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Interim report
to the shareholders
for the nine months ended
June 30, 2011

NOTICE TO READER

The attached consolidated financial statements have been prepared by management of the Company. The consolidated financial statements for the nine-month periods ended June 30, 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 June 30, 2011	As at September 30, 2010
ASSETS		
Current		
Cash	**$11,259**	$20,186
Accounts receivable (note 4)	**43,398**	33,320
Inventories (note 5)	**31,219**	23,610
Prepaid expenses and deposits	**2,159**	3,692
Assets held for sale (note 7)	**5,349**	1,206
Total current assets	**93,384**	82,014
Fixed assets (note 3)	**62,530**	66,448
Future income tax assets	**145**	385
	62,675	66,833
	$156,059	$148,847
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	**$22,167**	$21,490
Income taxes payable	**1,785**	2,433
Customer advance payments	**1,643**	1,760
Total current liabilities	**25,595**	25,683
Future income tax liabilities	**4,159**	3,966
Total liabilities	**29,754**	29,649
Shareholders' Equity		
Share capital (note 2)	**36,046**	35,868
Contributed surplus (note 2)	**3,346**	3,247
Retained earnings	**105,468**	96,001
Accumulated other comprehensive loss	**(18,555)**	(15,918)
Total shareholders' equity	**126,305**	119,198
	$156,059	$148,847

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

EXCO TECHNOLOGIES LIMITED
INTERIM CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME (Unaudited)
$(000)'s except for earnings per share

	Three Months ended June 30		Nine Months ended June 30	
	2011	2010	**2011**	2010
Sales	**$48,784**	$42,681	**$147,261**	$119,583
Cost of sales and operating expenses before the following (note 5)	**35,767**	30,887	**106,879**	87,205
Selling, general and administrative (notes 2 and 4)	**5,579**	5,996	**17,279**	16,134
Depreciation and amortization	**1,938**	2,094	**5,792**	6,111
(Gain) loss on sale of fixed assets	**72**	(85)	**29**	(356)
Interest expense (income)	**10**	8	**(27)**	26
	43,366	38,900	**129,952**	109,120
Income before income taxes	**5,418**	3,781	**17,309**	10,463
Provision for income taxes	**1,553**	279	**4,772**	2,835
Net income for the period	**3,865**	3,502	**12,537**	7,628
Other comprehensive income (loss)				
Unrealized gain (loss) on foreign currency translation of self-sustaining operations	**(127)**	939	**(2,637)**	(2,778)
Comprehensive income	**$3,738**	$4,441	**$9,900**	$4,850
Earnings per common share				
Basic and diluted earnings	**$0.10**	$0.09	**$0.31**	$0.19

The accompanying notes are an integral part of these interim 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
Net income for the quarter	-	-	3,865	-	3,865
Dividends	-	-	(1,024)	-	(1,024)
Stock option expense	-	43	-	-	43
Issuance of share capital	146	(31)	-	-	115
Unrealized loss on translation of self-sustaining operations	-	-	-	(127)	(127)
Balance, June 30, 2011	**$36,046**	**$3,346**	**$105,468**	**($18,555)**	**$126,305**

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

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

	Three Months ended June 30		Nine Months ended June 30	
	2011	2010	**2011**	2010
OPERATING ACTIVITIES:				
Net income for the period	**$3,865**	$3,502	**$12,537**	$7,628
Add (deduct) items not involving a current outlay of cash				
Depreciation and amortization	**1,938**	2,094	**5,792**	6,111
Stock-based compensation expense (note 2)	**46**	92	**222**	320
Future income taxes	**679**	(173)	**431**	157
(Gain) loss on sale of fixed assets	**72**	(85)	**29**	(356)
(Gain) loss on financial instrument valuation (note 4)	**59**	24	**(123)**	(895)
	6,659	5,454	**18,888**	12,965
Net change in non-cash working capital balances related to operations	**(4,196)**	(1,535)	**(15,602)**	(1,137)
Cash provided by operating activities	**2,463**	3,919	**3,286**	11,828
FINANCING ACTIVITIES:				
Dividends paid (note 2)	**(1,024)**	(818)	**(3,070)**	(2,352)
Issuance of share capital (note 2)	**115**	-	**139**	332
Repurchase of share capital (note 2)	**-**	-	**-**	(24)
Cash used in financing activities	**(909)**	(818)	**(2,931)**	(2,044)
INVESTING ACTIVITIES:				
Investment in subsidiary	**-**	-	**(1,541)**	-
Investment in fixed assets	**(1,634)**	(1,651)	**(7,016)**	(3,677)
Proceeds on sale of fixed assets	**56**	542	**330**	1,117
Cash used in investing activities	**(1,578)**	(1,109)	**(8,227)**	(2,560)
Effect of exchange rate changes on cash	**(1,393)**	(154)	**(1,055)**	(461)
Net increase (decrease) in cash during the period	**(1,417)**	1,838	**(8,927)**	6,763
Cash, beginning of period	**12,676**	16,289	**20,186**	11,364
Cash, end of period	**$11,259**	$18,127	**$11,259**	$18,127

The accompanying notes are an integral part of these interim 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
Issued for cash under Stock Option Plan	35,000	115
Contributed surplus on stock options exercised	-	31
Issued and outstanding at June 30, 2011	**40,961,823**	**$36,046**

$(000)'s except per share amounts

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 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 $127 during the three months ended June 30, 2011 (three months ended June 30, 2010 - the unrealized translation gain was $939). For the nine months ended June 30, 2011, the unrealized loss was $2,637 (nine months ended June 30, 2010 - the unrealized translation loss was $2,778). Year-to-date unrealized loss of $2,637 was primarily attributable to the weakening of the U.S. dollar against the Canadian dollar as measured at June 30, 2011 and September 30, 2010.

Cash Dividends

During the nine months ended June 30, 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
June 30	**1,024**	818
Total dividends paid	**$3,070**	$2,352

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.

$(000)'s except per share amounts

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			Options Outstanding		
	Number of options	**Weighted average exercise price**	**Options exercisable**	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
Exercised	**(35,000)**	**$3.29**	**(35,000)**	-	-	-
Expired	**(10,000)**	**$4.00**	**(10,000)**	(30,000)	$7.15	(30,000)
Balance, June 30	**1,695,390**	**$3.95**	**1,264,075**	1,858,119	$3.97	1,364,243

Stock-based Compensation

Stock-based compensation resulting from applying the Black-Scholes option-pricing model to the Company's stock option plan was $43 for the three months ended June 30, 2011 (three months ended June 30, 2010 - $46) and for the nine months ended June 30, 2011 was $138 (nine months ended June 30, 2010 - $180). 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 June 30, 2011 and June 30, 2010 are as follows:

	June 30, 2011	June 30, 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
June 30, 2011	3,810	3
Total	**10,735**	**$84**

$(000)'s except per share amounts

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
Stock option compensation expense	**43**	46
Exercise of stock options	**(31)**	-
Balance, June 30	**$3,346**	$3,201

Normal Course Issuer Bid

The Company did not renew the normal course issuer bid for the 12-month period which expired on May 9, 2011. Under the normal course issuer bid that expired on May 9, 2011, 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 nine months ended June 30, 2011, no common shares were repurchased (nine months ended June 30, 2010 - 11,600 common 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

			June 30, 2011
	Cost	**Accumulated Depreciation and Amortization**	**Net Book Value**
Land	**$6,481**	**$-**	**$6,481**
Buildings	**41,479**	**14,828**	**26,651**
Machinery and equipment	**144,102**	**118,606**	**25,496**
Tools	**15,226**	**11,324**	**3,902**
Total	**$207,288**	**$144,758**	**$62,530**

$(000)'s except per share amounts

			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
Total	$218,678	$152,230	$66,448

At June 30, 2011, the Company had building, machinery and deposits relating to fixed assets of $469 (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, 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:

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 26, 2013. The total value of these collars is 139.8 million Mexican pesos (September 30, 2010 - 33.7 million Mexican pesos). The selling price ranges from 11.35 to 13.01 Mexican pesos to each U.S. dollar.

Management estimates that a loss of $66 (September 30, 2010 - loss of $188) would be realized if these collars were terminated on June 30, 2011. As at June 30, 2011, the estimated fair value gain of $123 (June 30, 2010 - gain of $895) has been included in selling, general and administrative expense on the consolidated statements of income and comprehensive income and the loss of $66 is recorded in the consolidated balance sheets under the caption accounts payable and accrued liabilities.

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

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. As at June 30, 2011, the accounts receivable balance (net of allowance for doubtful accounts) is $43,398 (September 30, 2010 - $33,320) and the Company's five largest trade debtors accounted for 44% of the total accounts receivable balance (September 30, 2010 - 43%). As at June 30, 2011, accounts receivable of $741 are insured against default.

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

	June 30, 2011	September 30, 2010
Trade accounts receivable	**$40,907**	$31,260
Employee receivable	**194**	23
Sales tax receivable	**1,488**	1,712
Others	**1,364**	746
Less: allowance for doubtful accounts	**(555)**	(421)
Total accounts receivable, net	**$43,398**	$33,320

The aging of trade accounts receivable balances is as follows:

	June 30, 2011	September 30, 2010
Not past due	**$27,761**	$23,145
Past due 1-30 days	**6,013**	6,147
Past due 31-60 days	**3,524**	1,126
Past due 61-90 days	**2,928**	353
Past due over 90 days	**681**	489
Less: allowance for doubtful accounts	**(555)**	(421)
Total trade accounts receivable, net	**$40,352**	$30,839

$(000)'s except per share amounts

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

	June 30, 2011	September 30, 2010
Opening balance	**$421**	$462
Bad debt expense	**134**	194
Write-offs	**-**	(235)
Closing balance	**$555**	$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 June 30, 2011, the Company has a net cash balance of $11,259 (September 30, 2010 - $20,186) and unused credit facilities of $11,775 (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, Switzerland and Colombia. 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 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. 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	+/-313	+/-16	+/-88	+/-45	+/-12
Other comprehensive income (loss)	+/-179	+/-86	na	na	na

$(000)'s except per share amounts

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 June 30, 2011, the Company has a net cash position of $11,259 (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.

	June 30, 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	**($66)**	**($66)**	($206)	($206)
Foreign currency forwards	**$-**	**$-**	$18	$18

Due to their short-term nature, the fair value of cash, receivable, 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 dates. The following tables present the Company's fair value hierarchy for those financial assets and financial liabilities carried at June 30, 2011 and September 30, 2010.

		Fair Value Measurements at Reporting Date Using:		
	Carrying Amount of Asset (Liability) at June 30, 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	**($66)**	-	**($66)**	-
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	-

$(000)'s except per share amounts

5. INVENTORIES

	June 30, 2011	September 30, 2010
Raw materials	**$10,716**	$11,160
Work in process	**15,584**	10,736
Finished goods	**4,843**	1,625
Production supplies	**76**	89
Total	**$31,219**	$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 June 30, 2011, inventories of $20,832 (three months ended June 30, 2010 - $17,306) were expensed of which $63 were from the write-downs of inventory (three months ended June 30, 2010 - $65), net of nil reversal of write-downs (three months ended June 30, 2010 - $254). During the nine months ended June 30, 2011, inventories of $62,125 (nine months ended June 30, 2010 - $49,671) were expensed, of which $275 were from the write-downs of inventory (nine months ended June 30, 2010 - $314), net of nil reversal of write-downs (nine months ended June 30, 2010 - $254).

6. CAPITAL MANAGEMENT

The Company defines capital as net debt and shareholders' equity. As at June 30, 2011, total managed capital was $126,305 (September 30, 2010 - $119,198) consisting of nil net debt (September 30, 2010 - nil) and shareholders' equity of $126,305 (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:

	June 30, 2011	September 30, 2010
Net debt to equity	**0.00:1**	0.00:1
Current ratio	**3.00:1**	2.36:1

$(000)'s except per share amounts

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

	June 30, 2011	September 30, 2010
Bank indebtedness	**$-**	**$-**
Less: cash	**11,259**	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 June 30, 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 $5,349 of fixed assets has been listed for sale (September 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.

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

	Three Months ended June 30, 2011			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$31,383**	**$17,401**	**$-**	**$48,784**
Depreciation and amortization	**1,515**	**412**	**11**	**1,938**
Segment income (loss)	**3,696**	**2,748**	**(1,016)**	**5,428**
Interest expense				**(10)**
Income before income taxes				**5,418**
Fixed asset additions	**1,484**	**123**	**27**	**1,634**
Fixed assets, net	**45,299**	**15,878**	**1,353**	**62,530**
Total assets	**$100,543**	**$53,453**	**$2,063**	**$156,059**

	Three Months ended June 30, 2010			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$26,555	$16,126	$-	$42,681
Depreciation and amortization	1,653	432	9	2,094
Segment income (loss)	3,437	1,009	(657)	3,789
Interest expense				(8)
Income before income taxes				3,781
Fixed asset additions	1,556	95	-	1,651
Fixed assets, net	49,147	16,738	1,408	67,293
Total assets	$93,578	$49,955	$2,304	$145,837

	Nine Months ended June 30, 2011			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$92,631**	**$54,630**	**$-**	**$147,261**
Depreciation and amortization	**4,593**	**1,171**	**28**	**5,792**
Segment income (loss)	**11,669**	**8,914**	**(3,301)**	**17,282**
Interest income				**27**
Income before income taxes				**17,309**
Fixed asset additions	**6,575**	**339**	**102**	**7,016**
Fixed assets, net	**45,299**	**15,878**	**1,353**	**62,530**
Total assets	**$100,543**	**$53,453**	**$2,063**	**$156,059**

$(000)'s except per share amounts

	Nine Months ended June 30, 2010			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$74,944	$44,639	$-	$119,583
Depreciation and amortization	4,762	1,322	27	6,111
Segment income (loss)	8,894	3,342	(1,747)	10,489
Interest expense				(26)
Income before income taxes				10,463
Fixed asset additions	2,729	937	11	3,677
Fixed assets, net	49,147	16,738	1,408	67,293
Total assets	$93,578	$49,955	$2,304	$145,837

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 period have been reclassified to conform with the financial statement presentation adopted in the current period.

11. SUBSEQUENT EVENT

Subsequent to the current quarter ended June 30, 2011, the Company entered into an asset purchase agreement for the acquisition of a customer's extrusion tool making business situated in Colombia. The purchase price is approximately $750 which will be paid in cash and will be based on the underlying assets acquired. The agreement is subject to usual conditions and is expected to close in October 2011.

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 1,994 people and service a diverse and broad customer base.

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