



**EXCO TECHNOLOGIES LIMITED**

130 SPY COURT, 2ND FLOOR  
MARKHAM, ON L3R 5H6  
T. 905.477.3065 F. 905.477.2449  
[www.excocorp.com](http://www.excocorp.com)

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Interim report  
to the shareholders  
for the six months ended  
March 31, 2012

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**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

*\$(000)'s except per share amounts*

The Canadian GAAP interim consolidated statements of income and comprehensive income for the three months and six months ended March 31, 2011 have been reconciled to IFRS as follows:

|   | Three Months ended<br>March 31, 2011 |                  |                                    | Six Months ended<br>March 31, 2011 |                  |                                    |                 |
|---|--------------------------------------|------------------|------------------------------------|------------------------------------|------------------|------------------------------------|-----------------|
|   | Ref.                                 | Canadian<br>GAAP | Effect of<br>transition to<br>IFRS | IFRS                               | Canadian<br>GAAP | Effect of<br>transition<br>to IFRS | IFRS            |
| Sales   | g                                    | \$52,885         | \$1,344                            | <b>\$54,229</b>                    | \$98,477         | \$945                              | <b>\$99,422</b> |
| Cost of sales before the following                | g                                    | 37,494           | 1,645                              | <b>39,139</b>                      | 71,112           | 2,312                              | <b>73,424</b>   |
| Selling, general and administrative (notes 3,7)   | i,n                                  | 6,156            | 134                                | <b>6,290</b>                       | 11,700           | 269                                | <b>11,969</b>   |
| Depreciation and amortization                     | h                                    | 1,898            | 537                                | <b>2,435</b>                       | 3,854            | 1,019                              | <b>4,873</b>    |
| Gain on disposal of property, plant and equipment | h                                    | (96)             | (23)                               | <b>(119)</b>                       | (43)             | (62)                               | <b>(105)</b>    |
| Interest income                                   |                                      | (12)             | -                                  | <b>(12)</b>                        | (37)             | -                                  | <b>(37)</b>     |
|   |                                      | 45,440           | 2,293                              | <b>47,733</b>                      | 86,586           | 3,538                              | <b>90,124</b>   |
| Income before income taxes                        |                                      | 7,445            | (949)                              | <b>6,496</b>                       | 11,891           | (2,593)                            | <b>9,298</b>    |
| Provision for income taxes                        | g,h,n                                | 1,899            | (264)                              | <b>1,635</b>                       | 3,219            | (836)                              | <b>2,383</b>    |
| <b>Net income for the period</b>                  |                                      | 5,546            | (685)                              | <b>4,861</b>                       | 8,672            | (1,757)                            | <b>6,915</b>    |
| Other comprehensive loss                          |                                      |                  |                                    |                                    |                  |                                    |                 |
| Unrealized loss on foreign currency translation   | h,n                                  | (507)            | 121                                | <b>(386)</b>                       | (2,510)          | 299                                | <b>(2,211)</b>  |
| <b>Comprehensive income</b>                       |                                      | \$5,039          | (\$564)                            | <b>\$4,475</b>                     | \$6,162          | (\$1,458)                          | <b>\$4,704</b>  |
| <b>Earnings per common share</b>                  |                                      |                  |                                    |                                    |                  |                                    |                 |
| Basic   |                                      | \$0.14           | (\$0.02)                           | <b>\$0.12</b>                      | \$0.21           | (\$0.04)                           | <b>\$0.17</b>   |
| Diluted   |                                      | \$0.14           | (\$0.02)                           | <b>\$0.12</b>                      | \$0.21           | (\$0.04)                           | <b>\$0.17</b>   |

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

*\$(000)'s except per share amounts*

The March 31, 2011 Canadian GAAP interim consolidated statement of financial position has been reconciled to IFRS as follows:

| March 31, 2011                                   |           |                  |                                    |                  |
|--|-----------|------------------|------------------------------------|------------------|
|  | Ref.      | Canadian<br>GAAP | Effect of<br>transition to<br>IFRS | IFRS             |
| <b>ASSETS</b>                                    |           |                  |                                    |                  |
| <b>Current</b>                                   |           |                  |                                    |                  |
| Cash   |           | \$12,676         | -                                  | <b>\$12,676</b>  |
| Accounts receivable (note 7)                     |           | 41,463           | -                                  | <b>41,463</b>    |
| Unbilled revenue (note 6)                        | g         | -                | 10,228                             | <b>10,228</b>    |
| Inventories (note 8)                             | g         | 27,192           | (8,455)                            | <b>18,737</b>    |
| Prepaid expenses and deposits                    |           | 2,397            | -                                  | <b>2,397</b>     |
| Assets held for sale                             | h         | 4,962            | (417)                              | <b>4,545</b>     |
| <b>Total current assets</b>                      |           | <b>88,690</b>    | <b>1,356</b>                       | <b>90,046</b>    |
| Property, plant and equipment,<br>net (note 4)   | h,m,n     | 63,614           | (2,188)                            | <b>61,426</b>    |
| Deferred tax assets                              |           | 141              | -                                  | <b>141</b>       |
|  |           | <b>\$152,445</b> | <b>(\$832)</b>                     | <b>\$151,613</b> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>      |           |                  |                                    |                  |
| <b>Current</b>                                   |           |                  |                                    |                  |
| Accounts payable and accrued liabilities         | o         | \$22,214         | (22,214)                           | <b>\$-</b>       |
| Trade accounts payable                           | o         | -                | 14,342                             | <b>14,342</b>    |
| Accrued taxes and payroll costs                  | o         | -                | 3,537                              | <b>3,537</b>     |
| Other accrued liabilities                        | o         | -                | 3,329                              | <b>3,329</b>     |
| Provisions (note 5)                              | o         | -                | 1,006                              | <b>1,006</b>     |
| Income taxes payable                             |           | 1,455            | -                                  | <b>1,455</b>     |
| Customer advance payments (note 6)               | g         | 1,865            | -                                  | <b>1,865</b>     |
| <b>Total current liabilities</b>                 |           | <b>25,534</b>    | <b>-</b>                           | <b>25,534</b>    |
| Deferred tax liabilities                         | g,h,m     | 3,478            | (612)                              | <b>2,866</b>     |
| <b>Total liabilities</b>                         |           | <b>29,012</b>    | <b>(612)</b>                       | <b>28,400</b>    |
| <b>Shareholders' Equity</b>                      |           |                  |                                    |                  |
| Share capital (note 3)                           |           | 35,900           | -                                  | <b>35,900</b>    |
| Contributed surplus (note 3)                     | c,i       | 3,334            | 120                                | <b>3,454</b>     |
| Accumulated other comprehensive<br>loss (note 2) | b,n       | (18,428)         | 16,217                             | <b>(2,211)</b>   |
| Retained earnings (note 3)                       | c,g,h,i,n | 102,627          | (16,557)                           | <b>86,070</b>    |
| <b>Total shareholders' equity</b>                |           | <b>123,433</b>   | <b>(220)</b>                       | <b>123,213</b>   |
|  |           | <b>\$152,445</b> | <b>(\$832)</b>                     | <b>\$151,613</b> |

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

*\$(000)'s except per share amounts*

The September 30, 2011 Canadian GAAP consolidated statement of financial position has been reconciled to IFRS as follows:

|   |           | September 30, 2011 |                                    |                         |
|---|-----------|--------------------|------------------------------------|-------------------------|
|   | Ref.      | Canadian<br>GAAP   | Effect of<br>transition to<br>IFRS | <b>IFRS</b>             |
| <b>ASSETS</b>   |           |                    |                                    |                         |
| <b>Current</b>  |           |                    |                                    |                         |
| Cash  |           | \$15,376           | -                                  | <b>\$15,376</b>         |
| Accounts receivable (note 7)                              |           | 47,224             | -                                  | <b>47,224</b>           |
| Unbilled revenue (note 6)                                 | g         | -                  | 13,301                             | <b>13,301</b>           |
| Inventories (note 8)                                      | g         | 33,242             | (11,884)                           | <b>21,358</b>           |
| Prepaid expenses and deposits                             |           | 1,938              | -                                  | <b>1,938</b>            |
| Total current assets                                      |           | 97,780             | 1,417                              | <b>99,197</b>           |
| Property, plant and equipment, net (note 4)               | h,m,n     | 66,976             | (4,012)                            | <b>62,964</b>           |
| Deferred tax assets                                       |           | 760                | -                                  | <b>760</b>              |
|   |           | <u>\$165,516</u>   | <u>(\$2,595)</u>                   | <u><b>\$162,921</b></u> |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>               |           |                    |                                    |                         |
| <b>Current</b>  |           |                    |                                    |                         |
| Accounts payable and accrued liabilities                  | o         | \$26,990           | (26,990)                           | <b>\$-</b>              |
| Trade accounts payable                                    | o         | -                  | 16,131                             | <b>16,131</b>           |
| Accrued taxes and payroll costs                           | o         | -                  | 4,628                              | <b>4,628</b>            |
| Other accrued liabilities                                 | o         | -                  | 5,396                              | <b>5,396</b>            |
| Provisions (note 5)                                       | o         | -                  | 835                                | <b>835</b>              |
| Income taxes payable                                      |           | 909                | -                                  | <b>909</b>              |
| Finance lease obligations<br>- current portion (note 7)   |           | 45                 | -                                  | <b>45</b>               |
| Customer advance payments (note 6)                        | g         | 1,629              | (1,242)                            | <b>387</b>              |
| Total current liabilities                                 |           | 29,573             | (1,242)                            | <b>28,331</b>           |
| Finance lease obligations<br>- long-term portion (note 7) |           | 739                | -                                  | <b>739</b>              |
| Deferred tax liabilities                                  | g,h,m,n   | 4,105              | (581)                              | <b>3,524</b>            |
| Total liabilities   |           | 34,417             | (1,823)                            | <b>32,594</b>           |
| <b>Shareholders' Equity</b>                               |           |                    |                                    |                         |
| Share capital (note 3)                                    |           | 36,046             | -                                  | <b>36,046</b>           |
| Contributed surplus (note 3)                              | c,i       | 3,391              | 128                                | <b>3,519</b>            |
| Accumulated other comprehensive (loss)<br>income (note 2) | b,n       | (14,847)           | 15,444                             | <b>597</b>              |
| Retained earnings (note 3)                                | c,g,h,i,n | 106,509            | (16,344)                           | <b>90,165</b>           |
| Total shareholders' equity                                |           | 131,099            | (772)                              | <b>130,327</b>          |
|   |           | <u>\$165,516</u>   | <u>(\$2,595)</u>                   | <u><b>\$162,921</b></u> |

**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**

*\$(000)'s except per share amounts*

The three months and the six months ended March 31, 2011 Canadian GAAP interim consolidated statements of cash flows has been reconciled to IFRS as follows:

|   | Three Months ended<br>March 31, 2011 |                  |                                    | Six Months ended<br>March 31, 2011 |                  |                                    |                 |
|---|--------------------------------------|------------------|------------------------------------|------------------------------------|------------------|------------------------------------|-----------------|
|   | Ref.                                 | Canadian<br>GAAP | Effect of<br>transition<br>to IFRS | IFRS                               | Canadian<br>GAAP | Effect of<br>transition<br>to IFRS | IFRS            |
| <b>OPERATING ACTIVITIES:</b>                              |                                      |                  |                                    |                                    |                  |                                    |                 |
| Net income for the period                                 | g,h,i,n                              | \$5,546          | (\$685)                            | <b>\$4,861</b>                     | \$8,672          | (\$1,757)                          | <b>\$6,915</b>  |
| Add (deduct) items not involving a current outlay of cash |                                      |                  |                                    |                                    |                  |                                    |                 |
| Depreciation and amortization                             | h                                    | 1,898            | 537                                | <b>2,435</b>                       | 3,854            | 1,019                              | <b>4,873</b>    |
| Stock-based compensation expense (note 3)                 | i                                    | 86               | 4                                  | <b>90</b>                          | 176              | 1                                  | <b>177</b>      |
| Deferred income taxes                                     | h,m,n                                | (479)            | 766                                | <b>287</b>                         | (248)            | 219                                | <b>(29)</b>     |
| Loss on sale of fixed assets                              | h                                    | (96)             | (23)                               | <b>(119)</b>                       | (43)             | (62)                               | <b>(105)</b>    |
| Loss (gain) on financial instrument valuation (note 7)    |                                      | 85               | -                                  | <b>85</b>                          | (182)            |                                    | <b>(182)</b>    |
|   |                                      | 7,040            | 599                                | <b>7,639</b>                       | 12,229           | (580)                              | <b>11,649</b>   |
| Net change in non-cash working capital                    | g                                    | (5,758)          | (599)                              | <b>(6,357)</b>                     | (11,406)         | 580                                | <b>(10,826)</b> |
| <b>Cash provided by operating activities</b>              |                                      | 1,282            | -                                  | <b>1,282</b>                       | 823              | -                                  | <b>823</b>      |
| <b>FINANCING ACTIVITIES:</b>                              |                                      |                  |                                    |                                    |                  |                                    |                 |
| Dividends paid (note 3)                                   |                                      | (1,023)          | -                                  | <b>(1,023)</b>                     | (2,046)          | -                                  | <b>(2,046)</b>  |
| Issue of share capital (note 3)                           |                                      | 24               | -                                  | <b>24</b>                          | 24               | -                                  | <b>24</b>       |
| <b>Cash used in financing activities</b>                  |                                      | (999)            | -                                  | <b>(999)</b>                       | (2,022)          | -                                  | <b>(2,022)</b>  |
| <b>INVESTING ACTIVITIES:</b>                              |                                      |                  |                                    |                                    |                  |                                    |                 |
| Business acquisitions, net of cash acquired (note 11)     |                                      | -                | -                                  | <b>-</b>                           | (1,541)          | -                                  | <b>(1,541)</b>  |
| Investment in property, plant and equipment               |                                      | (1,409)          | -                                  | <b>(1,409)</b>                     | (5,382)          | -                                  | <b>(5,382)</b>  |
| Proceeds on sale of property, plant and equipment         |                                      | 230              | -                                  | <b>230</b>                         | 274              | -                                  | <b>274</b>      |
| <b>Cash used in investing activities</b>                  |                                      | (1,179)          | -                                  | <b>(1,179)</b>                     | (6,649)          | -                                  | <b>(6,649)</b>  |
| Effect of exchange rate changes on cash                   |                                      | 1,032            | -                                  | <b>1,032</b>                       | 338              | -                                  | <b>338</b>      |
| Net increase in cash during the period                    |                                      | 136              | -                                  | <b>136</b>                         | (7,510)          | -                                  | <b>(7,510)</b>  |
| Cash, beginning of period                                 |                                      | 12,540           |                                    | <b>12,540</b>                      | 20,186           |                                    | <b>20,186</b>   |
| <b>Cash, end of period</b>                                |                                      | \$12,676         | \$-                                | <b>\$12,676</b>                    | \$12,676         | \$-                                | <b>\$12,676</b> |



## **NOTES TO THE 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 2,169 people and service a diverse and broad customer base.

Telephone: 905-477-3065

Fax: 905-477-2449

Web: [www.excocorp.com](http://www.excocorp.com)

### **TORONTO STOCK EXCHANGE LISTING**

XTC

### **DIRECTORS**

Laurie Bennett, Chairman

Edward Kernaghan

Robert Magee

Philip Matthews

Brian A. Robbins, President and CEO

Stephen Rodgers

Peter van Schaik

### **CORPORATE OFFICERS**

Brian A. Robbins, PEng

President and Chief Executive Officer

Paul Riganelli, MA, MBA, LLB

Vice President, Finance and Chief Financial  
Officer, Secretary

### **TRANSFER AGENT**

Equity Financial Trust Company

200 University Avenue

Suite 400

Toronto, Ontario

M5H 4H1

Shareholder Inquiries:

Telephone: 416-361-0152

Web: [www.equitytransfer.com](http://www.equitytransfer.com)