

TO OUR SHAREHOLDERS:

	Six Months Ended	
	<u>Mar 31, 2000</u>	<u>Mar 31, 1999</u>
	(\$ in thousands except per share amounts)	
Sales	\$58,658	\$60,832
Net income	\$5,711	5,752
Cash Flow	\$12,338	\$11,589
EBITDA	\$15,720	\$16,371
Basic earnings per share	\$0.29	\$0.29
Fully diluted earnings per share	\$0.28	\$0.28
Fully diluted cash flow per share	\$0.59	\$0.56
Shares outstanding		19,999,000
	19,813,000	

Net income for the six months ended March 31, 2000 was \$5.7 million. For the same period last year, net income included a profit on the sale of fixed assets of \$600 thousand (after tax). Accordingly, net income from operations increased by 10% from \$5.2 million in 1999 to \$5.7 million in fiscal 2000. Net income for the second quarter increased by 11% as compared to the prior year.

Sales for the six month period of \$58.7 million were lower by \$2.2 million as compared to the prior year and reflect the sale of the Canallo division in early fiscal 2000.

Cash flow for the period was \$12.3 million, an improvement of 6% over the first six months of 1999.

The Company continues to be net cash flow positive (after capital expenditures) and, accordingly, further increased its cash reserves.

Gross margin continues to improve and was 41% for the six month period compared to 39% for the same period in the prior year.

Exco's new Michigan-based extrusion tooling facility, occupied in November, 1999, was profitable during the quarter and further improvement is anticipated.

Exco's Toledo, Ohio die-cast mould operation continues to be profitable and has demonstrated a remarkable turnaround from the prior year.

Despite delays in receiving anticipated orders for die-cast moulds, management remains optimistic that significant new business is forthcoming. Quoting activity is at an all time high as a result of powertrain re-engineering.

"Brian Robbins"

April 25, 2000

Brian A. Robbins
President and
Chief Executive Officer
