

TO OUR SHAREHOLDERS:

Three Months Ended
Dec 31, 1999 Dec 31, 1998
(\$ in thousands except per share amounts)

Sales	\$28,517	\$31,038
Net income	\$2,706	\$3,051
Cash flow	\$5,983	\$5,605
EBITDA	\$7,601	\$8,672
Basic earnings per share	\$0.14	\$0.16
Fully diluted earnings per share	\$0.13	\$0.15
Fully diluted cash flow per share	\$0.29	\$0.27
Shares outstanding	19,816,000	19,494,000

Net income for the first quarter ended December 31, 1999 was \$2.7 million. For the same period last year, net income of \$3.1 million included a profit on the sale of fixed assets of \$600 thousand (after tax). Therefore, for the quarter, net income from operations increased by 8% from \$2.5 million in 1999 to \$2.7 million in fiscal 2000.

Sales for the period were \$28.5 million compared to \$31 million in the prior year. In the first quarter, the move of the Michigan extrusion tooling plant to a new 35,000 square foot facility temporarily hampered profitability and sales growth in that business. This new facility will provide the necessary capacity to further develop the U.S. market for our extrusion tooling products. All costs of the move were expensed in the quarter.

Cash flow for the period was \$6 million, an increase of 7% compared to the prior year. For the period, the Company was net cash flow positive (after capital expenditures) by \$1.3 million. The first quarter included the majority of the capital expenditure associated with the new Michigan plant.

Gross margin for the period was 40% compared to 38% for the same period in the prior year.

The operating results of Exco's Toledo, Ohio die-cast mould operation continued to show substantial improvement. This quarter was the second consecutive quarter of profitable operations.

Exco management continues to be optimistic with regard to securing significant die-cast mould contracts. The Company has built extensive capacity to handle this new work. Anticipated growth of Exco's extrusion tooling market share, coupled with anticipated die-cast mould contracts, will result in continued prosperity.

"Brian A. Robbins"

Brian A. Robbins
January 26, 2000 President and Chief Executive Officer

EXCO TECHNOLOGIES LIMITED
INTERIM FINANCIAL REPORT
(unaudited)
FOR THE THREE MONTHS ENDED DECEMBER 31, 1999
(\$ in thousands except per share amounts)

CONSOLIDATED INCOME STATEMENT (unaudited)

	3 Months ended December 31	
	<u>1999</u>	<u>1998</u>
Sales	\$ <u>28,517</u>	\$ 31,038
Cost of sales and operating expenses before the following	<u>17,051</u>	19,265
Depreciation and amortization	<u>3,251</u>	3,336
Selling, general and administrative	<u>3,865</u>	3,985
Gain on sale of fixed assets	-	(884)
Interest on long-term debt	18	42
Other interest	-	212
	<u>24,185</u>	<u>25,956</u>
Income before income taxes	<u>4,332</u>	5,082
Provision for income taxes	<u>1,626</u>	2,031
Net income for the period	<u>\$ 2,706</u>	<u>\$ 3,051</u>
Earnings per common share - Basic	<u>\$ 0.14</u>	<u>\$ 0.16</u>
- Fully Diluted	<u>\$ 0.13</u>	<u>\$ 0.15</u>

CONSOLIDATED CASH FLOW STATEMENTS

	3 Months ended December 31	
	<u>1999</u>	<u>1998</u>
OPERATING ACTIVITIES:		
Net income for the period	\$ <u>2,706</u>	\$ 3,051
Add (deduct) items not involving a current outlay of cash:		
Depreciation and amortization	<u>3,251</u>	3,336
Future income taxes	<u>26</u>	102
Gain on sale of fixed assets	-	(884)
	<u>5,983</u>	5,605
Net change in non-cash working capital balances related to operations	<u>(1,094)</u>	1,246
Cash provided by operating activities	<u>4,889</u>	<u>6,851</u>
FINANCING ACTIVITIES:		
Decrease in bank indebtedness	-	(6,269)
Decrease in long-term debt	<u>(63)</u>	(147)
Cash used in financing activities	<u>(63)</u>	<u>(6,416)</u>
INVESTING ACTIVITIES:		
Investment in fixed assets	<u>(5,185)</u>	(3,246)
Proceeds on sale of fixed assets and other (net)	<u>230</u>	2,811
Cash used in investing activities	<u>(4,955)</u>	<u>(435)</u>
Decrease in cash during the period	<u>(129)</u>	0
Cash, beginning of the period	<u>2,844</u>	0
Cash, end of the period	<u>\$ 2,715</u>	<u>\$ 0</u>

EXCO TECHNOLOGIES LIMITED

BALANCE SHEETS (unaudited)

	Dec 31	Sept 30
	<u>1999</u>	<u>1999</u>
ASSETS		
Current		
Cash	\$2,715	\$2,844
Accounts receivable	26,207	20,939
Inventories	11,799	13,049
Prepaid expenses and deposits	<u>496</u>	<u>340</u>
Total current assets	41,217	37,172
Fixed assets	<u>78,787</u>	<u>77,322</u>
	\$ <u>120,004</u>	\$ <u>114,494</u>
 LIABILITIES AND SHAREHOLDERS' EQUITY		
EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 11,774	\$ 11,770
Income taxes payable	15	1,329
Customer advance payments	9,796	5,406
Current portion of long-term debt	<u>142</u>	<u>195</u>
Total current liabilities	21,727	18,700
Long-term debt	631	641
Future income taxes	<u>4,881</u>	<u>4,855</u>
Total liabilities	<u>27,239</u>	<u>24,196</u>
 Shareholders' Equity		
Share capital	25,097	25,097
Retained earnings	67,261	64,555
Currency translation adjustment	<u>407</u>	<u>646</u>
Total shareholders' equity	<u>92,765</u>	<u>90,298</u>
	\$ <u>120,004</u>	\$ <u>114,494</u>
