



**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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Unaudited Condensed Interim Report  
to the shareholders  
for the nine months ended  
June 30, 2014

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**NOTICE TO READER**

*The attached unaudited condensed interim consolidated financial statements have been prepared by management of the Company. The condensed interim consolidated financial statements for the nine-month periods ended June 30, 2014 and 2013 have not been reviewed by the auditors of the Company.*

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

	As at June 30, 2014	As at September 30, 2013
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$28,956	\$26,072
Accounts receivable	80,052	53,974
Unbilled revenue	7,176	9,188
Inventories	43,766	24,347
Prepaid expenses and deposits	2,421	1,878
Income taxes receivable	-	1,704
<b>Total current assets</b>	<b>162,371</b>	<b>117,163</b>
Property, plant and equipment, net	94,559	75,196
Intangible assets, net (notes 4 and 7)	4,150	1,059
Goodwill (notes 4 and 7)	21,860	308
Deferred tax assets	2,033	1,377
	<b>\$284,973</b>	<b>\$195,103</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Bank indebtedness	\$27,869	\$-
Trade accounts payable	38,339	15,905
Accrued payroll, taxes and other payable	16,100	9,930
Derivative instruments	65	525
Provisions	2,095	685
Income taxes payable	879	-
Customer advance payments	893	1,124
Finance lease obligations - current portion	565	-
<b>Total current liabilities</b>	<b>86,805</b>	<b>28,169</b>
Finance lease obligations	1,849	-
Deferred tax liabilities	1,829	2,800
<b>Total liabilities</b>	<b>90,483</b>	<b>30,969</b>
<b>Shareholders' Equity</b>		
Share capital (note 3)	47,367	37,389
Contributed surplus	3,309	3,368
Accumulated other comprehensive income (loss)	3,647	(285)
Retained earnings	140,167	123,662
<b>Total shareholders' equity</b>	<b>194,490</b>	<b>164,134</b>
	<b>\$284,973</b>	<b>\$195,103</b>

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

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

(\$ in thousands, except for earnings per share)

	Three months ended		Nine months ended	
	June 30		June 30	
	2014	2013	2014	2013
<b>Sales</b>	<b>\$110,938</b>	\$62,382	<b>\$257,320</b>	\$180,649
Cost of sales before the following	<b>86,034</b>	43,334	<b>192,696</b>	127,248
Selling, general and administrative	<b>9,968</b>	7,362	<b>26,289</b>	21,369
Depreciation and amortization	<b>3,555</b>	1,976	<b>8,290</b>	6,294
Loss (gain) on disposal of property, plant and equipment	<b>9</b>	(31)	<b>(46)</b>	107
Net interest expense (income)	<b>305</b>	17	<b>416</b>	(12)
	<b>99,871</b>	52,658	<b>227,645</b>	155,006
Income before income taxes	<b>11,067</b>	9,724	<b>29,675</b>	25,643
Provision for income taxes	<b>2,727</b>	4,174	<b>7,142</b>	8,761
<b>Net income for the period</b>	<b>8,340</b>	5,550	<b>22,533</b>	16,882
Other comprehensive income (loss)				
Other comprehensive income (loss) to be reclassified to profit and loss in subsequent periods:				
Net unrealized gain (loss) on derivatives designated as cash flow hedges	<b>192</b>	(560)	<b>342</b>	(317)
Unrealized (loss) gain on foreign currency translation	<b>(3,085)</b>	1,841	<b>3,590</b>	4,460
	<b>(2,893)</b>	1,281	<b>3,932</b>	4,143
<b>Total Comprehensive income</b>	<b>\$5,447</b>	\$6,831	<b>\$26,465</b>	\$21,025
<b>Earnings per common share</b>				
Basic	<b>\$0.20</b>	\$0.14	<b>\$0.54</b>	\$0.42
Diluted	<b>\$0.20</b>	\$0.14	<b>\$0.54</b>	\$0.41
<b>Weighted average number of common shares outstanding</b>				
Basic	<b>41,953</b>	40,696	<b>41,458</b>	40,674
Diluted	<b>42,338</b>	41,005	<b>41,852</b>	40,983

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

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

	Accumulated other comprehensive income (loss)						Total shareholders' equity
	Share capital	Contributed surplus	Retained earnings	Net unrealized (loss) gain on derivatives designated as cash flow hedges	Unrealized gain on foreign currency translation	Total accumulated other comprehensive income (loss)	
Balance, October 1, 2013	\$37,389	\$3,368	\$123,662	(\$388)	\$103	(\$285)	\$164,134
Net income for the period	-	-	6,740	-	-	-	6,740
Dividends paid	-	-	(1,833)	-	-	-	(1,833)
Stock option expense	-	86	-	-	-	-	86
Issuance of share capital (note 3)	219	(62)	-	-	-	-	157
Other comprehensive income	-	-	-	85	2,322	2,407	2,407
Balance, December 31, 2013	37,608	3,392	128,569	(303)	2,425	2,122	171,691
Net income for the period	-	-	7,453	-	-	-	7,453
Dividends paid	-	-	(2,097)	-	-	-	(2,097)
Stock option expense	-	101	-	-	-	-	101
Issuance of share capital (note 3)	9,324	(184)	-	-	-	-	9,140
Other comprehensive income	-	-	-	65	4,353	4,418	4,418
Balance, March 31, 2014	46,932	3,309	133,925	(238)	6,778	6,540	190,706
Net income for the quarter	-	-	8,340	-	-	-	8,340
Dividends	-	-	(2,098)	-	-	-	(2,098)
Stock option expense	-	118	-	-	-	-	118
Issuance of share capital (note 3)	435	(118)	-	-	-	-	317
Other comprehensive (loss) income	-	-	-	192	(3,085)	(2,893)	(2,893)
<b>Balance, June 30, 2014</b>	<b>\$47,367</b>	<b>\$3,309</b>	<b>\$140,167</b>	<b>(\$46)</b>	<b>\$3,693</b>	<b>\$3,647</b>	<b>\$194,490</b>

	Accumulated other comprehensive income (loss)						Total shareholders' equity
	Share capital	Contributed surplus	Retained earnings	Net unrealized gain (loss) on derivatives designated as cash flow hedges	Unrealized gain (loss) on foreign currency translation	Total accumulated other comprehensive income (loss)	
Balance, October 1, 2012	\$37,057	\$3,318	\$107,048	(\$82)	(\$3,595)	(\$3,677)	\$143,746
Net income for the period	-	-	5,787	-	-	-	5,787
Dividends paid	-	-	(1,524)	-	-	-	(1,524)
Stock option expense	-	39	-	-	-	-	39
Issuance of share capital (note 3)	89	(25)	-	-	-	-	64
Other comprehensive income	-	-	-	8	1,254	1,262	1,262
Balance, December 31, 2012	37,146	3,332	111,311	(74)	(2,341)	(2,415)	149,374
Net income for the period	-	-	5,545	-	-	-	5,545
Dividends paid	-	-	(1,831)	-	-	-	(1,831)
Stock option expense	-	34	-	-	-	-	34
Issuance of share capital (note 3)	138	(35)	-	-	-	-	103
Other comprehensive income	-	-	-	235	1,365	1,600	1,600
Balance, March 31, 2013	37,284	3,331	115,025	161	(976)	(815)	154,825
Net income for the quarter	-	-	5,550	-	-	-	5,550
Dividends paid	-	-	(1,831)	-	-	-	(1,831)
Stock option expense	-	33	-	-	-	-	33
Issuance of share capital (note 3)	10	(3)	-	-	-	-	7
Other comprehensive (loss) income	-	-	-	(560)	1,841	1,281	1,281
Balance, June 30, 2013	\$37,294	\$3,361	\$118,744	(\$399)	\$865	\$466	\$159,865

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

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

	Three months ended		Nine months ended	
	June 30		June 30	
	2014	2013	2014	2013
<b>OPERATING ACTIVITIES:</b>				
Net income for the period	\$8,340	\$5,550	\$22,533	\$16,882
Add (deduct) items not involving a current outlay of cash				
Depreciation and amortization	3,555	1,976	8,290	6,294
Stock-based compensation expense	244	29	688	267
Deferred income taxes	(381)	(110)	(450)	(80)
Loss (gain) on disposal of property, plant and equipment	9	(31)	(46)	107
Loss (gain) on financial instrument valuation	-	5	-	(108)
	<b>11,767</b>	<b>7,419</b>	<b>31,015</b>	<b>23,362</b>
Net change in non-cash working capital	(7,951)	(3,425)	(5,611)	(8,840)
<b>Cash provided by operating activities</b>	<b>3,816</b>	<b>3,994</b>	<b>25,404</b>	<b>14,522</b>
<b>FINANCING ACTIVITIES:</b>				
Increase in bank indebtedness	(536)	-	19,177	-
Repayment of finance lease obligations	(93)	-	(557)	-
Dividends paid	(2,098)	(1,831)	(6,028)	(5,186)
Issuance of share capital (note 3)	317	7	9,614	174
<b>Cash (used in) provided by financing activities</b>	<b>(2,410)</b>	<b>(1,824)</b>	<b>22,206</b>	<b>(5,012)</b>
<b>INVESTING ACTIVITIES:</b>				
Business acquisition, net of cash acquired (notes 4 and 7)	20	-	(26,025)	(1,485)
Purchase of property, plant and equipment	(4,279)	(6,686)	(19,401)	(15,955)
Purchase of intangible assets (note 4)	(578)	(149)	(803)	(298)
Proceeds from disposal of property, plant and equipment	156	90	422	243
<b>Cash used in investing activities</b>	<b>(4,681)</b>	<b>(6,745)</b>	<b>(45,807)</b>	<b>(17,495)</b>
<b>Effect of exchange rate changes on cash</b>	<b>(1,436)</b>	<b>1,322</b>	<b>1,081</b>	<b>1,834</b>
<b>Net (decrease) increase in cash during the period</b>	<b>(4,711)</b>	<b>(3,253)</b>	<b>2,884</b>	<b>(6,151)</b>
Cash, beginning of period	33,667	28,345	26,072	31,243
<b>Cash, end of period</b>	<b>\$28,956</b>	<b>\$25,092</b>	<b>\$28,956</b>	<b>\$25,092</b>

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

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(\$ in thousands, except per share amounts)

### 1. CORPORATE INFORMATION

Exco Technologies Limited (the “Company”) is a global designer, developer and manufacturer of dies, moulds, components and assemblies, and consumable equipment for the die-cast, extrusion and automotive industries. Through its 18 strategic locations in 10 countries, the Company services a diverse and broad customer base. The Company is incorporated and domiciled in Canada. The registered office is located at 130 Spy Court, Markham, Ontario, Canada. For more detailed corporate information, refer to the 2013 Annual Report.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company’s significant accounting policies are outlined below:

#### Statement of compliance

These unaudited condensed interim consolidated financial statements present the Company’s financial results of operations and financial position as at and for the periods ended June 30, 2014 and have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Condensed Financial Reporting*. The accounting policies used in preparing these unaudited condensed interim consolidated financial statements are consistent with those used in the preparation of the 2013 audited annual consolidated financial statements.

These unaudited condensed consolidated financial statements should be read in conjunction with the Company’s 2013 audited annual consolidated financial statements. The unaudited condensed interim consolidated financial statements and accompanying notes for the three and nine month periods ended June 30, 2014 were authorized for issue by the Board of Directors on July 23, 2014.

#### Basis of consolidation

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

#### Accounting standards adopted in the current period

The following standards were adopted in the current period but had no material impact on the unaudited condensed interim consolidated financial statements:

#### *IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 and IAS 32*

These amendments require an entity to disclose information about rights to set off and related arrangements. The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity’s financial position. The new disclosures are required for all recognized financial instruments that are set off in accordance with IAS 32 *Financial Instruments: Presentation*. The disclosures also apply to recognized financial instruments that are subject to an enforceable master netting arrangement or similar arrangement, irrespective of whether they are set off in accordance with IAS 32. This standard became effective January 1, 2013.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(\$ in thousands, except per share amounts)

### *IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements*

IFRS 10 replaces the portion of IAS 27 *Consolidated and Separate Financial Statements* that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 *Consolidation — Special Purpose Entities*. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and, therefore, are required to be consolidated by the parent, compared with the requirements that were in IAS 27. This standard became effective January 1, 2013.

### *IFRS 11 Joint Arrangements*

IFRS 11 supersedes IAS 31, *Interest in Joint Ventures* and SIC-13, *Jointly Controlled Entities – Non-Monetary Contributions*. Through an assessment of the rights and obligations in an arrangement, IFRS 11 establishes principles to determine the type of joint arrangement, which are classified as either joint operations or joint ventures, and provides guidance for financial reporting activities required by the entities that have an interest in arrangements that are controlled jointly. Investments in joint ventures are required to be accounted for using the equity method. As a result of the issuance of IFRS 10 and IFRS 11, IAS 28, *Investments in Associates and Joint Ventures*, has been amended to correspond to the guidance provided in IFRS 10 and IFRS 11. This standard became effective January 1, 2013.

### *IFRS 12 Disclosure of Involvement with Other Entities*

IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required, but have no impact on the Company's financial position or performance. This standard became effective January 1, 2013.

### *IFRS 13 Fair Value Measurement*

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard became effective January 1, 2013.

### *IAS 1 Financial Statement Presentation – Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 change the grouping of items presented in other comprehensive income. Items that could be reclassified (or “recycled”) to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment became effective January 1, 2013.

### *IAS 19 Employee Benefits (Revised)*

The IASB has issued numerous amendments to IAS 19. These range from fundamental changes such as removing the corridor mechanism and the concept of expected returns on plan assets to simple clarifications and rewording. The amended standard became effective January 1, 2013.

### *IAS 36 Amendments – Recoverable Amount Disclosures for Non-Financial Assets*

These amendments remove the unintended consequences of IFRS, 13 *Fair Value Measurement* on the disclosures required under IAS 36, *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units for which an impairment loss has been recognized or reversed during the period. The Company has early adopted these disclosure requirements.



## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(\$ in thousands, except per share amounts)

### Accounting standards issued but not yet applied

The following standards are not yet effective for the period ended March 31, 2014. The extent of the impact of adoption of these standard on the unaudited condensed interim consolidated financial statements of the Company is expected to be immaterial.

#### *IFRS 9 Financial Instruments: Classification and Measurement*

IFRS 9, as issued, reflects the first phase of the IASB's work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The standard was initially effective for annual periods beginning on or after January 1, 2013, but *Amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures*, issued in December 2011, moved the mandatory effective date to January 1, 2015. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets.

#### *IAS 32 Presentation – Offsetting Financial Assets and Financial Liabilities – Amendments to Financial Instruments*

This standard is effective for annual periods beginning on or after January 1, 2014. These amendments clarify the meaning of “currently has a legally enforceable right to set-off” and the criteria for non-simultaneously settlement mechanisms of clearing houses to qualify for offsetting.

#### *IFRIC 21 Levies*

IFRIC 21 is effective for annual periods beginning on or after January 1, 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards and fines or other penalties for breaches of legislation. The interpretation clarifies that an entity recognizes a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognized before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in condensed financial statements.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(\$ in thousands, except per share amounts)

### 3. SHARE CAPITAL

On March 1, 2014, the Company issued 1,007,711 common shares as part of the consideration for the ALC acquisition. Changes to the issued common shares are shown in the following table:

	Common Shares	
Issued and outstanding at September 30, 2013	40,714,833	\$37,389
Contributed surplus on stock options exercised	-	62
Issued for cash under Stock Option Plan	47,988	157
Issued and outstanding at December 31, 2013	40,762,821	37,608
Contributed surplus on stock options exercised	-	184
Issued for cash under Stock Option Plan	168,224	443
Shares issued as part of settlement for ALC acquisition (note 7)	1,007,711	8,697
Issued and outstanding at March 31, 2014	41,938,756	46,932
Contributed surplus on stock options exercised	-	118
Issued for cash under Stock Option Plan	46,778	317
<b>Issued and outstanding at June 30, 2014</b>	<b>41,985,534</b>	<b>\$47,367</b>

### 4. INTANGIBLE ASSETS

On March 1, 2014, the Company acquired ALC for a total consideration of \$26,041 of which \$21,223 and \$2,846 were preliminary allocated to goodwill and intangible primarily related to customer relationship as outlined in the following table:

	Goodwill	Other	Total
<b>Cost</b>			
Balance, September 30, 2012	\$245	\$20,861	\$21,106
Assets acquired	-	445	445
Assets acquired through business acquisition	63	458	521
Less: disposals	-	(85)	(85)
Foreign exchange movement	-	59	59
Balance, September 30, 2013	308	21,738	22,046
Assets acquired	-	379	379
Assets acquired through business acquisition (note 7)	21,223	2,846	24,069
Reclassifications	-	424	424
Foreign exchange movement	329	245	574
<b>Balance, June 30, 2014</b>	<b>\$21,860</b>	<b>\$25,632</b>	<b>\$47,492</b>

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(\$ in thousands, except per share amounts)

	Goodwill	Other	Total
<b>Accumulated amortization and impairment losses</b>			
Balance, September 30, 2012	\$-	\$20,142	\$20,142
Amortization for the period	-	532	532
Less: disposals	-	(85)	(85)
Foreign exchange movement	-	90	90
Balance, September 30, 2013	-	20,679	20,679
Amortization for the period	-	575	575
Foreign exchange movement	-	228	228
<b>Balance, June 30, 2014</b>	<b>\$-</b>	<b>\$21,482</b>	<b>\$21,482</b>
<b>Carrying amounts</b>			
As at September 30, 2013	\$308	\$1,059	\$1,367
<b>As at June 30, 2014</b>	<b>\$21,860</b>	<b>\$4,150</b>	<b>\$26,010</b>

### 5. FINANCIAL INSTRUMENTS

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

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

The fair value of derivative instruments that are not traded in an active market such as over-the-counter foreign exchange options and collars is determined using quoted forward exchange rates at the dates of the condensed consolidated statements of financial position. The following tables present the Company's fair value hierarchy for those financial assets and financial liabilities carried as at June 30, 2014 and September 30, 2013:

	June 30, 2014		September 30, 2013	
	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash	\$28,956	\$28,956	\$26,072	\$26,072
Bank indebtedness	(27,869)	(27,869)	-	-
Foreign currency collars	(\$65)	(\$65)	(\$525)	(\$525)

	Fair Value Measurements at Reporting Date Using:			
	Carrying Amount of Asset (Liability) at June 30, 2014	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$28,956	\$28,956	-	-
Bank indebtedness	(27,869)	(27,869)	-	-
Foreign currency collars	(\$65)	-	(\$65)	-

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(\$ in thousands, except per share amounts)

	Carrying Amount of Asset (Liability) at September 30, 2013	Fair Value Measurements at Reporting Date Using:		
		Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$26,072	\$26,072	-	-
Foreign currency collars	(\$525)	-	(\$525)	-

### 6. SEGMENTED INFORMATION

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

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

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

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

**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**(Unaudited)**

*(\$ in thousands, except per share amounts)*

<b>Three Months Ended June 30, 2014</b>				
	<b>Casting and Extrusion</b>	<b>Automotive Solutions</b>	<b>Corporate</b>	<b>Total</b>
Sales	<b>45,779</b>	<b>72,884</b>	-	<b>118,663</b>
Intercompany sales	<b>(1,169)</b>	<b>(6,556)</b>	-	<b>(7,725)</b>
Net sales	<b>44,610</b>	<b>66,328</b>	-	<b>110,938</b>
Depreciation and amortization	<b>2,596</b>	<b>953</b>	<b>6</b>	<b>3,555</b>
Segment income (loss)	<b>6,472</b>	<b>7,029</b>	<b>(2,129)</b>	<b>11,372</b>
Net interest expense				<b>(305)</b>
Income before income taxes				<b>11,067</b>
Property, plant and equipment additions	<b>4,144</b>	<b>135</b>	-	<b>4,279</b>
Property, plant and equipment, net	<b>72,835</b>	<b>20,557</b>	<b>1,167</b>	<b>94,559</b>
Intangible assets acquired	<b>11</b>	<b>567</b>	-	<b>578</b>
Intangible assets, net	<b>1,382</b>	<b>2,768</b>	-	<b>4,150</b>
Goodwill	<b>324</b>	<b>21,536</b>	-	<b>21,860</b>
Total assets	<b>161,787</b>	<b>121,201</b>	<b>1,985</b>	<b>284,973</b>
Total liabilities	<b>29,802</b>	<b>57,850</b>	<b>2,831</b>	<b>90,483</b>

<b>Three Months Ended June 30, 2013</b>				
	<b>Casting and Extrusion</b>	<b>Automotive Solutions</b>	<b>Corporate</b>	<b>Total</b>
Sales	39,528	23,658	-	63,186
Intercompany sales	(621)	(183)	-	(804)
Net sales	38,907	23,475	-	62,382
Depreciation and amortization	1,614	355	7	1,976
Segment income (loss)	6,408	4,619	(1,286)	9,741
Net interest expense				(17)
Income before income taxes				9,724
Property, plant and equipment additions	6,292	394	-	6,686
Property, plant and equipment, net	56,146	14,644	1,291	72,081
Intangible assets acquired	149	-	-	149
Intangible assets, net	1,076	44	-	1,120
Goodwill	313	-	-	313
Total assets	122,687	65,171	3,448	191,306
Total liabilities	15,636	11,144	4,661	31,441

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

<b>Nine Months Ended June 30, 2014</b>				
	<b>Casting and Extrusion</b>	<b>Automotive Solutions</b>	<b>Corporate</b>	<b>Total</b>
Sales	<b>125,519</b>	<b>142,364</b>	-	<b>267,883</b>
Intercompany sales	<b>(2,092)</b>	<b>(8,471)</b>	-	<b>(10,563)</b>
Net sales	<b>123,427</b>	<b>133,893</b>	-	<b>257,320</b>
Depreciation and amortization	<b>6,271</b>	<b>1,997</b>	<b>22</b>	<b>8,290</b>
Segment income (loss)	<b>18,242</b>	<b>17,580</b>	<b>(5,731)</b>	<b>30,091</b>
Net interest expense				<b>(416)</b>
Income before income taxes				<b>29,675</b>
Property, plant and equipment additions	<b>18,712</b>	<b>618</b>	<b>71</b>	<b>19,401</b>
Property, plant and equipment acquired through business acquisition	-	<b>6,456</b>	-	<b>6,456</b>
Property, plant and equipment, net	<b>72,835</b>	<b>20,557</b>	<b>1,167</b>	<b>94,559</b>
Intangible assets acquired	<b>236</b>	<b>567</b>	-	<b>803</b>
Intangible assets acquired through business acquisition	-	<b>2,846</b>	-	<b>2,846</b>
Intangible assets, net	<b>1,382</b>	<b>2,768</b>	-	<b>4,150</b>
Goodwill acquire through business acquisition	-	<b>21,223</b>	-	<b>21,223</b>
Goodwill	<b>324</b>	<b>21,536</b>	-	<b>21,860</b>
Total assets	<b>161,787</b>	<b>121,201</b>	<b>1,985</b>	<b>284,973</b>
Total liabilities	<b>29,802</b>	<b>57,850</b>	<b>2,831</b>	<b>90,483</b>

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

	Nine Months Ended June 30, 2013			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	115,195	68,733	-	183,928
Intercompany sales	(2,915)	(364)	-	(3,279)
Net sales	112,280	68,369	-	180,649
Depreciation and amortization	5,053	1,219	22	6,294
Segment income (loss)	16,849	12,474	(3,692)	25,631
Net interest income				12
Income before income taxes				25,643
Property, plant and equipment additions	15,484	456	15	15,955
Property, plant and equipment acquired through business acquisition	891	-	-	891
Property, plant and equipment, net	56,146	14,644	1,291	72,081
Intangible assets acquired	298	-	-	298
Intangible assets acquired through business acquisition	458	-	-	458
Intangible assets, net	1,076	44	-	1,120
Goodwill	313	-	-	313
Total assets	122,687	65,171	3,448	191,306
Total liabilities	15,636	11,144	4,661	31,441

**7. BUSINESS ACQUISITION**

On March 1, 2014, the Company acquired all of the shares of Automotive Leather Company Group (Pty) Limited (“ALC”), a private company organized under the laws of South Africa for a total consideration of \$26,041, of which \$17,344 was in cash and \$8,697 was in Exco’s shares. ALC specializes in the manufacture and export of luxury leather interior trim components to the middle and luxury automotive sector. The primary customers are BMW and its tiers, although other German OEMs and their tiers are also customers. The acquisition will enable Exco to supply the German OEMs in Europe and other parts of the world. It will also provide the Company with production facilities in Eastern Europe from which to supply the European automotive market with its other interior trim products.

## NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

(\$ in thousands, except per share amounts)

The fair market value of the total consideration was preliminarily allocated to the identifiable assets acquired and the liabilities assumed based on their fair market values as follows:

Cash	\$16
Accounts receivable and other	18,053
Inventories	12,231
Property, plant and equipment	6,456
Intangible assets	2,846
Goodwill	21,223
Deferred tax assets	942
Bank indebtedness	(8,692)
Accounts payable and accrued liabilities	(24,153)
Finance lease obligations	(2,881)
Total consideration	\$26,041

Due-diligence and closing costs for the ALC acquisition amounted to \$526 and were expensed under selling, general and administrative cost on the condensed consolidated statements of income and comprehensive income.

The fair value of the trade receivables equals to the gross amount of the trade receivables less allowance for bad debts and amounts to \$18,053. The net contractual amount is collectible.

The deferred tax assets mainly comprise of the income tax effects on the fair value adjustments to ALC's property, plant and equipment and intangible assets on the acquisition date.

The goodwill of \$21,223 is allocated to the entire Automotive Solutions segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

From the date of the acquisition, ALC has contributed \$49,683 of sales and \$847 to income before income taxes of the Company. If ALC was acquired on October 1, 2013, it could have contributed \$107,452 of sales and \$1,924 to income before income taxes of the Company.



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

*(\$ in thousands, 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 18 strategic locations in 10 countries, we employ 4,740 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

Nicole Kirk

Robert Magee

Philip Matthews

Brian A. Robbins, President and CEO

Peter van Schaik

**CORPORATE OFFICERS**

Brian A. Robbins, PEng

President and CEO

Paul E. Riganelli, MA, MBA, LLB

Senior Vice President and COO

Mary H. Nguyen, CPA, CMA

Vice President Finance, CFO and Secretary

**TRANSFER AGENT**

Equity Financial Trust Company

200 University Avenue

Suite 300

Toronto, Ontario

M5H 4H1

Shareholder Inquiries:

Telephone: 416-361-0152

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