EXCO TECHNOLOGIES LIMITED
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Unaudited Condensed Interim Report
to the shareholders
for the three month ended
December 31, 2014

NOTICE TO READER

The attached unaudited condensed interim consolidated financial statements have been prepared by management of the Company. The condensed interim consolidated financial statements for the three-month period ended December 31, 2014 and 2013 have not been reviewed by the auditors of the Company.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Unaudited)
($ in thousands)

	As at December 31, 2014	As at September 30, 2014
ASSETS		
Current		
Cash	**$24,930**	$31,235
Accounts receivable	**78,787**	71,000
Unbilled revenue	**14,419**	11,113
Inventories	**45,347**	44,930
Prepaid expenses and deposits	**2,528**	2,745
Total current assets	**166,011**	161,023
Property, plant and equipment, net (note 4)	**96,638**	96,664
Intangible assets, net	**4,505**	4,777
Goodwill	**23,864**	23,892
Deferred tax assets	**4,703**	4,276
	$295,721	$290,632
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$21,675**	$21,283
Trade accounts payable	**40,193**	37,301
Accrued payroll and taxes	**4,604**	7,181
Other accrued liabilities	**5,340**	9,529
Derivative instruments (note 5)	**1,408**	658
Provisions	**1,547**	1,733
Income taxes payable	**1,125**	1,258
Customer advance payments	**1,366**	894
Long-term debts - current portion	**558**	615
Total current liabilities	**77,816**	80,452
Long-term debts - long-term portion	**1,204**	1,504
Deferred tax liabilities	**5,725**	5,930
Total liabilities	**84,745**	87,886
Shareholders' Equity		
Share capital	**49,011**	48,788
Contributed surplus	**3,186**	3,138
Accumulated other comprehensive income	**5,067**	4,637
Retained earnings	**153,712**	146,183
Total shareholders' equity	**210,976**	202,746
	$295,721	$290,632

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)
($ in thousands, except for earnings per share)

	Three months ended December 31	
	2014	2013
Sales	**$119,897**	$63,945
Cost of sales before the following	**93,229**	45,696
Selling, general and administrative	**9,779**	7,281
Depreciation (note 4)	**3,106**	2,086
Amortization	**387**	135
Gain on disposal of property, plant and equipment	**(36)**	(77)
Net interest expense (income)	**258**	(4)
	106,723	55,117
Income before income taxes	**13,174**	8,828
Provision for income taxes	**3,536**	2,088
Net income for the period	**9,638**	6,740
Other comprehensive income (loss)		
Items that may be reclassified to profit or loss in subsequent periods:		
Net unrealized (loss) gain on derivatives designated as cash flow hedges (1)	**(557)**	85
Unrealized gain on foreign currency translation	**987**	2,322
	430	2,407
Total comprehensive income	**$10,068**	$9,147
Earnings per common share		
Basic	**$0.23**	$0.17
Diluted	**$0.23**	$0.16
Weighted average number of common shares outstanding		
Basic	**42,172**	40,754
Diluted	**42,501**	41,161

(1) Net of income tax recoverable of $193 (2014 - net of income tax payable of $29).

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)
($ in thousands)

				Accumulated other comprehensive income			
	Share capital	**Contributed surplus**	**Retained earnings**	**Net unrealized (loss) gain on derivatives designated as cash flow hedges**	**Unrealized gain on foreign currency translation**	**Total accumulated other comprehensive income (loss)**	**Total shareholders' equity**
Balance, October 1, 2014	**$48,788**	**$3,138**	**$146,183**	**($487)**	**$5,124**	**$4,637**	**$202,746**
Net income for the period	**-**	**-**	**9,638**	**-**	**-**	**-**	**9,638**
Dividend paid (note 3)	**-**	**-**	**(2,109)**	**-**	**-**	**-**	**(2,109)**
Stock option expense	**-**	**114**	**-**	**-**	**-**	**-**	**114**
Issuance of share capital	**223**	**(66)**	**-**	**-**	**-**	**-**	**157**
Other comprehensive (loss) income	**-**	**-**	**-**	**(557)**	**987**	**430**	**430**
Balance, December 31, 2014	**$49,011**	**$3,186**	**$153,712**	**($1,044)**	**$6,111**	**$5,067**	**$210,976**

				Accumulated other comprehensive income (loss)			
	Share capital	Contributed surplus	Retained earnings	Net unrealized (loss) gain on derivatives designated as cash flow hedges	Unrealized gain on foreign currency translation	Total accumulated other comprehensive income (loss)	Total shareholders' equity
Balance, October 1, 2013	$37,389	$3,368	$123,662	($388)	$103	($285)	$164,134
Net income for the period	-	-	6,740	-	-	-	6,740
Dividend paid (note 3)	-	-	(1,833)	-	-	-	(1,833)
Stock option expense	-	86	-	-	-	-	86
Issuance of share capital	219	(62)	-	-	-	-	157
Other comprehensive income	-	-	-	85	2,322	2,407	2,407
Balance, December 31, 2013	$37,608	$3,392	$128,569	($303)	$2,425	$2,122	$171,691

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

EXCO TECHNOLOGIES LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
($ in thousands)

	Three months ended December 31	
	2014	2013
OPERATING ACTIVITIES:		
Net income for the period	**$9,638**	$6,740
Add (deduct) items not involving a current outlay of cash		
Depreciation (note 4)	**3,106**	2,086
Amortization	**387**	135
Stock-based compensation expense	**232**	280
Deferred income taxes	**(653)**	68
Gain on disposal of property, plant and equipment	**(36)**	(77)
	12,674	9,232
Net change in non-cash working capital (note 7)	**(14,578)**	(3,899)
Cash (used in) provided by operating activities	**(1,904)**	5,333
FINANCING ACTIVITIES:		
Increase in bank indebtedness	**392**	2,679
Repayment of long-term debts	**(357)**	-
Dividend paid	**(2,109)**	(1,833)
Issuance of share capital	**157**	157
Cash (used in) provided by financing activities	**(1,917)**	1,003
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (note 4)	**(3,520)**	(7,285)
Purchase of intangible assets	**(114)**	(56)
Proceeds from disposal of property, plant and equipment	**120**	244
Cash used in investing activities	**(3,514)**	(7,097)
Effect of exchange rate changes on cash	**1,030**	1,897
Net (decrease) increase in cash during the period	**(6,305)**	1,136
Cash, beginning of period	**31,235**	29,078
Cash, end of period	**$24,930**	$30,214

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. CORPORATE INFORMATION

Exco Technologies Limited (the "Company") is a global designer, developer and manufacturer of dies, moulds, components and assemblies, and consumable equipment for the die-cast, extrusion and automotive industries. Through its 18 strategic locations in 10 countries, the Company services a diverse and broad customer base. The Company is incorporated and domiciled in Canada. The registered office is located at 130 Spy Court, Markham, Ontario, Canada. For more detailed corporate information, refer to the 2014 Annual Report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are outlined below:

Statement of compliance
These unaudited condensed interim consolidated financial statements present the Company's financial results of operations and financial position as at and for the three month period ended December 31, 2014 and have been prepared in accordance with International Accounting Standard ("IAS") 34, *Condensed Financial Reporting*. The accounting policies used in preparing these unaudited condensed interim consolidated financial statements are consistent with those used in the preparation of the 2014 audited annual consolidated financial statements.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company's 2014 audited annual consolidated financial statements. The unaudited condensed interim consolidated financial statements and accompanying notes for the three month period ended December 31, 2014 were authorized for issue by the Board of Directors on January 28, 2015.

Basis of consolidation
The unaudited condensed interim consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, its subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of the entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

Accounting standards adopted in the current period

IAS 19 *Employee Benefits*
Defined Benefit Plans: Employee Contributions was issued in November 2013 to amend IAS 19. These amendments simplify the accounting for contributions to defined benefit plans and are effective for annual periods beginning on or after July 1, 2014; however, the Company has adopted them early starting October 1, 2014. The adoption of IAS 19 did not have an impact on the Company's condensed interim consolidated financial statements.

IAS 32 *Financial Instruments: Presentation*
Amendments to IAS 32 were issued in December 2011 to clarify the existing requirements for offsetting financial assets and financial liabilities. These amendments became effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not have an impact on the Company's condensed interim consolidated financial statements.

IFRS 9 *Financial Instruments*
IFRS 9, *Financial Instruments*, as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities selected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018; however, the Company has adopted it early starting October 1,

2014. The adoption of IFRS 9 did not have an impact on the Company's condensed interim consolidated financial statements.

International Financial Reporting Standards Interpretations Committee Interpretation 21 *Levies*
("IFRIC 21")
IFRIC 21 was issued in May 2013 to address various accounting issues relating to levies imposed by a government. This interpretation became effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not have an impact on the Company's condensed interim consolidated financial statements.

Accounting standards issued but not yet applied
The following standards are not yet effective for the period ended December 31, 2014. The Company is in the process of reviewing the standard to determine the impact on the condensed interim consolidated financial statements.

IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangibles*
In May 2014, the IASB issued amendments to IAS 16 and IAS 38, prohibiting the use of revenue based depreciation for property, plant and equipment and significantly limiting the use of revenue based amortization for intangible assets. These amendments are effective for annual periods beginning or after January 1, 2016, which will be October 1, 2016 for the Company, and is to be applied prospectively.

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 *Revenue from Contracts with Customers* was issued in May 2014, replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue Recognition*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and Standard Interpretations Committee ("SIC") 31 *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 provides a single, principles-based five-step model that will apply to all contracts with customers with limited exceptions. In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2017, which will be October 1, 2017 for the Company. Early adoption is permitted.

3. CASH DIVIDEND

During the period, the Company paid a quarterly cash dividend of $2,109 (2014 - $1,833). The quarterly dividend rate in the period was $0.05 per common share (2014 - $0.045).

($ in thousands, except per share amounts)

4. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Tools	Buildings	Land	Assets under construction	Total
Cost						
Balance as at September 30, 2014	$164,932	$18,364	$57,318	$8,976	$5,965	$255,555
Additions						
Assets acquired	894	433	277	-	1,916	3,520
Reclassifications	1,802	131	80	-	(2,013)	-
Less: disposals	(844)	(57)	-	-	-	(901)
Foreign exchange movement	468	186	29	(40)	(46)	597
Balance as at December 31, 2014	**$167,252**	**$19,057**	**$57,704**	**$8,936**	**$5,822**	**$258,771**

	Machinery and equipment	Tools	Buildings	Land	Assets under construction	Total
Accumulated depreciation and impairment losses						
Balance as at September 30, 2014	$120,677	$13,483	$24,731	$-	$-	$158,891
Depreciation for the period	2,092	462	552	-	-	3,106
Less: disposals	(797)	(20)	-	-	-	(817)
Foreign exchange movement	562	176	215	-	-	953
Balance as at December 31, 2014	**$122,534**	**$14,101**	**$25,498**	**$-**	**$-**	**$162,133**
Carrying amounts						
At September 30, 2014	$44,255	$4,881	$32,587	$8,976	$5,965	$96,664
At December 31, 2014	**$44,718**	**$4,956**	**$32,206**	**$8,936**	**$5,822**	**$96,638**

5. FINANCIAL INSTRUMENTS

Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Presented below is a comparison of the fair value of each financial instrument to its carrying value.

Due to their short-term nature, the fair value of cash, receivables, unbilled revenue, payables, accrued liabilities and customer advance payments is assumed to approximate their carrying value.

($ in thousands, except per share amounts)

The fair value of derivative instruments that are not traded in an active market such as over-the-counter foreign exchange options and collars is determined using quoted forward exchange rates at the dates of the condensed consolidated statements of financial position. The following tables present the Company's fair value hierarchy for those financial assets and financial liabilities carried as at December 31, 2014 and September 30, 2014:

	December 31, 2014		September 30, 2014	
	Carrying Amount of Asset (Liability)	**Fair Value of Asset (Liability)**	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash	**$24,930**	**$24,930**	$31,235	$31,235
Bank indebtedness	**($21,675)**	**($21,675)**	($21,283)	($21,283)
Derivative instruments	**($1,408)**	**($1,408)**	($658)	($658)
Long-term debts	**($1,762)**	**($1,762)**	($2,119)	($2,119)

		Fair Value Measurements at Reporting Date Using:		
	Carrying Amount of Asset (Liability) as at December 31, 2014	**Quoted Market Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash	**$24,930**	**$24,930**	**-**	**-**
Bank indebtedness	**($21,675)**	**($21,675)**	**-**	**-**
Derivative instruments	**($1,408)**	**-**	**($1,408)**	**-**
Long-term debts	**($1,762)**	**($1,762)**	**-**	**-**

		Fair Value Measurements at Reporting Date Using:		
	Carrying Amount of Asset (Liability) as at September 30, 2014	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	$31,235	$31,235	-	-
Bank indebtedness	($21,283)	($21,283)	-	-
Derivative instruments	($658)	-	($658)	-
Long-term debts	($2,119)	($2,119)	-	-

6. SEGMENTED INFORMATION

The Company operates in two business segments: Casting and Extrusion Technology ("Casting and Extrusion") and Automotive Solutions. The accounting policies followed in the operating segments are consistent with those outlined in Note 2 to the annual consolidated financial statements.

The Casting and Extrusion segment designs and engineers tooling and other manufacturing equipment. Its operations are substantially for automotive and other industrial markets in North America.

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
($ in thousands, except per share amounts)

The Automotive Solutions segment produces automotive seat covers, interior components and assemblies primarily for cargo storage and restraint for sale to automotive manufacturers and Tier 1 suppliers (suppliers to automakers).

The Corporate segment represents administrative expenses that are not directly related to the business activities of the above two operating segments.

	Three Months Ended December 31, 2014			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$48,678**	**$72,662**	**$-**	**$121,340**
Intercompany sales	**(1,289)**	**(154)**	**-**	**(1,443)**
Net sales	**47,389**	**72,508**	**-**	**119,897**
Depreciation (note 4)	**2,167**	**933**	**6**	**3,106**
Amortization	**120**	**267**	**-**	**387**
Segment income (loss) before interest and income taxes	**7,428**	**7,787**	**(1,783)**	**13,432**
Net interest expense				**(258)**
Income before income taxes				**13,174**
Property, plant and equipment additions (note 4)	**2,897**	**582**	**41**	**3,520**
Property, plant and equipment, net	**75,656**	**19,815**	**1,167**	**96,638**
Intangible asset additions	**114**	**-**	**-**	**114**
Intangible assets, net	**1,303**	**3,202**	**-**	**4,505**
Goodwill, net	**294**	**23,570**	**-**	**23,864**
Total assets	**164,250**	**128,471**	**3,000**	**295,721**
Total liabilities	**$23,108**	**$56,628**	**$5,009**	**$84,745**

	Three Months Ended December 31, 2013			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$39,442	$25,169	$-	$64,611
Intercompany sales	(478)	(188)	-	(666)
Net sales	38,964	24,981	-	63,945
Depreciation	1,639	440	7	2,086
Amortization	129	6	-	135
Segment income (loss) before interest and income taxes	5,874	4,425	(1,475)	8,824
Net interest income				4
Income before income taxes				8,828
Property, plant and equipment additions	7,014	271	-	7,285
Property, plant and equipment, net	64,859	15,147	1,124	81,130
Intangible assets additions	56	-	-	56
Intangible assets, net	962	-	31	993
Goodwill, net	316	-	-	316
Total assets	146,062	56,033	3,088	205,183
Total liabilities	$16,211	$13,309	$3,972	$33,492

NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)
($ in thousands, except per share amounts)

7. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital balances related to operations consists of the following:

	Three Months Ended December 31	
	2014	2013
Accounts receivable	**($7,854)**	($235)
Unbilled revenue	**(3,324)**	474
Inventories	**(423)**	(870)
Prepaid expenses and deposits	**59**	(49)
Trade accounts payable	**2,910**	(517)
Accrued payroll and taxes	**(2,564)**	(2,603)
Other accrued liabilities	**(4,293)**	596
Derivative instruments	**750**	(114)
Provisions	**(1,86)**	(685)
Customer advance and payments	**478**	453
Income taxes payable	**(131)**	(349)
	($14,578)	($3,899)

CORPORATE INFORMATION

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 18 strategic locations in 10 countries, we employ 5,081 people and service a diverse and broad customer base.

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