,956)**	(1,757)
Repayment of long term debt	**(1,945)**	-
Advances (repayment) from related party	**(7,722)**	(6,075)
Dividends paid	**(2,990)**	(2,772)
	(3,493)	(10,604)
Foreign exchange gain (loss) on cash held in foreign currency	**(219)**	(284)
Net cash used in the period	**10,196**	(41,255)
Bank debt, beginning	**(16,560)**	(14,258)
Bank debt, end of period	**(6,364)**	(55,513)
***Net change in non-cash working capital balances is comprised of**		
Accounts receivable	**(10,763)**	(16,580)
Inventories	**17,661**	(21,190)
Prepaid expenses	**361**	422
Acc'ts payable and accrued	**(1,588)**	(773)
Net cash used	**5,671**	(38,121)



Earnings History

The chart to the left indicates a trend towards improved quarterly earnings.

Consolidated Balance Sheet

Buhler Industries Inc. 2nd Quarter 2004

Unaudited (000's)

ASSETS As at March 31	**2004**	2003
Current assets		
Accounts receivable	**$ 51,457**	$ 55,768
Inventories	**72,834**	91,551
Prepaid expenses	**722**	484
Total current assets	**125,013**	147,803
Capital assets	**40,370**	41,766
Future income taxes	**3,460**	1,780
Investments - at cost	**175**	155
Total assets	**$ 169,018**	$ 191,504
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Bank indebtedness	**$ 6,364**	$ 55,513
Account payable & accrued	**28,323**	34,034
Current portion, long term	**3,277**	2,385
Total current liabilities	**37,964**	91,932
Advances from related party	**3,457**	5,560
Long term debt (unsecured)	**27,453**	29,465
Total liabilities	**68,874**	126,957
Non-controlling interest	**14,138**	-
SHAREHOLDERS' EQUITY		
Share capital	**30,000**	17,880
Retained earnings	**56,006**	46,667
Total shareholders equity	**86,006**	64,547
Total Liabilities and equity	**$ 169,018**	$ 191,504

Notes

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 rate of exchange as of the balance sheet date;

2) non-monetary assets and related amortization at rates prevailing at dates of transactions;

3) revenue and expense items, other than amortization, at the average rate for the reporting period.

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

(e) Financial instruments

Foreign exchange and interest rate risk

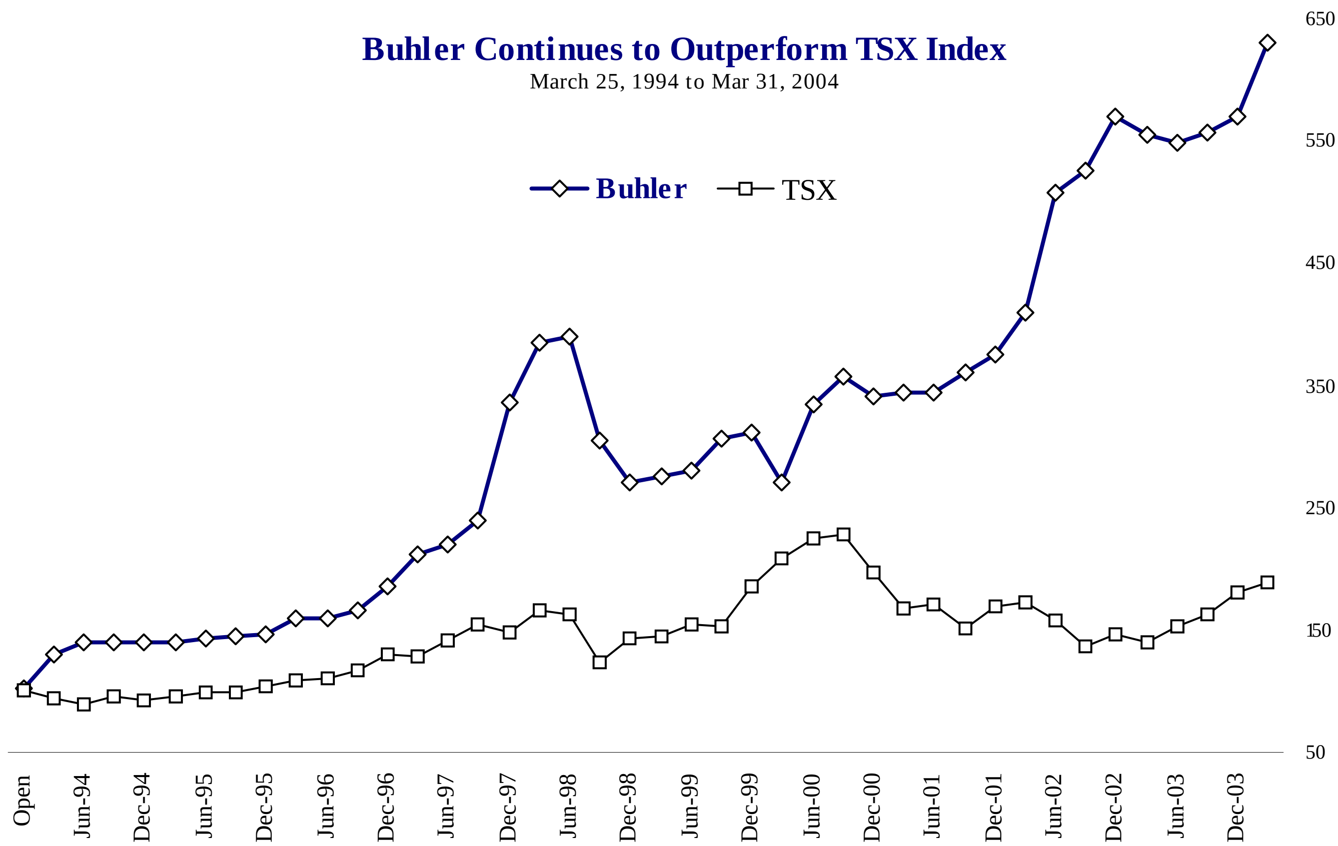
These are the risks to the Company's earnings that arise from fluctuations in interest rates and foreign exchange rates. The Company does not use any derivative financial instruments to reduce its exposure to interest rate or foreign exchange rate risk.

Other risks

The Company is exposed to credit risk on its accounts receivable. Going forward, 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.


Buhler Continues to Outperform TSX Index
March 25, 1994 to Mar 31, 2004
Buhler
TSX
650
550
450
350
250
150
50
Open
Jun-94
Dec-94
Jun-95
Dec-95
Jun-96
Dec-96
Jun-97
Dec-97
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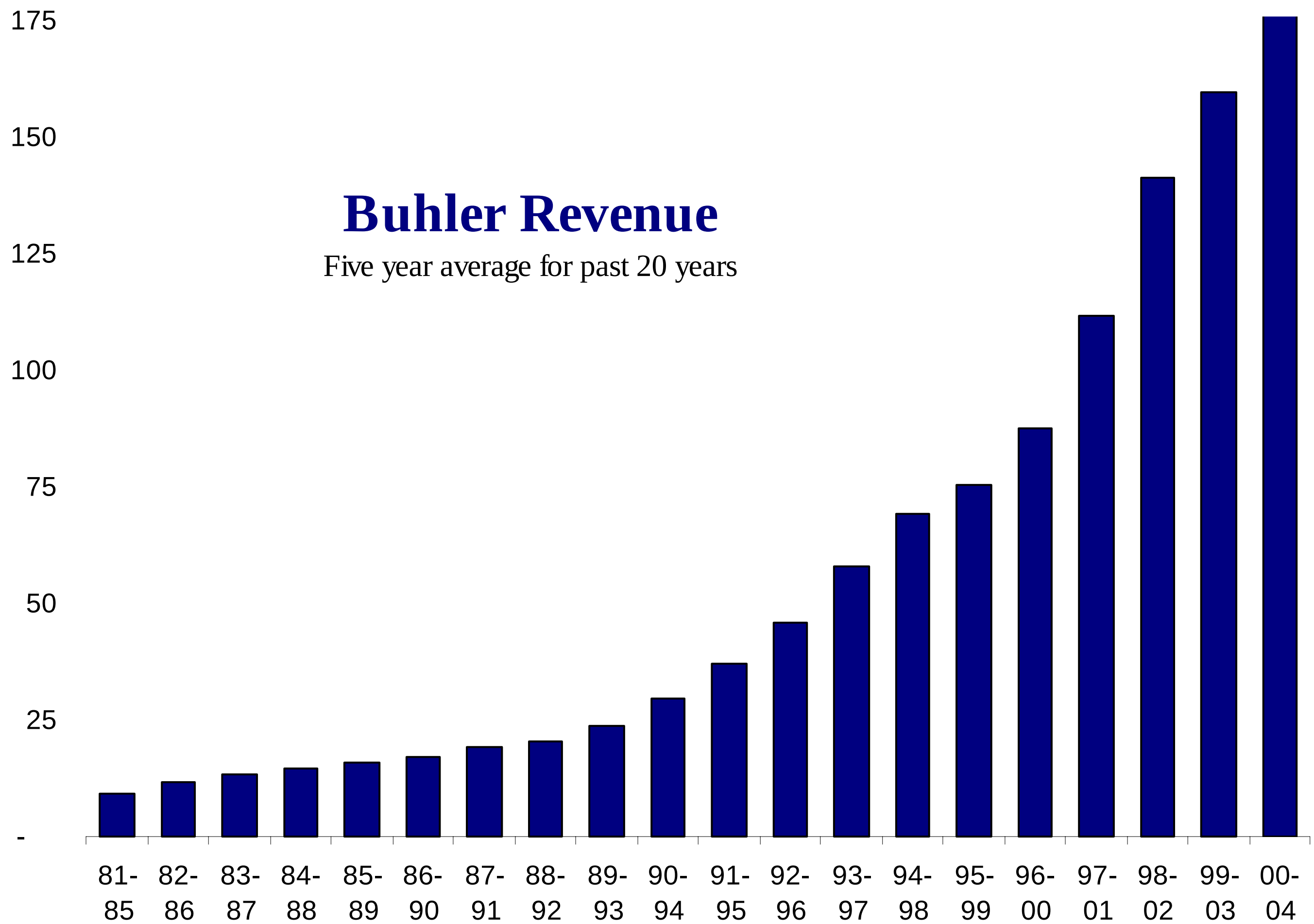
Buhler Revenue
Five year average for past 20 years
175
150
125
100
75
50
25
-
81-85
82-86
83-87
84-88
85-89
86-90
87-91
88-92
89-93
90-94
91-95
92-96
93-97
94-98
95-99
96-00
97-01
98-02
99-03
00-04