Buhler Industries Inc.

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NOTICE TO READER OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

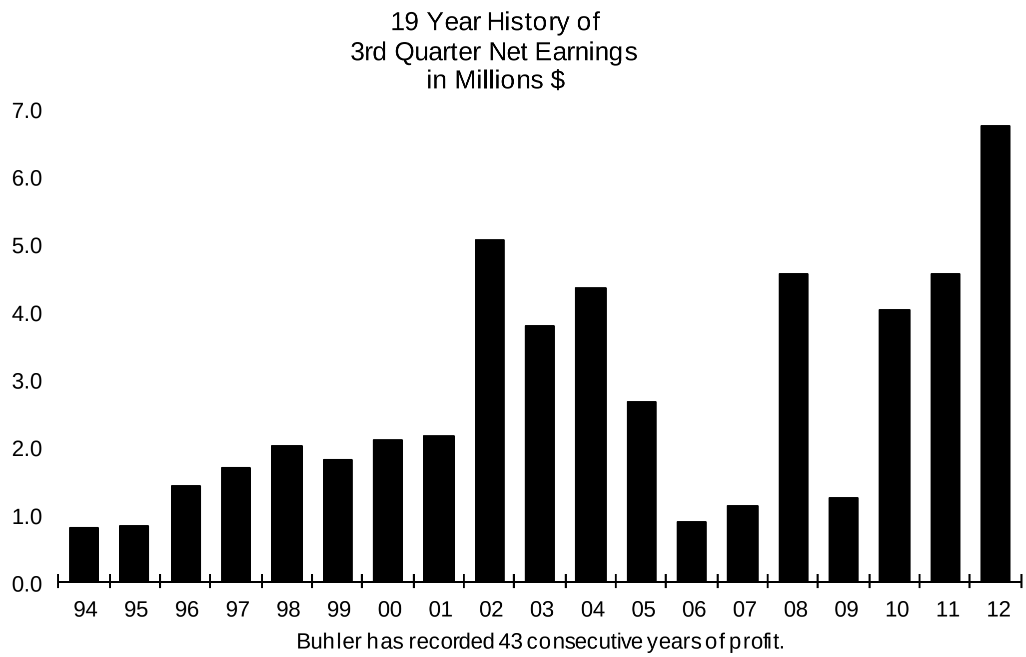
The financial statements of Buhler Industries Inc. and the accompanying interim consolidated balance sheets as at June 30, 2011 and 2012 and the interim consolidated statements of earnings, retained earnings and cash flows for the nine month periods then ended are the responsibility of the Company's management. These consolidated financial statements have not been audited or reviewed on behalf of the shareholders by the independent external auditors of the Company.

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

Yury Ryazanov
Chief Executive Officer
August 9, 2012

Willy Janzen, C.G.A., B.Comm.
Chief Financial Officer
August 9, 2012

Third Quarter Report
June 30, 2012



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	2002	2003 restated	2004 restated	2005 restated	2006 restated	2007 restated	2008 restated	2009	2010	**2011**
Revenue	232,619	181,162	206,130	202,319	175,067	166,189	218,955	284,072	209,634	**284,668**
Gross profit	49,485	41,233	37,601	37,044	33,929	28,495	43,878	51,258	37,356	**48,637**
GP%	21.3%	22.8%	18.2%	18.3%	19.4%	17.1%	20.0%	18.0%	17.8%	**17.1%**
Income from operations	29,727	25,098	21,311	20,838	17,066	11,951	27,402	32,283	18,263	**28,628**
As percentage of revenue	13%	14%	10%	10%	10%	7%	13%	11%	9%	**10%**
Net earnings	13,360	11,314	11,726	9,331	4,406	8,012	11,670	14,388	8,180	**11,917**
Earnings per share (EPS)	0.58	0.49	0.48	0.37	0.18	0.32	0.47	0.57	0.33	**0.48**
EPS without EOI	0.58	0.49	0.48	0.37	0.18	0.32	0.18	0.57	0.33	**0.48**
EBITDA	26,202	21,380	19,534	16,915	14,129	13,391	33,504	26,710	14,206	**22,357**
Total assets	156,305	178,460	167,044	186,512	184,960	161,865	178,583	193,817	197,203	**240,287**
Working capital	60,595	82,530	87,414	86,030	81,121	76,089	75,718	93,073	101,199	**123,355**
Shareholders' equity	61,998	70,552	91,407	97,233	97,895	98,407	110,077	124,465	132,645	**144,562**
Book value per share	2.70	3.07	3.76	3.90	3.92	3.94	4.40	4.98	5.31	**5.78**
Return on average capital	18%	13%	12%	8%	5%	7%	12%	12%	6%	**8%**
Return on average equity	23%	18%	14%	10%	5%	8%	11%	12%	6%	**9%**

Management Discussion & Financial Analysis

General Information

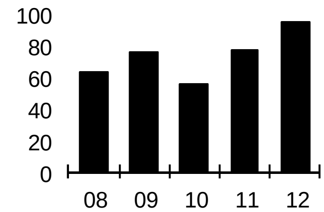
The following discussion and analysis dated August 9, 2012 was prepared by management and should be read in conjunction with the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The following discussion and analysis is presented in millions 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

Sales

Revenues in the third quarter were the second highest in Company history, surpassed only by the second quarter of this year. Sales were $95.8, up $18.8 (24.4%) when compared to last year. For the first nine months sales were up from 2011, hitting $274.8, an increase of $72.7 (36.0%), the best on record. The increase in sales is due to the strong demand in North America and overseas.

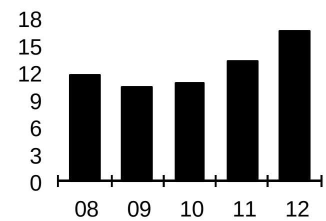
Sales (millions C$)



Gross Profit

Gross profit was $16.7, up $3.4 (25.4%) over the third quarter of 2011. For the nine months ended June 30th, gross profit was $45.3, up from $32.6 (39.0%) for the same period in the prior year. As a percentage of sales, gross profit for the quarter was 17.4%, up from 17.3% in the third quarter last year and up 0.3% to 16.4% for the nine months ended June 30th. The increase in gross profit was due to higher sales volumes in the period.

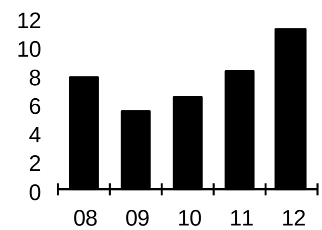
Gross Profit (millions C$)



Income from Operations

Income from operations was $11.3, up $3.0 from the third quarter in 2011. Selling and administration expenses increased to $5.4, up from $5.0 in the same period last year. As a percentage of sales, selling and administration expenses are down to 5.6% from 6.5% last year. For the nine months ended June 30th expenses were up $2.3 over the same period in the prior year, coming in at $16.5. Increased spending is a result of the acquisitions made during 2011 and having a full impact in 2012 as well as increased spending in marketing and commissions. As a percentage of sales selling and administration expenses are down by 1.0% to 6.0% from the prior year level of 7.0%.

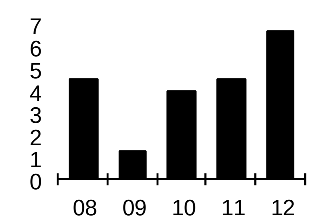
Income from Operations (millions C$)



Net Earnings

Net earnings came in at $6.8, compared to $4.6 in the prior year's third quarter, an increase of 48.0%. This was the highest net earnings ever recorded in one quarter in Company history. For the nine months ended June 30th, net earnings were $13.3, up from the prior year's $5.5 (142.2%), also a Company record. Sales have increased sharply from 2011, resulting in a large increase in income from operations. With the recent acquisitions of the sprayer, seeding and tillage lines, the Company's interest and depreciation costs have increased.

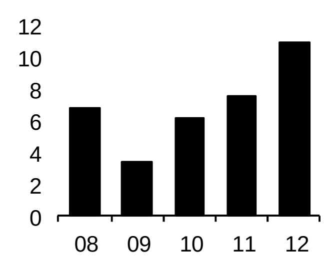
Net Earnings (millions C$)



EBITDA

EBITDA is the earnings before income taxes, depreciation and amortization, and is considered to be a useful measure of the cash flow from operations of the Company. EBITDA for the quarter was $10.9, an increase of $3.4 from the same period last year. For the year to date, EBITDA was $22.6, an increase of $11.4 from the prior year. High sales levels in the current quarter, as well as year to date, have generated these increases.

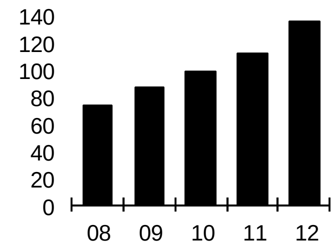
EBITDA (millions C$)



Management Discussion & Financial Analysis

Working Capital

Working Capital (millions C$)



Working capital is a measure of company's ability to discharge its current obligations by using its current assets. The Company continues to be in a strong position as the working capital at quarter end was $135.7, up $23.2 (20.6%) from June 30, 2011. The Company has increased accounts receivable by $45.7 (61.2%) and inventory by $4.0 (3.0%) from the same quarter last year, while at the same time increasing accounts payable and accrued liabilities by $23.5 (49.3%).

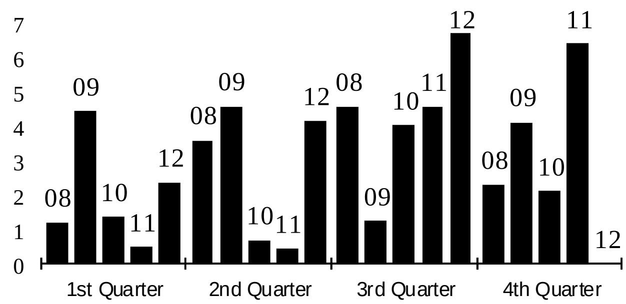
Research and Development

In keeping with the Company's strategy to invest in the development of new products for the future, third quarter expenditures for research and development increased to $2.3 from $1.0 in the third quarter of 2011, and to $6.5 from $5.6 for the nine months ended June 30th. Management believes this strategy will maintain the Company's competitive position in the marketplace.

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

	2008 restated	2009	2010	2011	**2012**
1st Q	$ 1,203	$ 4,429	$ 1,364	$ 480	**$ 2,364**
2nd Q	3,223	4,586	691	437	**4,150**
3rd Q	4,374	1,238	4,022	4,562	**6,754**
4th Q	2,870	4,135	2,103	6,438	
Total	$ 11,670	$ 14,388	$ 8,180	$ 11,917	**$ 13,268**

Net Quarterly Income (millions C$)

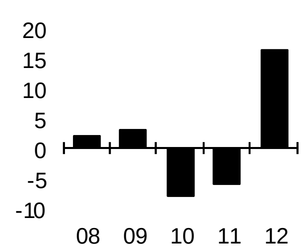


Summary of Quarterly Results

Sales increased over the prior third quarter and nine month period. Gross profit rose due to the increase in sales, despite the competitive pressures prevalent in the current market place. Net earnings were up sharply from the same periods last year due to this increase in gross profit, which was enough to more than offset the increased spending in research and development as well as the interest and depreciation incurred due to the acquisitions made in 2011.

Cash Flow and Capital Resources

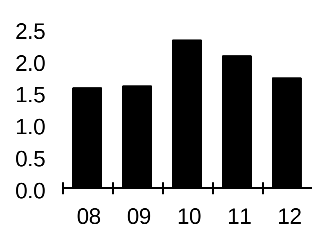
Net Cash Flow (millions C$)



Operating Activities

Cash flow for the third quarter came in at $16.5, an increase of cash flow from last years $6.0. Decreases in accounts receivable $7.5, offset by increases in income taxes payable of $2.3 during the quarter and increased net income accounted for much of the difference.

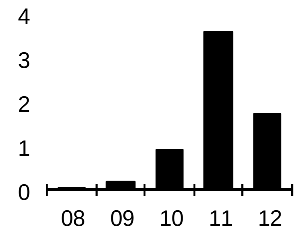
Inventory Turns



Management has diligently worked to control the investment in inventory in order to keep a strong cash position. The increase in inventory has resulted in a decline in this ratio as inventory turns declined to 1.72 times, down from the prior year's third quarter's 2.08. Inventory turns have decreased due to bringing more inventory in as the result of higher anticipated sales. In addition, parts shortages reduced the amount available to ship during the quarter.

Investing Activities

Asset Purchases (millions C$)



Cash received in the quarter for investing activities was $0.2, up from cash expended of $3.6 in the third quarter of last year. The Company sold a surplus property, generating cash of $0.8 in the current quarter. Offsetting this was purchases of property, plant and equipment of $0.6, compared with $3.6 in the prior year's second quarter. For the nine months ended June 30, 2012, the Company purchased $1.7 of capital assets, a decrease of $1.9 for the same period in 2011. Current year capital spending was offset by receiving proceeds of $1.6 on the sale of excess capital assets, which was not seen in 2011.

Financing Activities

The Company expended cash of $1.6 on financing activities for the first nine months, compared to cash generated of $15.6 in the prior year. The expenditures for the year to date consisted of long term debt payments of $2.0, where the prior year the payments on long term debt incurred was $1.0 and new long term debt acquired was $16.2. Long term receivables were reduced in both years by $0.4.

Resources

In order for the Company to operate and grow, continued funding resources are required. The Company has several options for funding available to it, such as cash in the bank, cash provided by operations and acquiring new debt. Under the current bank agreements in place, the Company has access to a $67.5 in 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' conditions 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, two loans from the State of North Dakota (one of which is zero interest, the other at low interest), loans from the Bank of Montreal, the Canadian Imperial Bank of Commerce, Heloval Holdings Ltd., US Bank and the Southwest Initiative Foundation. Should future cash requirements result in additional debt be taken on, management would evaluate the financing options available at that time and take a course of action that is in the best interests of the Company in the long term. Currently, all of the financing needs of the Company are being met by the bank credit facility, which carries a low rate of variable interest.

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

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

Accounting Policy Changes

In February 2008, the Canadian Accounting Standards Board confirmed that Publicly Accountable Enterprises were required to adopt International Financial Reporting Standards (IFRS) for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. As described more fully in note 2 to the consolidated financial statements, the Company adopted this change in the first quarter of 2012. These statements present both the fiscal 2012 and fiscal 2011 comparative financial information using IFRS.

The initial adoption of IFRS under the provisions of IFRS 1, First-Time Adoption of IFRS has resulted in changes to the presentation of income taxes, deferred income taxes, intangible assets, gains/losses on foreign exchange, amortization and interest income. The Company utilized the exemptions available to not revalue previous business combinations, property, plant and equipment or intangibles. Despite the change in accounting principles, there was no impact on previously reported retained earnings.

The interim consolidated financial statements for the three and nine months ended June 30, 2012 have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. The Company has consistently applied the same accounting policies in its opening IFRS balance sheet at October 1, 2011 and throughout all periods presented, as if these policies had always been in effect. The Company anticipates adopting these same policies in its September 30, 2012 annual consolidated financial statements, which are based on the IFRS standards that the Company expects to be applicable at that time. However, any subsequent changes to IFRS, that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2012 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual consolidated financial statements for the year ended September 30, 2011. Such Canadian GAAP financial statements may not be comparable in all material respects. Note 6 details the impact of the transition to IFRS on the Company's reported balance sheet, statements of income and comprehensive income, including the nature and effect of significant changes in accounting policies from those used in the Company's Canadian GAAP consolidated financial statements for the year ended September 30, 2011. The following highlights the impacts of the more significant changes in accounting policies:

First-Time Adoption of International Financial Reporting Standards – IFRS 1, *First-Time Adoption of International Financial Reporting Standards,* provides guidance for an entity's initial adoption of IFRS and generally requires the retrospective application of all IFRS effective at the end of its first IFRS reporting period. IFRS 1 however does include certain mandatory exceptions and allows certain limited optional exemptions from this general requirement of retrospective application. The exemptions and exceptions most relevant to the Company under IFRS 1 on the opening transition date of October 1, 2011 are as follows:

i. Business combinations – An exemption is available within IFRS 1 that allows a Company to carry forward its previous Canadian GAAP accounting for business combinations prior to the transition date. The Company has elected to apply this exemption and as a result, acquisitions prior to October 1, 2010 have not been restated to comply with IFRS 3 "Business Combinations".

ii. Fair value as deemed cost – This exemption allows a Company to revalue property, plant and equipment at fair value at its transition date and use this fair value as the deemed cost. The Company did not apply this exemption.

iii. Estimates – IFRS 1 prescribes a mandatory exemption from full retrospective application of IFRS as it relates to the use of estimates. It requires that a company's estimates in accordance with IFRS at the date of transition to IFRS must be consistent with estimates made for the same date in accordance with previous Canadian GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. The Company did not use hindsight in its estimates upon transition to IFRS, nor did it find any evidence that any of its previously made estimates were in error.

Impairment of Assets – Upon transition to IFRS, all of the Company's property, plant and equipment and intangible assets, including goodwill, were reviewed to determine whether there were any indications of impairment. When these indications were present, the asset's recoverable amount was estimated. IAS 36, *Impairment of Assets,* uses a one-step approach for both testing for and measurement of impairment, with asset carrying values compared directly with the higher of fair value less costs to sell and value in use, which is based on discounted future cash flows. Canadian GAAP, on the other hand, generally used a two-step approach to impairment testing of long-lived assets and finite-life intangible assets by first comparing asset carrying values with undiscounted future cash flows to determine whether impairment existed. If it was determined that there was impairment under this basis, the impairment was then calculated by comparing asset carrying values with fair values in much the same manner as computed under IFRS. Additionally under IFRS, testing for impairment occurs at the level of cash generating units, which is the lowest level of assets that generate largely independent cash inflows. This lower level of grouping compared to Canadian GAAP along with the one-step approach to testing for impairment may increase the likelihood that the Company will realize an impairment of assets under IFRS in the future. It should also be noted that under IAS 36, previous impairment losses, with the exception of goodwill, can be reversed when there are indications that circumstances have changed whereas Canadian GAAP prohibited reversal of non-financial asset impairment losses. As of the transition date of October 1, 2011, the Company determined that no assets were impaired.

Provisions – Under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets,* the threshold for recording provisions is considerably lower than under Canadian GAAP as the probability for recording a provision for a cash outflow has to be only more likely than not under IFRS. Under Canadian GAAP, the probability of a future outflow has to be viewed as likely before a liability is recorded, which is a much higher probability than under IFRS. As a result, provisions are inclined to be recorded more often and/or sooner under IFRS than under Canadian GAAP. Despite this lower standard for recognition, no changes were required for the transition date.

Income Taxes – Under Canadian GAAP, when the functional currency for accounting purposes differed from the functional currency for taxation purposes, deferred taxes were first calculated in the currency in which income taxes were paid and then translated to the functional currency for accounting purposes at the period end exchange rate. Under IFRS, IAS 12, *Income Taxes,* deferred taxes are calculated based on the functional currency for accounting purposes, regardless of the functional currency used for taxation purposes. There was no impact on 2011 net income in regard to this change.

Looking Forward

The Company is on track to complete another record year in sales. Orders for the fourth quarter continue to be strong. Sales to the Midwest may see some decline due to concerns relating to drought; however, so far we have not seen a decline in our current orders for that region. Higher commodity pricing will still benefit those with crops, however, lower farm income in that region in 2012 may impact sales in 2013. The recent launch of the new four wheel drive tractor and mechanical link air drill has been successful and we expect to see continued strong demand for our new tractor line. Our new combine is seeing lots of interest at our Versatile All Star Tour.

Net earnings for the year are expected to be higher than last year as the result of the increase in sales. Contributing to the growth in earnings for the year are the sales of excess non-core assets that were sold in the first and third quarter. Research and development spending is expected to increase as the Company continues to invest for the future. Continued exchange rate pressure from the strengthening of the Canadian dollar may impact future results negatively.

Cash flow for the last quarter is expected to improve as accounts receivable balances are collected for sales to its overseas customers.

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.

Critical Accounting Estimates - continued

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.

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 June 30, 2012 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 June 30, 2012 to provide reasonable assurance that the financial information being reported is materially accurate. During the quarter ended June 30, 2012, there have been no changes in the design of the Company's internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting.

Consolidated Balance Sheet

Unaudited (000's C$)	**June 30 2012**	September 30 2011
Assets		
Current Assets		
Accounts receivable	**$ 120,358**	$ 71,339
Income taxes receivable	**3,295**	1,327
Inventories (note 7)	**136,369**	126,998
Prepaid expenses	**1,688**	1,756
Total Current Assets	**261,710**	201,420
Property, plant, and equipment (note 8)	**24,972**	27,064
Intangible assets (note 9)	**303**	373
Long term receivables (note 10)	**2,818**	3,204
Deferred income tax assets (note 11)	**11,018**	9,526
Interests in other entities	**149**	146
Total Assets	**$ 300,970**	$ 241,733
Liabilities and Shareholders' Equity		
Current Liabilities		
Bank indebtedness (note 12)	**$ 42,321**	$ 10,515
Account payable and accrued liabilities	**71,151**	57,293
Income taxes payable	**10,250**	7,797
Current portion of deferred gains	**-**	4
Current portion of deferred revenue	**17**	134
Current portion of long term debt (note 13)	**2,315**	2,322
Total Current Liabilities	**126,054**	78,065
Advances from related party (note 14)	**3,570**	3,570
Deferred revenue	**-**	44
Deferred income tax liabilities (note 11)	**114**	119
Long term debt (note 13)	**13,402**	15,373
Total Liabilities	**143,140**	97,171
Shareholders' Equity		
Share capital (note 15)	**30,000**	30,000
Retained earnings	**127,830**	114,562
Total Shareholders' Equity	**157,830**	144,562
Total Liabilities and Equity	**$ 300,970**	$ 241,733

Contingency (note 20)

Approved on behalf of the Board:

Director:
Yury Ryazov
Chief Executive Officer
August 9, 2012

Director:
Dmitry Udras
Director General
August 9, 2012

Consolidated Statement of Earnings

Unaudited nine months ended June 30 (000's C$)	**Q3 2012**		Q3 2011		**YTD 2012**		YTD 2011	
Revenue (note 14)	**$ 95,796**		$ 76,992		**$ 274,769**		$ 202,088	
Cost of goods sold	**79,133**		63,700		**229,505**		169,521	
Gross Profit	**16,663**	17.4%	13,292	17.3%	**45,264**	16.5%	32,567	16.1%
Selling & administration expenses	**5,388**	5.6%	4,996	6.5%	**16,547**	6.0%	14,232	7.0%
Income from Operations	**11,275**	11.8%	8,296	10.8%	**28,717**	10.5%	18,335	9.1%
Gain on disposal of assets	**(504)**		(312)		**(1,173)**		(932)	
Interest income	**(169)**		(305)		**(402)**		(578)	
Interest expense	**835**		957		**2,531**		2,235	
Depreciation of property, plant and equipment	**1,204**		1,213		**3,457**		3,025	
Amortization of intangible assets	**23**		21		**70**		63	
(Gain) loss on foreign exchange	**(1,446)**		35		**1,128**		2,406	
Research and development costs	**2,312**		1,029		**6,477**		5,628	
Net Earnings before Taxes	**9,020**	9.4%	5,658	7.3%	**16,629**	6.1%	6,488	3.2%
Current income taxes (note 17)	**2,822**		1,506		**4,890**		2,999	
Future income taxes recovered (note 11)	**(556)**		(410)		**(1,529)**		(1,990)	
Total income taxes	**2,266**		1,096		**3,361**		1,009	
Net Earnings	**$ 6,754**	7.1%	$ 4,562	5.9%	**$ 13,268**	4.8%	$ 5,479	2.7%

Consolidated Statement of Retained Earnings

Unaudited nine months ended June 30 (000's C$) except per share amounts

Retained Earnings, beginning of period	**$ 121,076**	$ 103,562	**$ 114,562**	$ 102,645
Net earnings for the period	**6,754**	4,562	**13,268**	5,479
Retained Earnings, end of period	**$ 127,830**	$ 108,124	**$ 127,830**	$ 108,124
Earnings per share				
Basic	**$ 0.27**	$ 0.18	**$ 0.53**	$ 0.22
Fully diluted	**$ 0.27**	$ 0.18	**$ 0.53**	$ 0.22

Consolidated Statement of Cash Flows

Unaudited nine months ended June 30 (000's C$)	**2012**	2011
Cash provided by (used in) operating activities		
Net earnings	**$ 13,268**	$ 5,479
Add (deduct) non-cash items		
Depreciation of property, plant and equipment	**3,457**	3,025
Amortization of intangible assets	**70**	63
Gain on disposal of assets	**(1,173)**	(932)
Loss on foreign exchange	**1,128**	2,406
Deferred warranty revenue	**(161)**	(161)
Deferred income taxes recovered	**(1,529)**	(1,990)
Equity earnings of investment	**(3)**	(3)
	15,057	7,887
Net change in non-cash working capital balances		
Accounts receivable	**(49,019)**	(13,975)
Inventories	**(9,371)**	(24,244)
Prepaid expenses	**68**	(218)
Accounts payable and accrued liabilities	**13,858**	1,670
Income taxes payable	**485**	(2,064)
Foreign exchange loss on the above items	**(1,469)**	(2,905)
	(45,448)	(41,736)
	(30,391)	(33,849)
Investing activities		
Purchase of property, plant, equipment and intangible assets	**(1,723)**	(4,829)
Proceeds on sale of property, plant and equipment	**1,559**	36
Acquisition of business	**-**	(14,500)
	(164)	(19,293)
Financing activities		
Decrease in long term receivable	**386**	421
Increase in long term debt	**-**	16,171
Repayment of long term debt	**(1,978)**	(989)
Decrease in obligations under capital lease	**-**	(3)
	(1,592)	15,600
Foreign exchange gain on bank indebtedness	**341**	499
Net cash used in the period	**(31,806)**	(37,043)
Bank indebtedness, beginning of period	**(10,515)**	(4,772)
Bank indebtedness, end of period	**$ (42,321)**	$ (41,815)

Notes to Consolidated Financial Statements

1. Basis of Operations

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

The Company, through its subsidiaries and 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

The Company prepares its consolidated financial statements in accordance with Canadian generally accepted accounting principles as set out in the Handbook of the Canadian Institute of Chartered Accountants (CICA). In 2010, the CICA Handbook was revised to incorporate International Financial Reporting Standards (IFRS), and require publicly accountable enterprises to apply such standards for years beginning on or after January 1, 2011. The Company's current fiscal year commenced on October 1, 2011. In these financial statements, the term "Canadian GAAP" refers to Canadian GAAP before the adoption of IFRS.

These interim consolidated financial statements have been prepared in accordance with IFRS applicable to the preparation of interim financial statements, including IAS 34 and IFRS 1. Subject to certain transition elections disclosed in note 6, the Company has consistently applied the same accounting policies in its opening IFRS balance sheet at October 1, 2011 and throughout all periods presented, as if these policies had always been in effect. Note 6 discloses the impact of the transition to IFRS on the Company's reported balance sheet, statements of income, comprehensive income and cash flows, including the nature and effect of significant changes in accounting policies from those used in the Company's Canadian GAAP consolidated financial statements for the year ended September 30, 2011.

These interim consolidated financial statements have been prepared in accordance with the accounting policies the Company expects to adopt in its September 30, 2012 annual consolidated financial statements, which are based on the IFRS standards that the Company expects to be applicable at that time. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending September 30, 2012 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

The interim consolidated financial statements should be read in conjunction with the Company's Canadian GAAP annual consolidated financial statements for the year ended September 30, 2011. Such Canadian GAAP financial statements may not be comparable in all material respects. Accordingly, notes 8 and 9 disclose IFRS information for the year ended September 30, 2011 that is material to the understanding of these interim consolidated financial statements.

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.

The interim consolidated financial statements were approved by the Audit Committee on behalf of the Board of Directors on August 3, 2012.

3. Significant Accounting Policies

(a) Basis of consolidation
The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, as well as the Company's proportionate share of Bradley Steel Processors Inc., a joint venture in which the Company has a 50% interest. Subsidiaries are entities controlled by the Company. 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) 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. Nonmonetary 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

(b) Foreign currency translation - continued
The results and financial position of entities within the consolidated group that have a functional currency different from the presentation currency are translated into Canadian dollars as follows: assets and liabilities are translated at the exchange rate prevailing at the end of the reporting period; income and expenses are translated at the average rate for the reporting period; all resulting exchange differences are recognized in other comprehensive income. On disposal of a foreign operation, the deferred cumulative amount recognized in OCI relating to that particular foreign operation is recognized in net income.

(c) 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.

(d) 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.

(e) Property, plant and equipment
Property, plant and equipment are recorded at cost reduced by applicable investment tax credits, less accumulated depreciation.

Depreciation is calculated at the following annual rates:

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

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.

(f) 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

(g) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of 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.

3. Significant Accounting Policies - continued

(g) Income taxes - continued
Management periodically evaluates positions taken in income tax returns with respect to situations in which applicable income tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to income tax authorities.

(h) Research and Development Expenses:
Research and development expenses are expensed in the period in which the costs are incurred.

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

(j) Bank indebtedness
Bank indebtedness includes cash on hand and bankers acceptances. Bank overdrafts are shown within current liabilities. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of bank indebtedness for the purpose of the statement of cash flows.

(k) Financial Instruments
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) trade payables and other liabilities - other financial liabilities and d) interests in other entities - available for sale. 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 income unless cash flow hedge accounting is used, in which case changes in fair value are recorded in other comprehensive income.

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

(m) Impairment

The carrying amount of the Company's property, plant and equipment and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the applicable asset's recoverable amount is estimated.

The recoverable amount of the Company's assets are calculated as the value-in-use, being the present value of future cash flows, using a pre-tax discount rate that reflects the current assessment of the time value of money, or the fair value less costs to sell, if greater. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the business unit to which it belongs. The Company bases its impairment calculation on detailed financial forecasts, which are prepared separately for each of the Company's units to which the individual assets are allocated. These financial forecasts are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

An impairment loss is recognized whenever the carrying amount of an asset or its unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income within other expenses. Impairment losses recognized in respect of these units are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then, to reduce the carrying amount of other assets in the unit on a pro rata basis.

Impairment losses in respect of property, plant and equipment and intangible assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been previously recognized.

4. Critical Accounting Estimates and Judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom 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.

4. Critical Accounting Estimates and Judgments - continued

(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 were recognized in the fiscal year 2011 or the nine months ended June 30, 2012.

(d) Income taxes
Income taxes in interim reporting periods are accrued, to the extent practicable, by applying estimated average annual effective income tax rates for each taxing jurisdiction to the interim pre-tax income in those jurisdictions. The estimated average annual effective income tax rates are re-estimated at each interim reporting date.

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 income tax laws and estimates of future taxable income. If the assessment of the Company's ability to utilize the underlying future income tax deductions changes, the Company would be required to recognize more or fewer of the income tax deductions as assets, which would decrease or increase the income tax expense in the period in which this is determined.

The Company maintains provisions for uncertain income tax positions that it believes appropriately reflect its risk with respect to income tax matters under active discussion, audit, dispute or appeal with income tax authorities, or which are otherwise considered to involve uncertainty. These provisions for uncertain income tax positions are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at each balance sheet date. However, it is possible that at some future date an additional liability could result from audits by income tax authorities. Where the final income tax outcome of these matters is different from the amounts that were initially recorded, such differences will affect the income tax provisions in the period in which such determination is made.

5. Future Accounting Standards

(a) IFRS 9 - Financial instruments
This standard replaces the current IAS 39 Financial Instruments Recognition and Measurement. The Company will start the application of IFRS 9 in the financial statements effective from January 1, 2013. The Company has not yet evaluated the impact on the Statements.

(b) IAS 12 - Income tax, amendment regarding deferred tax: recovery of underlying asset
The standard requires an entity to recognize a deferred tax asset or liability depending on the expected manner of recovery or settlement of the asset or liability and for which the tax base is not immediately apparent, effective for accounting periods beginning on or after January 1, 2012. The Company does not expect any material impact to the Statements as a result of adopting this standard.

6. First Time Adoption of IFRS

The Company has adopted IFRS on October 1, 2011 ("Transition date"). IFRS 1 First-time Adoption of International Financial Reporting Standards sets forth guidance for the initial adoption of IFRS. Under IFRS 1 the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities recorded to deficit unless certain exemptions or exceptions are applied. The Company has applied the following exemptions to its opening statement of financial position dated October 1, 2011:

IFRS Exemption Options
Set forth below are the IFRS 1 applicable exemptions applied in the conversion from Canadian GAAP to IFRS.

6. First Time Adoption of IFRS - continued

(a) Business combinations and consolidated and separate financial statements
IFRS 1.C1 indicates that a first-time adopter may elect not to apply *IFRS 3* Business Combinations retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and has applied *IFRS 3* to business combinations that occurred on or after Transition date. In accordance with *IFRS 1*, if a company elects to apply *IFRS 3* Business Combinations retrospectively, *IAS 27* Consolidated and Separate Financial Statements must also be applied retrospectively. As the Company elected to apply *IFRS 3* prospectively, the Company has also elected to apply *IAS 27* prospectively.

(b) Leases
Leases were not reassessed to determine whether an arrangement contained a lease under *IFRIC 4*, "Determining whether an Arrangement contains a Lease" for contracts that were already assessed under previous GAAP given that they result in the same outcome.

(c) Fair value or revaluation as deemed cost
This exemption allows a Company to revalue property, plant and equipment at fair value at its transition date and use this fair value as the deemed transition cost. This election applies to individual assets. The Company did not apply this exemption.

(d) Estimates
Hindsight is not used to create or revise estimates. The estimates previously made by the Company under Canadian GAAP were not revised for application of IFRS except where necessary to reflect any difference in accounting policies.

Below is the Company's consolidated statement of financial position as at the Transition date under IFRS. IFRS employs a conceptual framework that is similar to Canadian GAAP. While the adoption of IFRS has not changed the actual cash flows of the Company, the adoption has resulted in significant changes to the reported financial position and results of operations of the Company. Presented below are reconciliations prepared by the Company to reconcile to IFRS the assets, liabilities, equity, net earnings and cash flows of the Company from those reported under Canadian GAAP:

At October 1, 2011 (000's C$)	Canadian GAAP	Effect of transition to IFRS	IFRS	Notes
Assets				
Current assets				
Accounts receivable	$ 71,339	$ -	$ 71,339	
Income taxes receivable	-	1,327	1,327	a
Inventories	126,998	-	126,998	
Prepaid expenses	1,756	-	1,756	
Total current assets	200,093	1,327	201,420	
Property, plant and equipment	27,437	(373)	27,064	b
Intangible assets	-	373	373	b
Long term receivables	3,204	-	3,204	
Deferred income tax assets	9,407	119	9,526	a
Interest in other entities	146	-	146	
Total assets	$ 240,287	$ 1,446	$ 241,733	
Liabilities and Shareholders' Equity				
Current Liabilities				
Bank indebtedness	$ 10,515	$ -	$ 10,515	
Accounts payable and accrued liabilities	57,293	-	57,293	
Income taxes payable	6,470	1,327	7,797	a
Current portion of deferred gains	4	-	4	
Current portion of deferred revenue	134	-	134	
Current portion of long term debt	2,322	-	2,322	
Total Current Liabilities	76,738	1,327	78,605	
Advances from related party	3,570	-	3,570	
Deferred revenue	44	-	44	
Deferred income tax liabilities	-	119	119	a
Long term debt	15,373	-	15,373	
Total Liabilities	95,725	1,446	97,171	
Shareholders' Equity				
Share capital	30,000	-	30,000	
Retained earnings	114,562	-	114,562	
Total shareholders' equity	144,562	-	144,562	
Total liabilities and equity	$ 240,287	$ 1,446	$ 241,733	

6. First Time Adoption of IFRS - continued

At June 30, 2011 (000's C$)	Canadian GAAP	Effect of transition to IFRS	IFRS	Notes
Assets				
Current assets				
Accounts receivable	$ 74,700	$ -	$ 74,700	
Income taxes receivable	-	2,245	2,245	a
Inventories	132,370	-	132,370	
Prepaid expenses	2,445	-	2,445	
Total current assets	209,515	2,245	211,760	
Property, plant and equipment	27,983	(363)	27,620	b
Intangible assets	-	363	363	b
Long term receivables	6,766	-	6,766	
Deferred income tax assets	9,459	124	9,583	a
Interest in other entities	149	-	149	
Total assets	$ 253,872	$ 2,369	$ 256,241	
Liabilities and Shareholders' Equity				
Current Liabilities				
Bank indebtedness	$ 41,815	$ -	$ 41,815	
Accounts payable and accrued liabilities	47,741	-	47,741	
Income taxes payable	4,859	2,245	7,104	a
Current portion of deferred gains	168	-	168	
Current portion of deferred revenue	165	-	165	
Current portion of long term debt	2,251	-	2,251	
Total Current Liabilities	96,999	2,245	99,244	
Advances from related party	3,570	-	3,570	
Deferred revenue	59	-	59	
Deferred income tax liabilities	-	124	124	a
Long term debt	15,120	-	15,120	
Total Liabilities	115,748	2,369	118,117	
Shareholders' Equity				
Share capital	30,000	-	30,000	
Retained earnings	108,124	-	108,124	
Total shareholders' equity	138,124	-	138,124	
Total liabilities and equity	$ 253,872	$ 2,369	$ 256,241	

Principal Differences between Canadian GAAP and IFRS

a - Netting - Under IAS 1, assets and liabilities should not be offset unless offsetting is specifically allowed in another standard. Therefore, in the consolidated IFRS balance sheets income taxes and deferred taxes are now presented in both assets and liabilities, where applicable.

b - Intangible Assets - Under IAS 1, intangible assets should be shown separately from property, plant and equipment. As such, in the consolidated IFRS balance sheets intangible assets are shown on a separate line under the long term assets.

Notes to Consolidated Financial Statements

6. First Time Adoption of IFRS - continued

Three months ended June 30, 2011 (000's C$)	Canadian GAAP	Effect of transition to IFRS	IFRS	Notes
Revenue	$ 76,957	$ 35	$ 76,992	a
Cost of goods sold	63,700	-	63,700	
Gross Profit	13,257	35	13,292	
Selling & administration expenses	4,996	-	4,996	
Income from operations	8,261	35	8,296	
Gain on disposal of assets	(312)	-	(312)	
Interest income	-	(305)	(305)	b
Interest expense	652	305	957	b
Depreciation of property, plant and equipment	1,234	(21)	1,213	c
Amortization of intangible assets	-	21	21	c
Loss on foreign exchange	-	35	35	a
Research and development costs	1,029	-	1,029	
Net earnings before taxes	5,658	-	5,658	
Current income taxes	1,506	-	1,506	
Deferred income taxes (recovered)	(410)	-	(410)	
Total income taxes	1,096	-	1,096	
Net Earnings	$ 4,562	$ -	$ 4,562	

Nine months ended June 30, 2011 (000's C$)	Canadian GAAP	Effect of transition to IFRS	IFRS	Notes
Revenue	$ 199,682	$ 2,406	$ 202,088	a
Cost of goods sold	169,521	-	169,521	
Gross Profit	30,161	2,406	32,567	
Selling & administration expenses	14,232	-	14,232	
Income from operations	15,929	2,406	18,335	
Gain on disposal of assets	(932)	-	(932)	
Interest income	-	(437)	(437)	b
Interest expense	1,657	437	2,094	b
Depreciation of property, plant and equipment	3,088	(63)	3,025	c
Amortization of intangible assets	-	63	63	c
Loss on foreign exchange	-	2,406	2,406	a
Research and development costs	5,628	-	5,628	
Net earnings before taxes	6,488	-	6,488	
Current income taxes	2,999	-	2,999	
Deferred income taxes (recovered)	(1,990)	-	(1,990)	
Total income taxes	1,009	-	1,009	
Net Earnings	$ 5,479	$ -	$ 5,479	

6. First Time Adoption of IFRS - continued

Year ended September 30, 2011 (000's C$)	Canadian GAAP	Effect of transition to IFRS	IFRS	Notes
Revenue	$ 284,668	$ (1,940)	$ 282,728	a
Cost of goods sold	236,031	-	236,031	
Gross Profit	48,637	(1,940)	46,697	
Selling & administration expenses	20,009	-	20,009	
Income from operations	28,628	(1,940)	26,688	
Gain on disposal of assets	(1,184)	-	(1,184)	
Interest income	-	(557)	(557)	b
Interest expense	2,447	557	3,004	b
Depreciation of property, plant and equipment	4,370	(53)	4,317	c
Amortization of intangible assets	-	53	53	c
Gain on foreign exchange	-	(1,940)	(1,940)	a
Research and development costs	7,455	-	7,455	
Net earnings before taxes	15,540	-	15,540	
Current income taxes	5,289	-	5,289	
Deferred income taxes (recovered)	(1,666)	-	(1,666)	
Total income taxes	3,623	-	3,623	
Net Earnings	$ 11,917	$ -	$ 11,917	

Principal Differences between Canadian GAAP and IFRS

a - Foreign exchange gains and losses were previously included with revenue. These gains and losses are now shown with other income and expenses.

b - Finance income and finance expense were previously shown on a net basis under Canadian GAAP. Under IFRS, the two components are shown separately.

C - Amortization of intangible assets were previously shown with depreciation expenses. Under IFRS, these are now shown separately.

7. Inventories (000's C$)

	June 30 2012	Sept. 30 2011
Finished goods	**$ 65,773**	$ 54,839
Work in process	**4,736**	6,344
Raw materials	**65,860**	65,815
	$ 136,369	$ 126,998

During the period, inventories in the amount of $62,321 (2011 - $48,240) were expensed to cost of sales. For the nine months ended June 30, 2012, inventories in the amount of $180,247 (2011 - $129,468) were expensed to cost of sales.

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

8. **Property, plant and equipment (000's C$)**

	Land	Buildings	Equipment	Computer hardware	Software & tools	Total
Cost	$ 2,996	$ 23,410	$ 49,198	$ 4,679	$ 3,331	$ 83,614
Acc. Depr.	-	(12,492)	(42,022)	(4,323)	(3,226)	(62,063)
September 30, 2010 net book value	**2,996**	**10,918**	**7,176**	**356**	**105**	**21,551**
Additions	596	2,343	2,698	386	177	6,200
Additions from business combinations	130	798	2,950	-	-	3,878
Disposals	-	(23)	(224)	-	(1)	(248)
Depreciation	-	(835)	(3,090)	(182)	(210)	(4,317)
September 30, 2011 net book value	**3,722**	**13,201**	**9,510**	**560**	**71**	**27,064**
Additions	-	298	975	109	341	1,723
Disposals	(130)	(217)	(10)	(1)	-	(358)
Depreciation	-	(612)	(2,511)	(144)	(190)	(3,457)
June 30, 2012 net book value	**$ 3,592**	**$ 12,670**	**$ 7,964**	**$ 524**	**$ 222**	**$ 24,972**

Recorded as:

	Land	Buildings	Equipment	Computer hardware	Software & tools	Total
Cost	$ 3,722	$ 26,492	$ 54,125	$ 5,066	$ 3,454	$ 92,859
Acc. Depr.	-	(13,291)	(44,615)	(4,506)	(3,383)	(65,795)
September 30, 2011 net book value	**$ 3,722**	**$ 13,201**	**$ 9,510**	**$ 560**	**$ 71**	**$ 27,064**
Cost	$ 3,592	$ 26,266	$ 54,479	$ 5,174	$ 3,798	$ 93,309
Acc. Depr.	-	(13,596)	(46,515)	(4,650)	(3,576)	(68,337)
June 30, 2012 net book value	**$ 3,592**	**$ 12,670**	**$ 7,964**	**$ 524**	**$ 222**	**$ 24,972**

The Company is a lessor of certain equipment under a financing lease agreement. During 2011 and the nine months ended June 30, 2012 there were no additions to this equipment. The net book value of this equipment as at June 30, 2012 is as follows:

	Equipment
Cost	$ 1,353
Accumulated depreciation	(1,322)
Net book value	$ 31

9. **Intangible assets (000's C$)**

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

	Total
Cost	$ 426
Accumulated depreciation	-
September 30, 2010 net book value	**426**
Additions	-
Disposals	-
Depreciation	(53)
September 30, 2011 net book value	**373**
Additions	-
Disposals	-
Depreciation	(70)
June 30, 2012 net book value	**$ 303**

10. **Long Term Receivables (000's C$)**

	June 30 2012	Sept. 30 2011
Current portion (included in accounts receivable)	**$ 4,008**	$ 3,982
Long Term receivables	**2,818**	3,204
	$ 6,826	$ 7,186

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

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

2012	$ 3,572	(included in accounts receivable)
2013	589	
2014	611	
2015	630	
2016	649	

11. **Deferred Income Taxes (000's C$)**

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 (SR&ED) tax credit claims.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Deferred tax assets are composed of an asset of $550 (September 30, 2011 - $350) relating to depreciation of capital assets, a benefit of $2,246 (September 30, 2011 - $1,985) in respect of provisions for warranty, and a benefit from SR&ED of $7,206 (September 30, 2011 - $6,357), and other temporary timing differences of $1,016 (September 30, 2011 - $834).

Deferred tax liabilities are composed of an liability of $114 (September 30, 2011 - $119) relating to depreciation of capital assets.

12. **Bank Indebtedness (000's C$)**

The Company has available a financing facility with the Bank of Montreal (BMO) in the amount of $60,000. The credit facility is secured by a mortgage on specific property, debenture, general security agreement and assignment of specific receivables and inventory. The Company's financing facility is at BMO Bankers Acceptance rates plus stamping fees.

The Company also has a financing facility with the Canadian Imperial Bank of Commerce (CIBC) in the amount of $7,500. This facility is secured by a mortgage on specific property as well as specific receivables and inventory. The Company can borrow on this facility at CIBC Bankers Acceptance rates plus stamping fees.

Notes to Consolidated Financial Statements

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

	June 30 2012	Sept. 30 2011
State of North Dakota, monthly payments of $10 US non-interest bearing, due August 2013.	$ 161	$ 265
State of North Dakota, monthly payments of $10 US including interest at 1%, due December 2015.	372	455
Heloval Holdings Ltd., principal and interest of 1.5% due February 2016	5,200	5,294
CIBC, quarterly payments of $375 plus monthly interest as indicated in Note 9, due February 2016	5,625	6,750
BMO, monthly payments of $25 US, plus interest as indicated in Note 9, due April 2016	1,145	1,415
U.S. Bank, monthly payments of $8 US, plus interest as indicated in Note 9, due June 2016	1,604	1,727
Southwest Initiative Foundation, monthly payments of $6 including interest at 4%, due July 2016	561	616
State of South Dakota, monthly payments of $13 US including interest at 3%, due February 2020	1,049	1,173
	15,717	17,695
Less: Current portion	2,315	2,322
Long term portion	$ 13,402	$ 15,373

These loans are all secured by company assets.

Principal payments over the next 5 years are as follows:

2012	$ 528	2015	$ 2,206
2013	2,306	2016	7,937
2014	2,192		

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

	June 30 2012	Sept. 30 2011
Accounts receivable from controlling shareholder	$ 79,960	$ 25,598
Advances from controlling shareholder	3,570	3,570
	Q3 2012	**Q3 2011**
Net sales to controlling shareholder	$ 18,525	$ 10,275

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):

	Q3 2012	Q3 2011
Salaries, fees and short term employee benefits	$ 385	$ 375

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

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

	June 30, 2012		Sept. 30 2011	
Issued at December 31				
Class A Common	25,000	$30,000	25,000	$30,000

There are no options outstanding as of June 30, 2012 nor September 30, 2011.

16. Interest Paid (000's C$)

	Q3 2012	Q3 2011
Operating loan	$ 665	$ 612
Long term debt	87	105
	$ 752	$ 717

17. Income Taxes (000's C$)

	Q3 2012	Q3 2011
Weighted average income tax rate	26.2%	30.2%
At applicable statutory rate	$ 2,363	$ 1,709
Federal SRED Credits Earned	(229)	(171)
Tax effect of adjustments to income for tax purposes	132	(442)
Income tax provision	$ 2,266	$ 1,096

Income taxes paid (recovered) during the period were $532 (2011 - ($239)).

18. Segmented Information (000's C$)

Q3 2012	Canada	U.S.	CIS	Other
Revenue	$ 29,204	$ 44,569	$ 18,230	$ 3,793
Earnings	1,851	2,780	1,885	238
Property, Plant and Equipment	15,038	9,767	167	-
Intangible assets	-	303	-	-

Q3 2011	Canada	U.S.	CIS	Other
Revenue	$ 35,936	$ 30,857	$ 4,528	$ 5,671
Earnings	1,608	2,280	516	158
Property, Plant and Equipment	17,141	10,312	167	-
Intangible assets	-	363	-	-

Nine months ended June 30, 2012	Canada	U.S.	CIS	Other
Revenue	$ 66,280	$ 97,379	$ 102,675	$ 8,435
Earnings	3,200	4,702	4,959	407

Nine months ended June 30, 2011	Canada	U.S.	CIS	Other
Revenue	$ 67,786	$ 104,048	$ 24,448	$ 5,806
Earnings	1,841	2,816	663	159

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.

	Q3 2012		Q3 2011	
	Ag	Non-Ag	Ag	Non-Ag
Revenue	$ 94,752	$ 1,044	$ 75,789	$ 1,203
Interest income	2	167	52	253
Interest expense	835	-	957	-
Earnings	5,821	933	4,637	(75)
Assets	292,328	8,642	232,894	8,839

	Nine months ended June 30, 2012		Nine months ended June 30, 2011	
	Ag	Non-Ag	Ag	Non-Ag
Revenue	$ 271,697	$ 3,072	$ 199,021	$ 3,067
Interest income	16	386	92	486
Interest expense	2,531	-	2,235	-
Earnings	11,567	1,701	5,510	(31)

The accounting policies of the segments are the same as described in the note 3 for significant accounting policies. The Company accounts for inter-segment sales at current market prices. Revenue from the top two customers in the nine months ended June 30, 2012 were $97.6 million and $13.7 million, both in the agricultural segments. For the same period of fiscal 2011, the top two customers were $18.6 million and $6.6 million, also both in the agricultural segments.

19. Deferred Profit Sharing Plan

In 1995, the Company established a Deferred Profit Sharing Plan for its employees. The Company can contribute funds to the plan annually as determined by the Board of Directors, subject to certain maximum limits established by the plan. Contributions are used to purchase common shares of the Company for the employees from the plan trust. The plan trust owns approximately 252,000 Buhler Industries Inc. shares.

20. Contingent Liability (000's C$)

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

As at June 30, 2012, the Company was in compliance with this requirement, and management believes that productions levels will continue to be met during the time period set out in the contract with Industry Canada.

21. Capital Disclosures

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

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

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

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

As part of the lending agreements for the financing facility and long term debt, the Company is subject to certain covenants. These are reviewed monthly to ensure compliance. As at June 30, 2012, all covenants were met.

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

22. Financial Instruments (000's C$)

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

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

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

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

Financial Asset/Liability	Classification	Carried at cost/ Amortized cost	Carrying/ Fair Value
Cash (bank indebtedness)	Loans and receivables		($42,321)
Accounts receivable	Loans and receivables	120,358	
Long term receivables	Loans and receivables	2,818	
Interest in other entities	Available for Sale	149	
Accounts payable and accrued liabilities	Other liabilities	(71,151)	
Advances from related party	Loans and receivables	(3,570)	
Long term debt	Other liabilities	(15,717)	

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

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

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

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

The fair value of long term receivables has been estimated based on the current market rates for long term bonds with similar terms and conditions. The estimated fair value of long term receivable as at June 30, 2012 is $3,041 (September 30, 2011 - $3,649).

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 June 30, 2012 is $13,675 (September 30, 2011 - $15,976).

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

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

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

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

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

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

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

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

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

In addition, translation differences arise when foreign currency monetary assets and liabilities are translated at foreign exchange rates that change over time. These foreign exchange gains and losses are recorded in revenues. The Company's sensitivity to a 1% strengthening of the U.S. dollar against the Canadian dollar is an approximate increase of $634 in net earnings (2011 - $622). For a 1% weakening of the U.S. dollar against the Canadian dollar, there would be an equal and opposite effect on net earnings.

The Company is insulated from large foreign exchange gains and losses by virtue of its mix of cash inflows and outflows in U.S. dollars. Gains and losses generated by fluctuations in the exchange rates used to translate U.S. dollar assets are offset by similar gains and losses on U.S. dollar liabilities. The Company also uses forward contracts to further mitigate these fluctuations when the natural hedges are forecasted to be insufficient. There were no forward contracts in place at June 30, 2012.

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

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

Interest Rate Risk
The Company's interest rate risk arises from its variable rate bank indebtedness. The long-term debt is either interest-free or very low rate, and therefore carries minimal interest rate risk. As the bank indebtedness is all variable rate, the Company is exposed to a certain level of interest rate risk. Management feels that these risks are manageable as the interest rate on this debt is less than prime and therefore has not entered into any instruments to mitigate this risk. Based on the level of bank indebtedness outstanding at June 30, 2012, a 1% increase/decrease in the rate being charged to the Company would result in a $610 (2011 - $504) decrease/increase in net earnings.

Liquidity Risk
Investments to drive growth can require significant financial resources. A range of funding alternatives is available to the Company including cash on hand, cash flow provided by operations, additional debt, the issuance of equity or a combination thereof. The low level of outstanding debt and an informal investment grade credit rating allow the Company to enjoy relatively low interest rates. The Company has determined that total current credit facilities of $67,500 are adequate. The Company has remained within all bank debt covenants during 2012 and foresees no change in its ability to meet these covenants in 2013.

The 2012 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:

	2012	2013	2014	2015	2016	Post 2016	Total
Accounts payable and accrued liabilities	$ 71,151	$ -	$ -	$ -	$ -	$ -	$ 71,151
Income taxes payable	10,250	-	-	-	-	-	10,250
Long term debt	528	2,306	2,192	2,206	7,937	548	15,717
Advances from related party	-	-	-	-	-	3,570	3,570
Total	$ 81,929	$ 2,306	$ 2,192	$ 2,206	$ 7,937	$ 4,118	$ 100,688

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 it 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.

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

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:

	June 30 2012	Sept. 30 2011
Current - neither impaired nor past due	$ 119,661	$ 66,115
Not impaired but past the due date;		
Within 30 days	193	1,811
31-60 Days	97	359
Over 60 days	925	4,464
	120,876	72,749
Less: Allowance for doubtful accounts	(518)	(1,410)
Total receivables, net	$ 120,358	$ 71,339

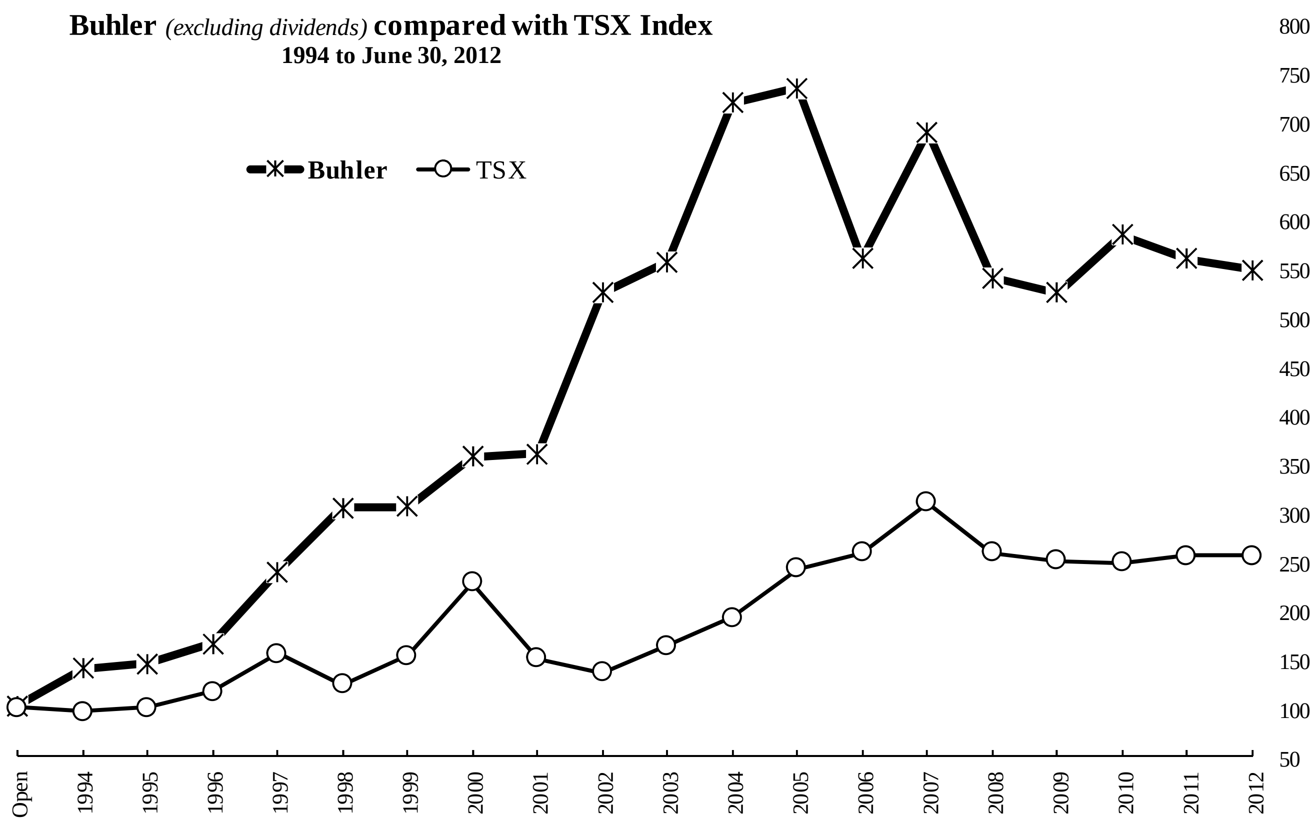
The following table details the continuity of the allowance for doubtful accounts:

	Q3 2012	Q3 2011
Balance, beginning of period	$ (582)	$ (912)
Provisions for the period, net of recoveries	71	20
Uncollectible amounts written off	-	-
Foreign exchange impact	(7)	3
Balance, end of period	$ (518)	$ (889)

Directors, Officers and Senior Management

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

Stock Data



Ten Year Summary

SUMMARY OF OPERATIONS	2002	2003	2004	2005	2006	2007	2008	2009	2010	**2011**
Reported under Canadian GAAP		restated	restated	restated	restated	restated	restated			
					In thousands of Canadian dollars (except per share amounts)					
Revenue	232,619	181,162	206,130	202,319	175,067	166,189	218,955	284,072	209,634	**284,668**
Cost of goods sold	183,134	139,929	168,529	165,275	141,138	137,694	175,077	232,814	172,278	**236,031**
Gross profit	49,485	41,233	37,601	37,044	33,929	28,495	43,878	51,258	37,356	**48,637**
Selling & admin. expense	19,758	16,135	16,290	16,206	16,863	16,544	16,476	18,975	19,093	**20,009**
Income from operations	29,727	25,098	21,311	20,838	17,066	11,951	27,402	32,283	18,263	**28,628**
Gain on sale of capital assets	(134)	(726)	(2,010)	(119)	(801)	(3,689)	(1,512)	(3,247)	(3,477)	**(1,184)**
Interest expense (income)	369	703	(328)	62	2,414	585	2,089	1,148	1,407	**2,447**
Amortization	7,339	6,894	6,812	6,411	6,133	4,768	3,933	4,070	3,584	**4,370**
Research & development exp.	2,850	3,683	2,903	3,342	3,183	2,003	2,621	8,820	7,534	**7,455**
Non-controlling interest	809	762	884	700	555	246	-	-	-	**-**
Net Earnings before taxes	18,494	13,783	13,050	10,442	5,582	8,038	20,271	21,492	9,215	**15,540**
Income taxes (expense) recovery	(5,134)	(2,468)	(1,324)	(1,111)	(1,176)	(26)	(15,812)	(7,104)	(1,035)	**(3,623)**
Extraordinary items	-	-	-	-	-	-	7,211	-	-	**-**
NET EARNINGS	13,360	11,314	11,726	9,331	4,406	8,012	11,670	14,388	8,180	**11,917**
CASH FLOW SUMMARY										
Capital asset purchases	14,546	7,854	4,470	7,515	2,815	3,151	3,294	2,088	4,039	**9,662**
Long term debt incurred	-	-	-	-	-	-	-	807	2,437	**17,068**
Reduction of long term debt	795	1,657	3,628	3,360	3,315	3,315	18,852	1,305	1,368	**1,550**
Dividends paid	2,584	2,760	2,990	3,500	3,750	7,500	-	-	-	**-**
Net cash flow	20,699	16,938	15,778	13,132	8,079	11,640	25,843	18,958	11,295	**16,287**
Net cash (bank indebtedness)	(14,258)	(16,560)	15,360	(17,129)	(39,203)	10,733	14,512	(6,591)	(4,772)	**(10,515)**
BALANCE SHEET SUMMARY										
Acc'ts rec, cash & ppd. exp.	40,094	41,777	51,222	38,138	43,202	49,420	64,860	68,764	57,573	**73,095**
Inventory	70,361	90,495	73,762	105,979	104,888	69,668	74,492	87,731	102,573	**126,998**
Total current assets	110,455	132,272	124,984	144,117	148,090	119,088	139,352	156,495	160,146	**200,093**
Total assets	156,305	178,460	167,044	186,512	184,960	161,865	178,583	193,817	197,203	**240,287**
Total current liabilities	49,860	49,742	37,570	58,087	66,969	42,999	63,634	63,422	58,947	**76,738**
Total short and long term debt	57,743	60,409	29,870	45,398	61,813	19,011	760	1,198	2,189	**17,695**
Total liabilities	94,307	107,908	75,998	96,407	87,065	63,458	68,506	69,352	64,558	**95,725**
Total shareholders equity	61,998	70,552	91,407	97,233	97,895	98,407	110,077	124,465	132,645	**144,562**
Shares o/s (avg. in millions)	23.0	23.0	24.3	25.0	25.0	25.0	25.0	25.0	25.0	**25.0**
Working capital	60,595	82,530	87,414	86,030	81,121	76,089	75,718	93,073	101,199	**123,355**
DATA PER COMMON SHARE										
Revenue	$ 10.11	$ 7.88	$ 8.47	$ 8.09	$ 7.00	$ 6.65	$ 8.76	$ 11.36	$ 8.39	**$ 11.39**
EBITDA	1.14	0.63	0.95	0.69	0.57	0.54	1.34	1.07	0.57	**0.89**
Price to EBITDA	4.6	6.2	6.8	10.9	11.9	13.5	3.8	4.9	10,2	**6.3**
EBIT	0.82	0.60	0.54	0.42	0.22	0.32	1.27	0.91	0.72	**1.07**
Net earnings	0.58	0.49	0.48	0.37	0.18	0.32	0.47	0.57	0.33	**0.48**
Net earnings, no extraordinary item	0.58	0.49	0.48	0.37	0.18	0.32	0.18	0.57	0.33	**0.48**
Price to earnings	9.04	14.94	15.25	27.34	31.77	21.53	11.51	9.21	17.61	**11.67**
Cash flow	0.90	0.79	0.76	0.53	0.42	0.41	1.03	0.76	0.45	**0.65**
Dividends paid	0.11	0.12	0.13	0.14	0.15	0.30	0.00	0.00	0.00	**0.00**
Closing share price	5.25	5.57	7.20	7.35	5.60	6.90	5.41	5.25	5.81	**5.60**
Shareholders' equity	2.70	3.07	3.76	3.90	3.92	3.94	4.40	4.98	5.31	**5.78**
STATISTICAL DATA										
Current ratio	2.2	2.7	3.3	2.5	2.3	2.8	2.2	2.5	2.7	**2.6**
Interest bearing debt/ equity ratio	0.2	0.2	-	0.2	0.4	0.1	-	0.1	0.2	**0.1**
Inventory turnover	2.6	1.5	2.3	1.6	1.3	2.0	2.4	2.7	1.8	**1.9**
Gross margin (% of revenue)	21.3%	22.8%	18.2%	18.3%	19.4%	17.1%	20.0%	18.0%	17.8%	**17.1%**
Selling & Admin. (% of revenue)	8%	9%	8%	8%	10%	10%	8%	7%	9%	**7%**
EBITDA (% of revenue)	11%	12%	10%	9%	8%	7%	16%	9%	7%	**8%**
Net earnings (% of revenue)	6%	6%	6%	5%	3%	5%	5%	5%	4%	**4%**
Return on average capital	18%	13%	12%	8%	5%	7%	12%	12%	6%	**8%**
Return on average equity	23%	18%	14%	10%	5%	8%	11%	12%	6%	**9%**