TO OUR SHAREHOLDERS

	Three Months Ended December 31	
	2003	2002
Sales	**$53,436**	$54,631
Net income	**$2,343**	$3,587
Cash flow	**$6,047**	$7,124
EBITDA	**$7,491**	$9,551
Basic earnings per share	**$0.06**	$0.09
Diluted earnings per share	**$0.06**	$0.09
Diluted cash flow per share	**$0.14**	$0.18
Shares outstanding	**40,359,000**	39,854,000

While Exco continued to sign new contracts and expand its market share in several segments during the first quarter, its earnings per share declined to $0.06 from $0.09 in the comparable quarter of the previous year.

This decline reflected a sustained soft capital goods market, a $0.02 per share net earnings reduction resulting from Bantech's start up activities and, most notably, a very significant appreciation in the Canadian dollar that produced a net loss on currency translation of $0.03 per share.

Given the aforementioned results and the current environment, Exco was pleased that the largest majority of its operational activities performed most satisfactorily.

Sales at NeoCon, for example, rose 40%. Revenues from our Moroccan operation, however modest, increased threefold and Polytech experienced good results.

Exco was, as well, very pleased to sign a number of new contracts in its Casting and Extrusion Technologies segment that will generate approximately $30 million in new revenues. The contracts are primarily for 6 speed transmission programs and shipments will commence in late 2004 and extend through 2006.

It is noteworthy that Techmire is negotiating a joint venture agreement with a Chinese machine builder to manufacture and market its technology in China.

During the last several months, Exco has taken several initiatives to position itself for future growth. This includes a new manufacturing and processing centre for NeoCon in Huntsville Alabama to better meet its demand from many new southern assembly plants requiring large rigid storage systems. Mindful of our disciplined capital investment approach, this new facility will be housed in our existing powdered metal location thereby minimizing costs.

As well, Exco eliminated its Elex plant and successfully integrated its capacity into several other divisions. Wherever there is an opportunity to prune expenses while maintaining requisite capacity levels, Exco is being extremely vigilant.

Most importantly, management believes that it is lean and will continue to be the low cost producer in its selective markets. Indeed, as the recovery becomes more fully entrenched in the automotive and capital goods sectors, Exco is well positioned to realize healthy rewards.

Brian A. Robbins
President and Chief Executive Officer

January 28, 2004

EXCO TECHNOLOGIES LIMITED
BALANCE SHEETS
(Unaudited)
($ in thousands)

	December 31, 2003	September 30, 2003
ASSETS		
Current		
Accounts receivable	**$40,969**	$45,552
Inventories	**30,907**	30,177
Prepaid expenses and deposits	**2,558**	2,823
Total Current Assets	**74,434**	78,552
Fixed assets	**88,020**	90,449
Goodwill	**44,430**	44,430
Future income tax assets	**3,379**	3,054
	$210,263	$216,485
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$26,883**	$28,066
Accounts payable and accrued liabilities	**25,687**	30,050
Income taxes payable	**3,110**	3,303
Customer advance payments	**4,889**	5,036
Current portion of long-term debt	**422**	494
Total Current Liabilities	**60,991**	66,949
Long-term debt	**1,557**	1,825
Future income taxes	**7,008**	7,033
Total Liabilities	**69,556**	75,807
Shareholders' Equity		
Share capital	**30,962**	30,945
Contributed surplus (note 1)	**768**	643
Retained earnings (note 1)	**116,412**	114,573
Currency translation adjustment	**(7,435)**	(5,483)
Total Shareholders' Equity	**140,707**	140,678
	$210,263	$216,485

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

	3 Months ended December 31	
	2003	2002
Sales	**$53,436**	$54,631
Cost of sales and operating expenses before the following	**37,026**	35,636
Depreciation and amortization	**3,545**	3,539
Selling, general and administrative (note 1)	**8,919**	9,444
Interest on long-term debt	**19**	59
Other interest	**324**	367
	49,833	49,045
Income before income taxes	**3,603**	5,586
Provision for income taxes	**1,260**	2,091
Net income for the period	**$2,343**	$3,495
Retained earnings, beginning of period (note 1)	**114,573**	99,400
Dividend	**(504)**	-
Retained earnings, end of period	**$116,412**	$102,895
Earnings per common share		
- Basic	**$0.06**	$0.09
- Diluted	**$0.06**	$0.09

EXCO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
($ thousands except per share amounts)

	3 Months Ended December 31	
	2003	2002
OPERATING ACTIVITIES:		
Net income for the period	**$2,343**	$3,495
Add items not involving a current outlay of cash:		
Depreciation and amortization	**3,545**	3,539
Stock option expense (note 1)	**125**	92
Loss (gain) on sale of fixed assets	**34**	(2)
	6,047	7,124
Net change in non-cash working capital balances related to operations	**(1,732)**	(3,773)
Cash provided by operating activities	**4,315**	3,351
FINANCING ACTIVITIES:		
Increase (decrease) in bank indebtedness	**(1,527)**	9,874
Decrease in long-term debt	**(277)**	(792)
Dividends	**(504)**	-
Issue of share capital	**17**	891
Cash provided by financing activities	**(2,291)**	9,973
INVESTING ACTIVITIES:		
Acquisition of subsidiary	**-**	(10,307)
Cash acquired on acquisition of subsidiary	**-**	41
Investment in fixed assets	**(2,024)**	(3,063)
Proceeds on sale of fixed assets and other	**-**	5
Cash used in investing activities	**(2,024)**	(13,324)
Decrease in cash during the period	**0**	0
Cash, beginning of the period	**0**	0
Cash, end of the period	**$0**	$0

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
($ 000's except per share amounts)
December 31, 2003

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. The interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements included in the 2003 Annual Report.

Accounting Policy Change
Effective October 1, 2003, the Company elected to follow the fair value based method of accounting for stock-based compensation in accordance with recommendations of the Canadian Institute of Chartered Accountants concerning Stock-Based compensation and Other Stock-Based Payments to options granted after October 1, 2001. This change in accounting policy has been applied retroactively and prior periods have been restated. The retroactive impact of adopting the new recommendations include a reduction in retained earnings and an addition to contributed surplus of $643 at September 30, 2003. In addition, for the three-month period ended December 31, 2002, opening retained earnings was reduced $226 and compensation expense increased $92. For the three-month period ended December 31, 2003, compensation expense increased $125.

The fair value of the options granted during the three months ended December 31, 2003 was estimated at the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions: risk free interest rate of 4.25% (December 31, 2002 – 4.5%), expected dividend yield of 0.314% (December 31, 2002 – 0.0%), expected volatility of 0.273 (December 31, 2002 – 0.273) and expected option life of 5.45 years (December 31, 2002 – 4.23 years). The weighted average fair value of the options granted and shares issuable under the Employee Share Purchase Plan during the year is $1.68 (December 31, 2002 – $1.52).

2. SEGMENTED INFORMATION

Business Segments
The Company operates in two business segments: Casting and Extrusion Technology and Automotive Solutions. The accounting policies followed in the operating segments are consistent with those outlined in Note 1 of the Annual Consolidated Financial Statements. 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 Solutions segment produces automotive interior components and assemblies primarily for storage and restraint for sale to automotive manufacturers and Tier 1 suppliers (suppliers to automakers).

	3 Months ended December 31, 2003		
	Casting and Extrusion Technology	**Automotive Solutions**	**Total**
Sales	**$30,734**	**$22,702**	**$53,436**
Depreciation & amortization	**$2,783**	**$762**	**$3,545**
Segment Income	**$1,461**	**$2,485**	**$3,946**
Interest expense			**$343**
Income before income taxes			**$3,603**
Fixed asset additions	**$1,557**	**$467**	**$2,024**
Total fixed assets, net	**$67,373**	**$20,647**	**$88,020**
Goodwill	**$8,345**	**$36,085**	**$44,430**
Total assets	**$125,732**	**$84,531**	**$210,263**

3 Months ended December 31, 2002	Casting and Extrusion Technology	Automotive Solutions	Total
Sales	$31,802	$22,829	$54,631
Depreciation & amortization	$2,912	$627	$3,539
Segment Income	$2,434	$3,578	$6,012
Interest expense			$426
Income before income taxes			$5,586
Fixed asset additions	$2,061	$1,002	$3,063
Total fixed assets, net	$78,244	$16,784	$95,028
Goodwill	$8,345	$34,590	$42,935
Total assets	$142,108	$73,275	$215,383

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 2003 Annual Report.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Operating Results

Exco experienced a modest 2.2% reduction in revenues for the quarter end December 31, 2003 of $1.2 million to $53.4 million. This essentially flat performance largely reflected the strengthening of the average Canadian dollar of $1.31 during the quarter as compared to an average of $1.57 in the same quarter of the previous year. The dollar's sharp appreciation impacted the firm's sales by $4.4 million in this period.

During the period under review the Automotive Solutions segment reported sales of $22.7 million versus $22.8 million in the comparable quarter of the previous year. While the adverse impact of foreign exchange was disappointing, management was pleased with a 40% sales increase at NeoCon and a threefold revenue gain in Exco's Moroccan facility.

The Casting and Extrusion Technology segment reported sales of $30.7 million in the quarter compared to $31.8 million in the prior year quarter. The weak demand for products and services in this sector was the result of a continuing soft capital goods market and the general economic malaise in the US over the last several years.

Overall net income for the quarter declined by 30% to $2.3 million or $0.06 per share compared to $3.5 million or $0.09 per share in the same quarter last year. Foreign exchange losses amounted to $0.03 per share with start up losses at Bantech Lasing accounting for an additional $0.02 per share. While these events cannot be ignored, net results from all other activities were satisfactory.

Exco would note that this is the first quarter it has expensed stock options granted under its Employee Stock Purchase Plan (ESPP), which is offered to all employees of the company, and the Stock Option Plan. Expense for the quarter was $125,000 versus $92,000 restated in the prior year quarter.

Financial Resources, Liquidity and Capital Resources

Cash flow from operations declined to $6 million as compared to $7.1 million in the same period of the prior year. There was no decline in free cash flow, year over year, as investment in fixed assets for the comparable quarters declined by $1.1 million to $2.0 million. Further, Exco reduced bank indebtedness by $1.5 million reflecting management's continuing commitment to disciplined capital spending and the abundance of used high quality equipment in the market.

Outlook

For the second quarter of 2004, management anticipates some continuing softness in Exco's performance barring any abrupt change in the capital goods market or any meaningful reversal in the fortune of the Canadian dollar.

As the economic environment improves in North America and works its way through the automotive and manufacturing sectors, Exco believes that it is well positioned given its operating leverage and capacity to participate in this upswing.

The company continues to be lean, disciplined and capable of exercising its technological strengths on a global basis.

Margins are expected to improve in the quarters ahead due to contract announcements in the Casting and Extrusion segment, new product launches in the Automotive Solutions group, moderating losses at Bantech and our dedication to continuous improvement throughout all of our businesses.

Information in this document relating to projected growth, improvements in productivity and future results constitutes forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking statements, as there can be no assurance that the plans, intentions or expectations upon which such statements are based will occur. Forward-looking statements include known and unknown risks, uncertainties, assumptions and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such statements. These risks, uncertainties and assumptions include, among other things: industry cyclicality; global economic conditions, causing decreases in automobile production volume and demand for capital goods; price reduction pressures; pressure to absorb certain fixed costs; dependence on major customers; technological changes; fluctuations in currency exchange and interest rates; employee work stoppages; dependence on key employees; the competitive nature of the automotive and capital goods industries, product supply and demand; and other risks, uncertainties and assumptions as described in the Company's 2003 Annual Information Form and, from time to time, in other reports and filings made by the Company with securities regulatory authorities.

While the company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the Company disclaims any obligations to update any such factors or publicly announce the result of any such revisions to any of the forward-looking statements contained herein to reflect future events or developments.

5 YEAR FINANCIAL HIGHLIGHTS
(as of September 30)

	2003	2002	2001	2000	1999
($ in thousands except per share amounts)					
Sales	$230,555	$213,141	$184,133	$118,070	$118,295
Net Income	$16,682	$16,816	$10,985	$10,310	$12,036
Diluted Earnings per share	$0.40	$0.42	$0.27	$0.26	$0.30
Cash flow from operations	$32,255	$31,998	$29,072	$24,216	$24,208
Diluted Cash Flow per Share	$0.78	$0.79	$0.73	$0.61	$0.61
EBITDA	$43,541	$43,207	$36,970	$29,398	$32,617
Total Net Debt to Equity	0.21:1	0.19:1	0.35:1	0.37:1	0:1
Capital Expenditures	$9,295	$16,549	$14,065	$11,691	$8,669
Acquisitions	$9,740	$0	$14,752	$48,625	$0

CORPORATE INFORMATION

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 13 strategic locations, we employ 1,950 people and service a diverse and broad customer base.

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TORONTO STOCK EXCHANGE LISTING

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