Interim report
to the shareholders
for the three months
ended December 31, 2001

TO OUR SHAREHOLDERS:

	Three Months Ended	
	Dec 31, 2001	Dec 31, 2000
	($ in thousands except per share amounts)	
Sales	**$46,218**	$39,511
Net income	**$2,460**	$1,538
Cash flow	**$6,180**	$5,650
EBITDA	**$8,096**	$7,174
Basic earnings per share	**$0.13**	$0.08
Diluted earnings per share	**$0.12**	$0.08
Diluted cash flow per share	**$0.31**	$0.28
Shares outstanding	**19,644,000**	19,999,000

Sales for the three month period ended December 31, 2001 were $46.2 million, an increase of $6.7 million or 17% over the prior year period. The improvement is primarily attributable to the Automotive Systems segment, which reported sales of $16.1 million in the quarter as compared to $11.9 million in the prior year quarter. In addition, sales in the quarter were higher as a result of the inclusion of Techmire.

Net income was $2.5 million, an increase of 60% as compared to $1.5 million in the prior year period. EBITDA in the current period increased by 13% to $8.1 million. Cash flow increased by 9% to $6.2 million.

After an intensive marketing effort at PMP, over the past several months, we have decided to suspend the development of powdered metal cylinder liners. Notwithstanding the benefits of this technology, small engine builders and automakers are not prepared to incur the cost of modifying their process or pay a premium for this product. Over the short term, we intend to pursue the custom pressing market. Currently, we have several contracts to perform this service and, by the end of the second quarter, we will determine if this is a viable option.

With respect to automotive restraint systems, we are currently building a facility in Tangier, Morocco, scheduled to open in April of this year. Preliminary production will commence in January 2002 from a leased facility. Tangier is a free-trade zone for the European Union that offers open access to a market of more than 330 million consumers.

Techmire, our die-cast machine manufacturer, has progressed through the research and development process for magnesium die-casting equipment and has manufactured several prototype machines. Demand for these magnesium machines is high and we are excited about their potential.

With respect to our large die-cast mould business, we are confident that the market is improving as a result of changes in direction and focus within the automotive industry. We are well positioned to aggressively respond to this opportunity once the OEMs' plans are finalized.

Although economic uncertainty prevails, we continue to invest in and develop our businesses and are optimistic with respect to their future prospects. In addition, Exco's strong financial position and unique capabilities should enable it to prosper despite current market conditions.

"Brian A. Robbins"

Brian A. Robbins
President and Chief Executive Officer

January 23, 2002

The following is management's interim discussion and analysis of operations and financial position and should be used in conjunction with the consolidated financial statements and Management's Discussion and Analysis included in the Company's 2001 Annual Report.

Management's Discussion and Analysis

Operating Results

Sales were $46.2 million for the first quarter of fiscal 2002, an increase of $6.7 million (17%) as compared to the first quarter of fiscal 2001. Despite lower North American automotive production volumes as compared to the prior year period, Exco achieved higher sales in its Automotive Systems segment reflecting both new products for new vehicles and growth in market share. Since Techmire was acquired at the end of the first quarter of 2001, no sales were recorded in the prior year period. Techmire is included in the Casting and Extrusion Technology segment.

Gross margin was 34.5% for the quarter as compared to 34.0% in the first quarter of fiscal 2001. Gross margin improved as compared to the first quarter in the prior year as a result of higher capacity utilization in the Automotive Systems segment. Further improvement in gross margin is expected as capacity utilization increases.

The increase in selling, general and administrative costs, although higher than the first quarter of the prior year, is consistent with latter quarters of the prior year. The first quarter of the prior year did not include Techmire or the Company's start-up operation to manufacture flexible restraint and storage systems in Morocco.

Depreciation expense of $3.7 million is lower for the period by $265 thousand. This reduction reflects the change in accounting policy regarding the amortization of goodwill, as described in note 1 to the consolidated financial statements, and a lower depreciation expense in certain of Exco's more mature operations. These changes were partly offset by inclusion of Techmire's depreciation expense in the first quarter.

Interest expense of $404 thousand has declined from $700 thousand in the prior year period as a result of a reduction in Exco's operating loans and long-term debt. Exco's total debt at quarter end was $36.6 million as compared to $44.4 million in the comparative prior year period. In addition, interest rates have declined as compared to the prior year.

Financial Resources, Liquidity and Capital Resources

Cash flow from operations, before changes in non-cash working capital, was $6.2 million as compared to $5.7 million in the prior year. The increase reflects higher net income offset by a decline in non-cash charges (depreciation and future income taxes).

During the period, the Company's investment in fixed assets totalled $4.6 million. As cash flow from operations for the period totalled $6.2 million, Exco was net cash flow positive.

Exco's financial position remains strong and, at quarter end, the total debt to equity ratio was .31:1 with borrowings of $36.6 million as compared to .35:1 with borrowings of $39.6 million at year end.

Outlook

As described in Management's Discussion and Analysis included in Exco's 2001 Annual Report, the Company believes that its unique technical capabilities, broad product line and strong customer base coupled with its strong financial position, will mitigate the effects of an economic slowdown. As a result, the Company remains optimistic for the balance of the year.

Information in the previous discussion relating to projected growth, changing market conditions, improvements in productivity and future results constitutes forward-looking statements. Actual results in future periods may differ materially from the forward-looking statements because of a number of risks and uncertainties, including but not limited to economic factors, industry cyclicality and the demand for the Company's technology, products and services. The Company disclaims any obligations to update any such factors or publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

EXCO TECHNOLOGIES LIMITED

BALANCE SHEETS

(unaudited)

($ in thousands)

	Dec 31 2001	Sept 30 2001
Current		
Accounts receivable	$ 39,805	$ 44,004
Inventories	27,918	25,452
Prepaid expenses and deposits	1,521	2,135
Total current assets	69,244	71,591
Fixed assets	89,593	88,333
Goodwill	38,025	38,025
	$ 196,862	$ 197,949
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	$ 35,533	$ 38,446
Accounts payable and accrued liabilities	23,020	25,922
Income taxes payable	2,369	1,770
Customer advance payments	13,354	12,087
Current portion of long-term debt	166	177
Total current liabilities	74,442	78,402
Long-term debt	931	970
Future income taxes	4,177	4,127
Total liabilities	79,550	83,499
Shareholders' Equity		
Share capital	25,843	25,843
Retained earnings	87,044	84,584
Currency translation adjustment	4,425	4,023
Total shareholders' equity	117,312	114,450
	$ 196,862	$ 197,949

EXCO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF INCOME AND RETAINED EARNINGS
(unaudited)
($ in thousands except per share amounts)

	3 Months ended December 31 2001	2000
Sales	$ **46,218**	$ 39,511
Cost of sales and operating expenses before the following	**30,289**	26,096
Depreciation and amortization	**3,670**	3,935
Selling, general and administrative	**7,833**	6,241
Interest on long-term debt	**24**	42
Other interest	**380**	658
	42,196	36,972
Income before income taxes	**4,022**	2,539
Provision for income taxes	**1,562**	1,001
Net income for the period	$ **2,460**	$ 1,538
Retained earnings, beginning of period	**84,584**	74,865
Retained earnings, end of period	**87,044**	76,403
Earnings per common share		
- Basic	$ **0.13**	$ 0.08
- Diluted	$ **0.12**	$ 0.08

EXCO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)
($ in thousands except per share amounts)

	3 Months ended December 31	
	2001	2000
OPERATING ACTIVITIES:		
Net income for the period	$ **2,460**	$ 1,538
Add items not involving a current outlay of cash:		
Depreciation and amortization	**3,670**	3,935
Future income taxes	**50**	177
	6,180	5,650
Net change in non-cash working capital balances related to operations	**1,425**	5,857
Cash provided by operating activities	**7,605**	11,507
FINANCING ACTIVITIES:		
Increase (decrease) in bank indebtedness	**(2,913)**	6,007
Decrease in long-term debt	**(50)**	(70)
Cash provided by financing activities	**(2,963)**	5,937
INVESTING ACTIVITIES:		
Acquisition of subsidiary	**-**	(17,393)
Cash acquired on acquisition of subsidiary	**-**	2,641
Investment in fixed assets	**(4,654)**	(2,728)
Proceeds on sale of fixed assets and other (net)	**12**	36
Cash used in investing activities	**(4,642)**	(17,444)
Decrease in cash during the period	**0**	0
Cash, beginning of the period	**0**	0
Cash, end of the period	$ **0**	$ 0
Cash per common share provided by operating activities before giving effect to net change in non-cash working capital - Basic	$ **0.31**	$ 0.28
- Diluted	$ **0.31**	$ 0.28

EXCO TECHNOLOGIES LIMITED
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
($ 000's except per share amounts)
December 31, 2001

1. ACCOUNTING POLICIES

Basis of Presentation
These interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting principles and methods of application as the most recent annual consolidated financial statements with the exception of the change in accounting for goodwill described below. The interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements included in the 2001 Annual Report.

Accounting Policy Change - Goodwill
In September 2001, the Canadian Institute of Chartered Accountants issued new accounting recommendations requiring that goodwill not be amortized. Instead, it must be tested annually for recording of an impairment loss if required. Effective for its first quarter ended December 31, 2001, the Company is following the guidelines with respect to the adoption of the new recommendations. Goodwill was not amortized in the quarter. As a result, net income is higher by $249 and earnings per share by $0.01 as compared to net income and earnings per share that would have been recorded before the change in accounting policy. The prior period has not been restated and, accordingly, net income and earnings per share in the prior period are lower by $196 and $0.01 respectively.

2. **SEGMENTED INFORMATION**

Business Segments

The Company operates in two business segments: Casting and Extrusion Technology and Automotive Systems. The Casting and Extrusion Technology segment designs and engineers tooling and other manufacturing equipment. Its operations are substantially for automotive and other industrial markets in North America. The Automotive Systems segment produces automotive restraint systems and powdered metal cylinder liners for sale to automotive manufacturers and Tier 1 suppliers (suppliers to automakers). The accounting policies followed in the operating segments are consistent with those outlined in Note 1 of the Annual Consolidated Financial Statements except as described in Note 1 above.

	3 Months ended December 31, 2001		
	Casting & Extrusion Technology	Automotive Systems	Total
Sales	$30,104	$16,114	$46,218
Depn & amort	$3,156	$514	$3,670
Segment Income	$2,845	$1,581	$4,426
Interest expense (income)			$404
Income before income taxes			$4,022
Fixed asset additions	$2,586	$2,068	$4,654
Total fixed assets, net	$77,872	$11,721	$89,593
Goodwill	$8,345	$29,680	$38,025
Total assets	$134,206	$62,656	$196,862

	3 Months ended December 31, 2000		
	Casting & Extrusion Technology	Automotive Systems	Total
Sales	$ 27,603	$11,908	$39,511
Depn & amort	$ 3,184	$751	$3,935
Segment Income	$ 2,927	$312	$3,239
Interest expense (income)			$700
Income before income taxes			$2,539
Fixed asset additions	$ 2,384	$344	$2,728
Total fixed assets, net	$ 78,419	$8,513	$86,932
Goodwill	$ 8,503	$31,099	$39,602
Total assets	$131,603	$56,654	$188,257

3. NORMAL COURSE ISSUER BID

The Company received approval from The Toronto Stock Exchange for a normal course issuer bid for a 12-month period beginning on August 8, 2001. The Company's Board of Directors authorized the purchase of up to 982,198 common shares, representing approximately 5% of the Company's outstanding shares, less any common shares purchased pursuant to the Company's deferred profit sharing plan. To December 31, 2001, the Company has not purchased any shares for cancellation.

5 YEAR FINANCIAL HIGHLIGHTS

As at September 30,

	2001	2000	1999	1998	1997
	($ in thousands except per share amounts)				
Sales	**$184,133**	$118,070	$118,295	$118,045	$99,579
Net Income	**$10,985**	$10,310	$12,036	$11,115	$8,388
Diluted Earnings Per Share	**$0.55**	$0.51	$0.61	$0.55	$0.43
Cash Flow from Operations	**$29,072**	$24,216	$24,208	$21,238	$16,355
Diluted Cash Flow Per Share	**$1.47**	$1.21	$1.22	$1.06	$0.83
EBITDA	**$36,970**	$29,398	$32,617	$29,572	$21,688
Total Net Debt to Equity	**.35:1**	.37:1	0:01	.26:1	.15:1
Capital Expenditures	**$14,065**	$11,691	$8,669	$26,155	$21,469
Acquisitions	**$14,752**	$48,625	$0	$0	$1,522

Fiscal 2001 was a successful year for Exco. Sales, EBITDA and cash flow set new records while two acquisitions were completed and successfully integrated into the Company. Exco's financial position remained strong and its margins continued to exceed industry norms. Coupled with Exco's investment in technology and capacity, the Company established a solid foundation for further growth. Given the economic uncertainty that prevailed throughout fiscal 2001, these are significant accomplishments.

DIRECTORS

Helmut Hofmann
Chairman

Geoffrey F. Hyland

Richard D. McGraw

Brian A. Robbins
President and C.E.O.

Brian J. Steck

Ralph Zarboni

EXCO TECHNOLOGIES LIMITED

Exco Technologies Limited is a global supplier of casting and extrusion technology, as well as components and systems, to the automotive and other industrial markets.

The Toronto Stock Exchange Listing
XTC

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EXCO