



EXCO TECHNOLOGIES LIMITED

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Interim report
to the shareholders
for the six months ended
March 31, 2011

NOTICE TO READER

The attached consolidated financial statements have been prepared by management of the Company. The consolidated financial statements for the six - month periods ended March 31, 2011 and 2010 have not been reviewed by the auditors of the Company.

EXCO TECHNOLOGIES LIMITED
INTERIM CONSOLIDATED BALANCE SHEETS (Unaudited)

\$(000)'s

	As at March 31, 2011	As at September 30, 2010
ASSETS		
Current		
Cash	\$12,676	\$20,186
Accounts receivable (note 4)	41,463	33,320
Inventories (note 5)	27,192	23,610
Prepaid expenses and deposits	2,397	3,692
Assets held for sale (note 7)	4,962	1,206
Total current assets	88,690	82,014
Fixed assets (note 3)	63,614	66,448
Future income tax assets	141	385
	63,755	66,833
	<u>\$152,445</u>	<u>\$148,847</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$22,214	\$21,490
Income taxes payable	1,455	2,433
Customer advance payments	1,865	1,760
Total current liabilities	25,534	25,683
Future income tax liabilities	3,478	3,966
Total liabilities	29,012	29,649
Shareholders' Equity		
Share capital (note 2)	35,900	35,868
Contributed surplus (note 2)	3,334	3,247
Retained earnings	102,627	96,001
Accumulated other comprehensive loss	(18,428)	(15,918)
Total shareholders' equity	123,433	119,198
	<u>\$152,445</u>	<u>\$148,847</u>

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

EXCO TECHNOLOGIES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME (LOSS) (Unaudited)

\$(000)'s except for earnings per share

	Three Months ended March 31		Six Months ended March 31	
	2011	2010	2011	2010
Sales	\$52,885	\$39,312	\$98,477	\$76,902
Cost of sales and operating expenses before the following (note 5)	37,494	27,998	71,112	56,318
Selling, general and administrative (notes 2 and 4)	6,156	5,622	11,700	10,138
Depreciation and amortization	1,898	2,051	3,854	4,017
Gain on sale of fixed assets	(96)	-	(43)	(271)
Interest expense (income)	(12)	5	(37)	18
	45,440	35,676	86,586	70,220
Income before income taxes	7,445	3,636	11,891	6,682
Provision for income taxes	1,899	1,410	3,219	2,556
Net income for the period	5,546	2,226	8,672	4,126
Other comprehensive loss				
Unrealized loss on foreign currency translation of self-sustaining operations	(507)	(2,274)	(2,510)	(3,717)
Comprehensive income (loss)	\$5,039	(\$48)	\$6,162	\$409
Earnings per common share				
Basic and diluted earnings	\$0.14	\$0.05	\$0.21	\$0.10

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

EXCO TECHNOLOGIES LIMITED
INTERIM CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (Unaudited)

\$(000)'s

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
Balance, October 1, 2010	\$35,868	\$3,247	\$96,001	(\$15,918)	\$119,198
Net income for the quarter	-	-	3,126	-	3,126
Dividends	-	-	(1,023)	-	(1,023)
Stock option expense	-	50	-	-	50
Unrealized loss on translation of self-sustaining operations	-	-	-	(2,003)	(2,003)
Balance, December 31, 2010	\$35,868	\$3,297	\$98,104	(\$17,921)	\$119,348
Net income for the quarter	-	-	5,546	-	5,546
Dividends	-	-	(1,023)	-	(1,023)
Stock option expense	-	45	-	-	45
Issuance of share capital	32	(8)	-	-	24
Unrealized loss on translation of self-sustaining operations	-	-	-	(507)	(507)
Balance, March 31, 2011	\$35,900	\$3,334	\$102,627	(\$18,428)	\$123,433

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

EXCO TECHNOLOGIES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
 \$(000)'s

	Three Months ended		Six Months ended	
	March 31		March 31	
	2011	2010	2011	2010
OPERATING ACTIVITIES:				
Net income for the period	\$5,546	\$2,226	\$8,672	\$4,126
Add (deduct) items not involving a current outlay of cash				
Depreciation and amortization	1,898	2,051	3,854	4,017
Stock-based compensation expense (note 2)	86	105	176	228
Future income taxes	(479)	349	(248)	330
Gain on sale of fixed assets	(96)	-	(43)	(271)
(Gain) loss on financial instrument valuation (note 4)	85	(480)	(182)	(919)
	7,040	4,251	12,229	7,511
Net change in non-cash working capital balances related to operations	(5,758)	(4,066)	(11,406)	398
Cash provided by operating activities	1,282	185	823	7,909
FINANCING ACTIVITIES:				
Dividends paid (note 2)	(1,023)	(818)	(2,046)	(1,534)
Issuance of share capital (note 2)	24	10	24	332
Repurchase of share capital (note 2)	-	-	-	(24)
Cash used in financing activities	(999)	(808)	(2,022)	(1,226)
INVESTING ACTIVITIES:				
Investment in subsidiary	-	-	(1,541)	-
Investment in fixed assets	(1,409)	(841)	(5,382)	(2,026)
Proceeds on sale of fixed assets	230	35	274	575
Cash used in investing activities	(1,179)	(806)	(6,649)	(1,451)
Effect of exchange rate changes on cash	1,032	(124)	338	(307)
Net increase (decrease) in cash during the period	136	(1,553)	(7,510)	4,925
Cash, beginning of period	12,540	17,842	20,186	11,364
Cash, end of period	\$12,676	\$16,289	\$12,676	\$16,289

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

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

1. ACCOUNTING POLICIES

Basis of presentation

These unaudited interim consolidated financial statements of Exco Technologies Limited (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), except that certain disclosures required for annual financial statements have not been included. Accordingly, the unaudited interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements included in the 2010 Annual Report. The unaudited interim consolidated financial statements have been prepared on a basis that is consistent with the accounting policies set out in the Company's 2010 annual consolidated financial statements.

Accounting policy changes

In February 2008, the Canadian Accounting Standards Board confirmed that International Financial Reporting Standards ("IFRS") will replace current Canadian GAAP for publicly accountable companies. The official change-over date is for interim and annual financial statements for fiscal years beginning on or after January 1, 2011. IFRS will be required for the Company's interim and annual consolidated financial statements for the fiscal year beginning on October 1, 2011. The Company is currently formulating and developing an implementation plan to comply with the new standards and its future reporting requirements.

2. SHARE CAPITAL

Authorized

The Company's authorized share capital consists of an unlimited number of common shares, an unlimited number of non-voting preference shares issuable in one or more series and 275 special shares.

Issued

The Company has not issued any non-voting preference shares or special shares. Changes to the issued common shares are shown in the following table:

	Common Shares	
Issued and outstanding at September 30, 2010	40,912,823	\$35,868
Issued and outstanding at December 31, 2010	40,912,823	35,868
Issued for cash under Stock Option Plan	14,000	24
Contributed surplus on stock options exercised	-	8
Issued and outstanding at March 31, 2011	40,926,823	\$35,900

Currency Translation Adjustment

Most of the Company's foreign operations are self-sustaining. Gains and losses arising from the translation of the Company's net investment in its foreign subsidiaries are included in accumulated other comprehensive loss in shareholders' equity. The appropriate

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

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amount of exchange gain or loss included in accumulated other comprehensive loss is reflected in earnings when there is a sale or partial sale of the Company's investment in these operations or upon a complete or substantially complete liquidation of the investment.

Unrealized translation adjustments which arise on the translation to Canadian dollars of assets and liabilities of the Company's self-sustaining foreign operations resulted in an unrealized currency translation loss of \$507 during the three months ended March 31, 2011 (three months ended March 31, 2010 - the unrealized translation loss was \$2,274). For the six months ended March 31, 2011, the unrealized loss was \$2,510 (six months ended March 31, 2010 - the unrealized translation loss was \$3,717). Year-to-date unrealized loss of \$2,510 was primarily attributable to the weakening of the U.S. dollar against the Canadian dollar as measured at March 31, 2011 and September 30, 2010.

Cash Dividends

During the three months ended March 31, 2011, the Company paid cash dividends as outlined in the table below. In the current quarter, the dividend rate per quarter was \$0.025 (2010 - \$0.02) per common share.

	2011	2010
December 31	\$1,023	\$716
March 31	1,023	818
Total dividends paid	\$2,046	\$1,534

Stock Option Plan

The Company has a stock option plan under which common shares may be acquired by employees and officers of the Company. While non-executive directors are not eligible to participate in the stock option plan, they do participate in the deferred share unit plan. The following is a continuity schedule of options outstanding (number of options in the table below is expressed in whole numbers and has not been rounded to the nearest thousand):

	2011			2010		
	Options outstanding Number of options	Weighted average exercise price	Options exercisable	Options outstanding Number of options	Weighted average exercise price	Options exercisable
Opening balance	1,830,619	\$3.97	1,350,743	1,929,429	\$4.33	1,499,791
Granted	143,979	\$3.30	-	233,000	\$1.92	-
Vested	-	-	216,942	-	-	146,162
Expired	(220,208)	\$3.93	(267,310)	(267,310)	\$4.50	(267,310)
Balance, December 31	1,754,390	\$3.92	1,300,375	1,895,119	\$4.01	1,378,643
Vested	-	-	22,700	-	-	22,600
Exercised	(14,000)	\$1.72	(14,000)	(7,000)	1.52	(7,000)
Balance, March 31	1,740,390	\$3.94	1,309,075	1,888,119	\$4.02	1,394,243

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

Stock-based Compensation

Stock-based compensation resulting from applying the Black-Scholes option-pricing model to the Company's stock option plan was \$45 for the three months ended March 31, 2011 (three months ended March 31, 2010 - \$48) and for the six months ended March 31, 2011 was \$95 (six months ended March 31, 2010 - \$134). All stock-based compensation has been recorded in selling, general and administrative expenses. The weighted average assumptions measuring the fair value of stock options and the weighted average fair value of options granted in the three months ended March 31, 2011 and March 31, 2010 are as follows:

	March 31, 2011	March 31, 2010
Risk-free interest rates	2.86%	2.44%
Expected dividend yield	2.39%	3.50%
Expected volatility	61.47%	66.07%
Expected time until exercise	7.92 years	5.50 years
Weighted average fair value of the options granted	\$1.69	\$0.92

Deferred Share Unit Plan

	Number of units	Expense
December 31, 2010	3,332	\$40
March 31, 2011	3,593	41
Total	6,925	\$81

Contributed Surplus

Contributed surplus consists of accumulated stock option expense less the fair value of the options at the grant date that have been exercised and reclassified to share capital. The following is a continuity schedule of contributed surplus:

	2011	2010
Balance, September 30	\$3,247	\$3,130
Stock option compensation expense	50	86
Exercise of stock options	-	(107)
Balance, December 31	\$3,297	\$3,109
Stock option compensation expense	45	48
Exercise of stock options	(8)	(2)
Balance, March 31	\$3,334	\$3,155

Normal Course Issuer Bid

The Company received approval from the Toronto Stock Exchange for a normal course issuer bid for a 12-month period beginning on May 10, 2010, replacing the normal course issuer bid which expired on May 9, 2010. The Company's Board of Directors authorized the purchase of up to 1,500,000 common shares, representing approximately 4% of the Company's outstanding common shares. During the six months ended March 31, 2011, no common shares were repurchased (six months ended March 31, 2010 - 11,600 common

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

\$(000)'s except per share amounts

shares at a total cost of \$24). The cost to purchase the shares in the prior year exceeded their stated value by \$14 and was charged against retained earnings.

3. FIXED ASSETS

	March 31, 2011		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
Land	\$6,484	\$-	\$6,484
Buildings	41,409	14,549	26,860
Machinery and equipment	144,240	117,756	26,484
Tools	15,004	11,218	3,786
	\$207,137	\$143,523	\$63,614

	September 30, 2010		
	Cost	Accumulated Depreciation and Amortization	Net Book Value
Land	\$6,583	\$-	\$6,583
Buildings	44,599	15,447	29,152
Machinery and equipment	152,275	125,169	27,106
Tools	15,221	11,614	3,607
	\$218,678	\$152,230	\$66,448

At March 31, 2011, the Company had building, machinery and deposits relating to fixed assets of \$291 (September 30, 2010 - \$865). These assets are not being depreciated because they are under construction and not in use.

4. FINANCIAL INSTRUMENTS

Financial instruments of the Company consist primarily of cash, accounts receivable, accounts payable and accrued liabilities, customer advance payments and forward foreign exchange contracts. With the exception of forward foreign exchange contracts which the Company fair values quarterly and recognizes any changes in value in the consolidated statements of income and comprehensive income (loss), the carrying value of these financial instruments approximates their fair value due to their short-term nature.

The Company classifies its financial instruments as follows:

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

Cash	Financial assets - held for trading
Accounts receivable*	Financial assets - loans and receivables
Accounts payable and accrued liabilities	Financial liabilities - other financial liabilities
Customer advance payments	Financial liabilities - held for trading
Forward foreign exchange contracts	Financial assets / liabilities - held for trading

* Recorded at amortized cost

Foreign Exchange Contracts

The Company entered into a series of put and call options (“collars”) extending through to September 22, 2011. The total value of these collars is 12.9 million Mexican pesos (September 30, 2010 - 33.7 million Mexican pesos). The selling price ranges from 11.75 to 12.20 Mexican pesos to each U.S. dollar.

Management estimates that a loss of \$6 (September 30, 2010 - loss of \$188) would be realized if these collars were terminated on March 31, 2011. As at March 31, 2011, the estimated fair value gain of \$182 (March 31, 2010 - gain of \$919) has been included in selling, general and administrative expense on the consolidated statements of income and comprehensive income (loss) and the loss of \$6 is recorded in the consolidated balance sheets under the caption accounts payable and accrued liabilities.

Financial Risk Management

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of the risks and how they are managed:

a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party fails to meet its contractual obligations. The Company’s primary credit risk is its outstanding trade accounts receivable. The carrying amount of its outstanding trade accounts receivable represents the Company’s estimate of its maximum credit exposure. The Company regularly monitors its credit risk exposure and takes steps such as credit approval procedures, establishing credit limits, utilizing credit assessments and monitoring practices to mitigate the likelihood of these exposures from resulting in an actual loss. The carrying amount of the trade accounts receivable disclosed in the unaudited interim consolidated balance sheets is net of allowances for doubtful accounts, estimated by the Company’s management, based on prior experience and assessment of current financial conditions of customers as well as the general economic environment. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of income and comprehensive income (loss). As at March 31, 2011, the accounts receivable balance (net of allowance for doubtful accounts) is \$41,463 (September 30, 2010 - \$33,320) and the Company’s five largest trade debtors accounted for 42% of the total accounts receivable balance (September 30, 2010 - 43%). At March 31, 2011, accounts receivables of \$627 are insured against default.

The following table presents a breakdown of the Company’s accounts receivable balances:

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

	March 31, 2011	September 30, 2010
Trade accounts receivable	\$39,326	\$31,260
Employee receivable	94	23
Sales tax receivable	1,298	1,712
Others	1,216	746
Allowance for doubtful accounts	(471)	(421)
Total accounts receivable, net	\$41,463	\$33,320

The aging of trade accounts receivable balances is as follows:

	March 31, 2011	September 30, 2010
Not past due	\$28,991	\$23,145
Past due 1-30 days	8,294	6,147
Past due 31-60 days	1,279	1,126
Past due 61-90 days	411	353
Past due over 90 days	351	489
Less: allowance for doubtful accounts	(471)	(421)
Total trade accounts receivable, net	\$38,855	\$30,839

The movement in the allowance for doubtful accounts is as follows:

	March 31, 2011	September 30, 2010
Opening balance	\$421	\$462
Bad debt expense	50	194
Write-offs	-	(235)
Closing balance	\$471	\$421

b) Liquidity Risk

Liquidity risk refers to the possibility that the Company may not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by minimizing its financial leverage and arranging credit facilities in order to ensure sufficient funds are available to meet its financial obligations. This is achieved by continuously monitoring its cash flows from its operating, investing and financing activities. As at March 31, 2011, the Company has a net cash balance of \$12,676 (September 30, 2010 - \$20,186) and unused credit facilities of \$9,374 (September 30, 2010 - \$11,648).

c) Foreign Exchange Risk

The Company's functional and reporting currency is in Canadian dollars. It operates in Canada with subsidiaries located in the United States, Mexico, Morocco and Switzerland. It is exposed to foreign exchange transaction and translation risk through its operating activities and self-sustaining foreign operations. Unfavourable changes in the exchange rates may affect the operating results and shareholders' equity of the Company. In order to mitigate the foreign currency exposure, the Company reduces part of its foreign exchange risk by sourcing a significant portion of its manufacturing inputs in the currency that its

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

sales are denominated in. In addition to the above natural hedge, depending on the timing of foreign currency receipts and payments, the Company will occasionally enter into short-term forward foreign exchange contracts to mitigate part of the remaining foreign exchange exposure. These contracts are classified as "held for trading" on the consolidated balance sheets and fair valued each quarter. The resulting gain or loss on the valuation of these financial instruments is recognized in the consolidated statements of income and comprehensive income (loss). The Company does not mitigate the translation risk exposure of its self-sustaining foreign operations due to the fact that these investments are considered to be long-term in nature.

With all other variables held constant, the following table outlines the Company's year to date foreign exchange exposure at one percent fluctuation between various currencies compared with the average year to date exchange rate.

	1 % Fluctuation USD vs. CDN	1 % Fluctuation MAD vs. CDN	1 % Fluctuation MAD vs. EUR	1 % Fluctuation USD vs. MXP	1 % Fluctuation CHF vs. EUR
Income (loss) before income taxes	+/-489	+/-13	+/-68	+/-26	+/-8
Other comprehensive income (loss)	+/-271	+/-70	na	na	na

d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its net cash position and variable rate credit facilities. The Company mitigates its interest risk exposure by reducing or eliminating its overall debt position. As at March 31, 2011, the Company has a net cash position of \$12,676 (September 30, 2010 - \$20,186) therefore its interest rate risk exposure is insignificant.

e) Fair Value

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.

	March 31, 2011		September 30, 2010	
	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Foreign currency collars	(\$6)	(\$6)	(\$206)	(\$206)
Foreign currency forwards	\$-	\$-	\$18	\$18

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

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 consolidated balance sheet date. The following tables present the

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

\$(000)'s except per share amounts

Company's fair value hierarchy for those financial assets and financial liabilities carried at March 31, 2011 and September 30, 2010.

	Fair Value Measurements at Reporting Date			
	Using:			
Carrying Amount of Asset (Liability) at March 31, 2011	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Foreign currency collars	(\$6)	-	(\$6)	-
Foreign currency forwards	-	-	-	-

	Fair Value Measurements at Reporting Date			
	Using:			
Carrying Amount of Asset (Liability) at September 30, 2010	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	
Foreign currency collars	(\$206)	-	(\$206)	-
Foreign currency forwards	\$18	-	\$18	-

5. INVENTORIES

	March 31, 2011	September 30, 2010
Raw materials	\$8,194	\$11,160
Work in process	13,596	10,736
Finished goods	5,312	1,625
Production supplies	90	89
	\$27,192	\$23,610

Inventories are valued at the lower of cost and net realizable value, with cost being determined substantially on a first-in, first-out basis. Cost includes the cost of materials and, in the case of work in process and finished goods, direct labour and the applicable share of manufacturing overhead.

During the three months ended March 31, 2011, inventories of \$21,691 (three months ended March 31, 2010 - \$16,262) were expensed of which \$76 were from the write downs of inventory (three months ended March 31, 2010 - \$106), net of nil reversal of write downs (three months ended March 31, 2010 - nil). During the six months ended March 31, 2011, inventories of \$41,293 (six months ended March 31, 2010 - \$32,365) were expensed, of which \$212 were from the write downs of inventory (six months ended March 31, 2010 - \$249), net of nil reversal of write downs (six months ended March 31, 2010 - nil).

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6. CAPITAL MANAGEMENT

The Company defines capital as net debt and shareholders' equity. As at March 31, 2011, total managed capital was \$123,433 (September 30, 2010 - \$119,198) consisting of nil net debt (September 30, 2010 - nil) and shareholders' equity of \$123,433 (September 30, 2010 - \$119,198).

The Company's objectives when managing capital are to:

- utilize short-term funding sources to manage its working capital requirements and fund capital expenditures required to execute its operating and strategic plans, and
- maintain low overall debt levels relative to shareholders' equity with a strong bias for short-term debt in order to minimize the cost of capital and allow maximum flexibility to respond to current and future industry, market and economic risks and opportunities.

The following ratios are used by the Company to monitor its capital:

	March 31, 2011	September 30, 2010
Net debt to equity	0.00:1	0.00:1
Current ratio	2.78:1	2.36:1

The following table details the net debt calculation used in the net debt to equity ratio as at the periods ended as indicated:

	March 31, 2011	September 30, 2010
Bank indebtedness	\$-	\$-
Less: cash	12,676	20,186
Net debt	nil	nil

The current ratio is calculated by dividing current assets (excluding cash and assets held for sale) by current liabilities (excluding bank indebtedness).

The Company is not subject to any capital requirement imposed by regulators; however, the Company must adhere to certain financial covenants related to the terms of its bank credit facility. As at March 31, 2011, the Company was in compliance with the required financial covenants.

7. ASSETS HELD FOR SALE

In reacting to the recent economic crisis and negative trend of the automotive industry, the Company ceased to operate the Neocon USA subsidiary in September 2009 in order to consolidate the Group operations, reduce overhead and dispose of the production facility. In a similar manner, in December 2010, the Company also ceased the operations of its extrusion plant in Newmarket and transferred its production to other Exco plants. Effectively, a combined total of \$4,962 of fixed assets has been listed for sale (September

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
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\$(000)'s except per share amounts

30, 2010 - \$1,206). The Company expects the total proceeds from the sale of these assets to be higher than their net book values.

8. 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 1 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.

The Automotive Solutions segment produces automotive 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 involves administrative expenses that are not directly related to the business activities of the above two operating segments.

Three Months ended March 31, 2011				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$33,494	\$19,391	\$-	\$52,885
Depreciation and amortization	1,506	382	10	1,898
Segment income (loss)	5,392	3,450	(1,409)	7,433
Interest income				12
Income before income taxes				7,445
Fixed asset additions	1,192	142	75	1,409
Fixed assets, net	46,152	16,114	1,348	63,614
Total assets	\$96,080	\$51,403	\$4,962	\$152,445

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

Three Months ended March 31, 2010				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$24,388	\$14,924	\$-	\$39,312
Depreciation and amortization	1,615	427	9	2,051
Segment income (loss)	3,019	1,204	(582)	3,641
Interest expense				(5)
Income before income taxes				3,636
Fixed asset additions	616	214	11	841
Fixed assets, net	48,951	17,282	1,504	67,737
Total assets	\$88,044	\$49,020	\$2,386	\$139,450

Six Months ended March 31, 2011				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$61,248	\$37,229	\$-	\$98,477
Depreciation and amortization	3,078	759	17	3,854
Segment income (loss)	7,973	6,166	(2,285)	11,854
Interest income				37
Income before income taxes				11,891
Fixed asset additions	5,091	216	75	5,382
Fixed assets, net	46,152	16,114	1,348	63,614
Total assets	\$96,080	\$51,403	\$4,962	\$152,445

Six Months ended March 31, 2010				
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	\$48,389	\$28,513	\$-	\$76,902
Depreciation and amortization	3,109	890	18	4,017
Segment income (loss)	5,457	2,333	(1,090)	6,700
Interest expense				(18)
Income before income taxes				6,682
Fixed asset additions	1,173	842	11	2,026
Fixed assets, net	48,951	17,282	1,504	67,737
Total assets	\$88,044	\$49,020	\$2,386	\$139,450

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

9. BUSINESS COMBINATION

Effective October 14, 2010, the Company acquired for cash all of the issued and outstanding shares of Allper AG, a Swiss company which designs and markets proprietary consumable die cast tooling. The purchase price was preliminarily allocated to the assets acquired and liabilities assumed based on the fair value for the total consideration as follows:

Cash	\$478
Accounts receivable	1,168
Inventories	1,085
Fixed assets and other long-term assets	306
Accounts payable and accrued liabilities	(1,018)
Fair value of assets acquired and purchase price	\$2,019

The acquisition was accounted for using the acquisition method of accounting with the results of operations included in the Company's consolidated financial statements from the respective date of the acquisition.

10. COMPARATIVE FIGURES

Certain comparative figures for the prior year have been reclassified to conform with the financial statement presentation adopted in the current year.

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

\$(000)'s except per share amounts

CORPORATE INFORMATION

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 10 strategic locations, we employ 2,001 people and service a diverse and broad customer base.

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TORONTO STOCK EXCHANGE LISTING

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Edward Kernaghan
Robert Magee
Philip Matthews
Brian A. Robbins, President and CEO
Stephen Rodgers
Peter van Schaik

CORPORATE OFFICERS

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President and Chief Executive Officer

Paul Riganelli, MA, MBA, LLB
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