



EXCO TECHNOLOGIES LIMITED

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

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

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

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 GAAP	Effect of transition to IFRS	IFRS
ASSETS				
Current				
Cash		\$15,376	-	\$15,376
Accounts receivable (note 7)		47,224	-	47,224
Unbilled revenue (note 6)	g	-	13,301	13,301
Inventories (note 8)	g	33,242	(11,884)	21,358
Prepaid expenses and deposits		1,938	-	1,938
Total current assets		97,780	1,417	99,197
Property, plant and equipment, net (note 4)	h,m,n	66,976	(4,012)	62,964
Deferred tax assets		760	-	760
		<u>\$165,516</u>	<u>(\$2,595)</u>	<u>\$162,921</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	o	\$26,990	(26,990)	\$-
Trade accounts payable	o	-	16,131	16,131
Accrued taxes and payroll costs	o	-	4,628	4,628
Other accrued liabilities	o	-	5,396	5,396
Provisions (note 5)	o	-	835	835
Income taxes payable		909	-	909
Finance lease obligations - current portion (note 7)		45	-	45
Customer advance payments (note 6)	g	1,629	(1,242)	387
Total current liabilities		29,573	(1,242)	28,331
Finance lease obligations - long-term portion (note 7)		739	-	739
Deferred tax liabilities	g,h,m,n	4,105	(581)	3,524
Total liabilities		34,417	(1,823)	32,594
Shareholders' Equity				
Share capital (note 3)		36,046	-	36,046
Contributed surplus (note 3)	c,i	3,391	128	3,519
Accumulated other comprehensive (loss) income (note 2)	b,n	(14,847)	15,444	597
Retained earnings (note 3)	c,g,h,i,n	106,509	(16,344)	90,165
Total shareholders' equity		131,099	(772)	130,327
		<u>\$165,516</u>	<u>(\$2,595)</u>	<u>\$162,921</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 March 31, 2011			Six Months ended March 31, 2011			
	Ref.	Canadian GAAP	Effect of transition to IFRS	IFRS	Canadian GAAP	Effect of transition to IFRS	IFRS
OPERATING ACTIVITIES:							
Net income for the period	g,h,i,n	\$5,546	(\$685)	\$4,861	\$8,672	(\$1,757)	\$6,915
Add (deduct) items not involving a current outlay of cash							
Depreciation and amortization	h	1,898	537	2,435	3,854	1,019	4,873
Stock-based compensation expense (note 3)	i	86	4	90	176	1	177
Deferred income taxes	h,m,n	(479)	766	287	(248)	219	(29)
Loss on sale of fixed assets	h	(96)	(23)	(119)	(43)	(62)	(105)
Loss (gain) on financial instrument valuation (note 7)		85	-	85	(182)		(182)
		7,040	599	7,639	12,229	(580)	11,649
Net change in non-cash working capital	g	(5,758)	(599)	(6,357)	(11,406)	580	(10,826)
Cash provided by operating activities		1,282	-	1,282	823	-	823
FINANCING ACTIVITIES:							
Dividends paid (note 3)		(1,023)	-	(1,023)	(2,046)	-	(2,046)
Issue of share capital (note 3)		24	-	24	24	-	24
Cash used in financing activities		(999)	-	(999)	(2,022)	-	(2,022)
INVESTING ACTIVITIES:							
Business acquisitions, net of cash acquired (note 11)		-	-	-	(1,541)	-	(1,541)
Investment in property, plant and equipment		(1,409)	-	(1,409)	(5,382)	-	(5,382)
Proceeds on sale of property, plant and equipment		230	-	230	274	-	274
Cash used in investing activities		(1,179)	-	(1,179)	(6,649)	-	(6,649)
Effect of exchange rate changes on cash		1,032	-	1,032	338	-	338
Net increase in cash during the period		136	-	136	(7,510)	-	(7,510)
Cash, beginning of period		12,540		12,540	20,186		20,186
Cash, end of period		\$12,676	\$-	\$12,676	\$12,676	\$-	\$12,676

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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.

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XTC

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