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Interim report to the shareholders for the six months ended March 31, 2007

	6 Months Ended March 31		3 Months ended March 31	
		($000s, except per share amounts)		
	2007	2006	2007	2006
Sales	$104,133	$104,157	$55,382	$53,968
Net income (loss) before taxes	$4,416	($3,694)	$2,579	($6,653)
Net income (loss)	$2,967	($5,364)	$1,859	($7,360)
Basic and diluted earnings (loss) per share	$0.07	($0.13)	$0.04	($0.18)
Common shares outstanding	41,406,000	41,606,000	41,406,000	41,606,000

The following is management's interim discussion and analysis of operations and financial position and should be read in conjunction with the consolidated financial statements and Management's Discussion and Analysis in the Company's 2006 Annual Report.

This MD&A has been prepared by reference to the new MD&A disclosure requirements established under National Instrument 51-102 "Continuous Disclosure Obligations" ("NI 51-102) of the Canadian Securities Administrators. Additional information regarding Exco, including copies of its continuous disclosure materials such as its annual information form, is available on its website at www.excocorp.com or through the SEDAR website at www.sedar.com.

In this MD&A, reference is made to gross margin which is not a measure of financial performance under Canadian generally accepted principles ("GAAP"). The Company calculates gross margin as sales less cost of sales. The Company included information concerning this measure because it is used by management as a measure of performance and management believes it is used by certain investors and analysts as a measure of the Company's financial performance. This measure is not necessarily comparable to similarly titled measures used by other companies.

MANAGEMENT DISCUSSION AND ANALYSIS

Operating Results

Consolidated sales for the quarter ended March 31, 2007 were $55.4 million compared to $54.0 million in the prior second quarter - an increase of $1.4 million or 2.6%. Year-to-date sales of $104.1 million remained consistent with last year's sales. The Canadian dollar, when compared to the US dollar, weakened slightly in the quarter, but remained relatively unchanged year-to-date. The average exchange rate for the quarter was $1.17 compared to $1.15 last year and the year-to-date average exchange rate remained the same as last year at $1.16. The Company's quarterly sales increased $570 thousand due to a weaker Canadian dollar while year-to-date sales were only marginally affected.

During the second quarter, the Casting & Extrusion segment's sales remained relatively unchanged at $34.1 million compared to $34.3 million in the prior year. Castool's sales were up 14.0% over last year representing increased market penetration with newly developed products. Sales of extrusion dies increased 2.0% as these businesses continue to win new orders with some of North America's largest aluminum extruders. Large mould sales declined 9.2%. Customer delays in releasing tooling orders to the Company are caused by the complexity of reengineering powertrain systems to achieve maximum fuel efficiency while maintaining maximum performance capability. Techmire's shipments were down 21.5% from last year as management focused on cost containment and product offering refinements. Techmire shipped three wheel weight machines in this quarter; however, the continued high prices for zinc reduced demand for its traditional zinc die-cast machines in the quarter.

The Automotive Solutions segment reported sales of $21.3 million in the quarter versus $19.6 million last year. This is an increase of $1.7 million or 8.4%. Polydesign's second quarter sales increased 123.2% over the same period last year and increased 47.3% compared to the first quarter of 2007. Demand from Honda for the seat and headrest "cut and sew" products continues to drive significant sales growth. Polydesign is committed to maintaining a balanced product mix between its traditional netting products and seat/headrest cut and sew products. The Neocon divisions' second quarter sales increased 5.0% over the prior year. Neocon experienced lower releases from their North American customers this quarter, but the launch of several foreign domestic programs has offset the erosion in domestic OEM volume. Polytech's sales declined 28.0%. It too has been impacted by lower domestic OEM volumes with reductions at Ford being particularly acute. Launch of a new program for Saturn which commenced shipment in April will help arrest this situation.

Exco reported net income in the quarter of $1.8 million or $0.04 per share compared to a net loss of $7.4 million or $0.18 per share. During the second quarter of 2006 the Company reported a goodwill impairment charge of $8.3 million ($0.20 per share) and an inventory charge at Techmire of $1.4 million ($0.02 per share). Year-to-date Exco reported net income of $3.0 million or $0.07 per share compared to a loss of $5.4 million or $0.13 per share.

The Casting & Extrusion segment reported earnings of $870 thousand in the quarter compared to a loss of $8.6 million last year. The second quarter loss last year included the goodwill impairment charge of $8.3 million and additional inventory write-offs of $1.4 million. After adjusting for these items, last year's second quarter segment income would have been $1.1 million. The 2007 second quarter reduction in earnings for this segment is due to a 48.8% reduction at the Castool division and a 31.0% reduction in the large mould divisions' earnings. Castool's earnings are lower due to a change in product mix and inefficiencies caused by the move to a new facility in December. The large mould divisions' earnings were consistent with lower sales. Although Techmire's quarterly sales declined, its loss (after adjusting for the 2006 inventory write-down) declined from $1.5 million to $1.2 million. The extrusion business recorded earnings growth of 14.0% for the quarter.

Income in the Automotive Solutions segment was $1.8 million in the quarter compared to $2.1 million last year. Year-to-date earnings of $3.3 million were less than last year by $1.5 million. Polytech earnings were down 40% for the quarter and 37% for the year as production volumes to the North American domestics continued to decline. The Neocon divisions' earnings fell approximately 33% in the quarter and 30% for the year. Our Alabama facility was impacted by the cancellation of the Chrysler Sebring program. These declines were partially offset by earnings at Polydesign. Polydesign earned $0.02 per share in the current quarter and was essentially breakeven in the prior year quarter.

The gross margin for the second quarter and year-to-date were 24% and 23% respectively as compared to 22% and 24% in the respective periods of the previous year. Although the Company's gross margin is below its traditional levels, management believes that the Company's cost of sales have stabilized and management is focused on increasing margins by reducing operating costs and increasing selling prices. Second quarter gross margin in the Casting and Extrusion segment was 23% compared to 19%. Excluding Techmire's negative margin, this segment's gross margin for the quarter would be 25% compared to 26% from last year's second quarter. This decrease is due to lower margins at the large mould divisions and Castool. The large mould divisions' margins were negatively impacted by lower sales volumes thereby reducing their ability to achieve their usual production efficiencies and Castool's sales mix in the quarter and inefficiencies from the move resulted in higher production costs for the quarter. Gross margin for the automotive solutions segment in the second quarter remained unchanged at 26%.

Selling, general and administrative charges increased $477 thousand for the quarter and $79 thousand for the year. This quarter the Company did not benefit from foreign exchange gains generated in last year's second quarter on forward contracts which have since expired. In the current year, the Company's forward contract pricing was not as favourable. Further, during the quarter the Company expensed an additional $148 thousand due to the fair market valuation of its US dollar forward contracts and its Mexican peso and US dollar collar arrangement. The year-to-date increase in selling, general and administrative charges is due to the six month charge associated with the fair market valuation of the Company's financial instruments. The total cost in the first six months of 2007 is $183 thousand compared to no expense in 2006 as accounting for financial instruments was adopted on October 1, 2006.

In the quarter, Exco expensed stock-based compensation of $149 thousand versus $147 thousand in the prior year quarter. Year-to-date, the Company expensed stock-based compensation of $287 thousand compared to $278 thousand in the prior year. This expense relates to the Employee Stock Purchase Plan, which is offered to all employees of Exco, the Stock Option Plan, and the Deferred Stock Unit Plan (see note 2 of the Financial Statements).

Financial Resources, Liquidity and Capital Resources

Exco's net bank debt at the end of the second quarter is $358 thousand which represents a $6.0 million improvement from the Company's September 30, 2006 balance. The increased cash flow is a result of cash from operations and improvements to non-cash working capital. Cash from operations before non-cash working capital was $8.7 million for the six months ended (2006 – $9.0 million) and for the second quarter it was $4.9 million (2006 - $4.1 million).

Year-to-date non-cash working capital decreased $5.1 million (2006 – increased $7.7 million). For the quarter, non-cash working capital decreased $706 thousand (2006 – increased $2.5 million). Management has made significant efforts to improve non-cash working capital given the increased risks associated with sudden changes in the automotive industry. As a result, accounts receivable collections have resulted in a $7.9 million reduction in receivables while sales increase. Inventory remained relatively stable at all divisions with the exception of increases at Polydesign. Polydesign sales increased 47.3% from the first quarter and 137.3% from the fourth quarter of 2006. Polydesign's inventory has increased 87.5% as a result of this new business. The $2.0 million decrease of accounts payable reflects first quarter payments of Company incentive plan accruals from 2006.

Although the Company is virtually debt free, it has significant capital resources available including available lines of credit totaling $48.0 million. Exco's debt-to-equity ratio on March 31, 2007 remains very strong at less than 0.01:1.

	Payments Due by Period				
Contractual Obligations ($000)	*Total*	*Less than 1 year*	*1-3 years*	*4-5 years*	*After 5 years*
Long-term debt	$147	$125	$22	-	-
Capital lease obligations	-	-	-	-	-
Operating leases*	$1,305	$735	$570	-	-
Purchase obligations	$8,216	$8,216	-	-	-
Other long-term obligations	-	-	-	-	-
Total contractual obligations	$9,668	$9,076	$592	-	-

** Exco leases vehicles, an aircraft and other miscellaneous office equipment. It is not Exco's policy to purchase these assets at the expiry of their terms. Exco does not expect any material liquidity or capital resource impacts.*

Quarterly Results

The following table sets out certain financial information for each of the eight fiscal quarters up to and including second quarter of fiscal 2007 ended March 31, 2007:

($ thousands except per share amounts)	Mar. 07	Dec. 06	Sept. 06	June 06
Sales	$55,382	$48,751	$54,031	$52,739
Net income	$1,859	$1,108	$3,141	$1,607
Earnings per share				
Basic	$0.04	$0.03	$0.08	$0.04
Diluted	$0.04	$0.03	$0.08	$0.04

	Mar. 06	Dec. 05	Sept. 05	June 05
Sales	$53,968	$50,189	58,074	$56,563
Net income (loss)	($7,360)	$1,996	$3,568	$2,634
Net income before goodwill impairment*	$785	$1,996	$3,568	$2,634
Earnings (loss) per share				
Basic	($0.18)	$0.05	$0.09	$0.06
Diluted	($0.18)	$0.05	$0.09	$0.06
Earnings per share before goodwill impairment*				
Basic	$0.02	$0.05	$0.09	$0.06
Diluted	$0.02	$0.05	$0.09	$0.06

** Net income before goodwill impairment and earnings per share before goodwill impairment are not measures of financial performance under Canadian generally accepted accounting principles ("GAAP"). The Company included information concerning this measure because it is used by management as a measure of performance and management believes they are used by certain investors and analysts as a measure of the Company's financial performance. These measures are not necessarily comparable to similarly titled measures used by other companies.*

Exco typically experiences softer sales and profit in the first quarter. The first quarter coincides with reduced business activity associated with our customers' plant shutdown in North America during the Christmas season. Performance in the second quarter was also impacted by those factors outlined in the above Operating Results section.

Outlook

Management is encouraged by early signs of improvement in the automotive industry. While the North American industry is still challenged, the domestic OEMs appear to be gradually reducing their inventories with fewer incentives. This should stabilize overall production levels in the quarters to come with pockets of strong volumes occurring more frequently as new models are increasingly launched. Polytech and Neocon volumes are expected to improve as the balance of the year progresses with Polytech launching new business for GM and Neocon launching a variety of new programs including an organizer for the Toyota Highlander.

Polydesign is now in full commercial production on seat and headrest covers for the Civic and CRV in Europe. These programs were launched in the first quarter. Honda has announced increased production of the CRV which should begin at Polydesign this June. Additional programs will be launching throughout the year which should bring this facility to near full capacity. Polydesign is now acknowledged to be a low cost quality supplier of interior trim products to the European market. We continue to aggressively quote on new cut and sew as well as cargo restraint business and are convinced that our cost structure and quality will prove irresistible to European OEMs and Tiers.

In our large mould business we continue to see much activity in design and development of fuel efficient powertrain systems. However, the ever evolving regulatory landscape with respect to CAFE requirements in the USA and other jurisdictions is causing design changes and delaying the launch of next generation powertrain systems. However, our large mould business remains at the forefront of this design and development activity and is well positioned to benefit when the programs are awarded.

Our extrusion die businesses and Castool continue to benefit from a relatively strong market for industrial products. The extrusion tooling group is consolidating its reputation as a cost competitive full service provider of extrusion tooling solutions to both global and regional customers throughout North and South America. Castool's focus on product development is creating demand for an ever growing stable of innovative products designed to increase the uptime of our customers die cast machines and extrusion presses and reduce energy requirements.

At Techmire we are encouraged by our order book which now approaches $5 million. After more than a year of management realignments, right sizing and product development, Techmire is becoming a leader in certain niche markets such as wheel weight machines. Its magnesium machine capabilities for structural components have improved and is attracting much interest from European and North American die-casters. While we do not expect Techmire to return to profitability this fiscal year we expect its losses to be much reduced in the last half of the year.

This Management Discussion and Analysis contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as *implied or anticipated by such information and statements. These risks, uncertainties and assumptions include, among other things: industry cyclicality; global economic conditions, causing decreases in automobile production volumes and demand for capital goods; changing demand for specific models or products; price reduction pressures; pressure to absorb certain fixed costs; dependence on major customers and changes in such customers' financial capabilities; technological changes; compliance with various laws; obtaining necessary permits and consents; fluctuations in currency exchange and interest rates; employee work stoppages; dependence on key employees; the competitive nature of the automotive and capital goods industries, including competition with suppliers operating in low cost countries; product supply and demand; the conduct of business in foreign countries; and other risks, uncertainties and assumptions as described in the Company's Management's Discussion and Analysis included in our 2006 Annual Report, in our 2006 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 expressed by such forward-looking information and statements are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. In evaluating forward-looking information and statements, readers should carefully consider the various factors which could cause actual results or events to differ materially from those indicated in the forward-looking information and statements. Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the Company disclaims any obligations to update publicly or otherwise revise any such factors or any of the forward-looking information or statements contained herein to reflect subsequent information, events or developments, changes in risk factors or otherwise.

NOTICE TO READER

The attached consolidated financial statements have been prepared by management of the Company. The consolidated financial statements for the six-month period ended March 31, 2007 and 2006 have not been reviewed by the auditors of the Company.

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

	As at March 31, 2007	As at September 30, 2006 (Restated - note 1)
ASSETS		
Current		
Cash	**$6,118**	$2,470
Accounts receivable	**34,278**	42,147
Inventories	**35,301**	33,591
Prepaid expenses and other assets (notes 1 and 3)	**3,528**	2,792
Total current assets	**79,225**	81,000
Fixed assets	**83,821**	82,597
Goodwill	**34,765**	34,765
Future tax assets	**2,899**	3,031
	$200,710	$201,393
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$6,476**	$8,828
Accounts payable and accrued liabilities	**27,751**	29,768
Income taxes payable	**998**	1,228
Customer advance payments	**2,279**	2,060
Current portion of long-term debt	**125**	325
Total current liabilities	**37,629**	42,209
Long-term debt	**22**	92
Future tax liabilities	**8,330**	8,436
Total Liabilities	**45,981**	50,737
Shareholders' Equity		
Share capital (note 2)	**35,786**	35,921
Contributed surplus (note 2)	**2,179**	1,916
Retained earnings	**129,148**	127,529
Accumulated other comprehensive income (note 1)	**(12,384)**	(14,710)
Total shareholders' equity	**154,729**	150,656
	$200,710	$201,393

See accompanying notes

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

	3 Months ended March 31		6 Months ended March 31	
	2007	2006	**2007**	2006
Sales	**$55,382**	$53,968	**$104,133**	$104,157
Cost of sales and operating expenses before the following (note 4)	**42,212**	42,091	**80,258**	79,562
Selling, general and administrative (notes 1, 2 and 3)	**7,744**	7,267	**14,095**	14,016
Depreciation and amortization	**2,800**	2,818	**5,589**	5,647
Goodwill impairment charge (note 5)	**-**	8,345	**-**	8,345
Gain on sale of fixed assets	**(15)**	(95)	**(390)**	(95)
Interest expense	**62**	195	**165**	376
	52,803	60,621	**99,717**	107,851
Income (loss) before income taxes	**2,579**	(6,653)	**4,416**	(3,694)
Provision for income taxes	**720**	707	**1,449**	1,670
Net income (loss) for the period	**1,859**	(7,360)	**2,967**	(5,364)
Other comprehensive income (loss) (note 1)				
Unrealized gain (loss) on foreign currency translation of self-sustaining operations	**(1,036)**	917	**2,326**	889
Comprehensive income (loss)	**$823**	($6,443)	**$5,293**	($4,475)
Earnings (loss) per common share				
Basic	**$0.04**	($0.18)	**$0.07**	($0.13)
Diluted	**$0.04**	($0.18)	**$0.07**	($0.13)

See accompanying notes

EXCO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(Unaudited)
($ in thousands)

	Share capital	Contributed surplus	Retained earnings	Accumulated other comprehensive income (loss)	Total shareholders' equity	Total comprehensive income
				(Restated note 1)		
Balance, October 1, 2005	$35,758	$1,459	$130,772	($13,220)	$154,769	$ -
Net loss for the year	-	-	(616)	-	(616)	
Dividends	-	-	(2,080)	-	(2,080)	
Stock option expense	-	457	-	-	457	
Repurchase of share capital	(158)	-	(547)	-	(705)	
Issuance of share capital	321	-	-	-	321	
Unrealized loss on translation of self-sustaining operations	-	-	-	(1,490)	(1,490)	
Balance, September 30, 2006	35,921	1,916	127,529	(14,710)	150,656	-
Change in accounting policy (note 1)	-	-	373	-	373	-
Balance, October 1, 2006	35,921	1,916	127,902	(14,710)	151,029	
Net income for the quarter	-	-	1,108	-	1,108	1,108
Dividends	-	-	(622)	-	(622)	-
Stock option expense	-	128	-	-	128	-
Repurchase of share capital	(113)	-	(404)	-	(517)	-
Unrealized gain on translation of self-sustaining operations	-	-	-	3,362	3,362	3,362
Balance, December 31, 2006	35,808	2,044	127,984	(11,348)	154,488	4,470
Net income for the quarter	-	-	1,859	-	1,859	1,859
Dividends	-	-	(621)	-	(621)	
Stock option expense	-	135		-	135	-
Repurchase of share capital	(22)	-	(74)	-	(96)	-
Unrealized loss on translation of self-sustaining operations				(1,036)	(1,036)	(1,036)
Balance, March 31, 2007	$35,786	$2,179	$129,148	($12,384)	$154,729	$5,293

See accompanying notes

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

	3 Months ended March 31		6 Months ended March 31	
	2007	2006	**2007**	2006
OPERATING ACTIVITIES				
Net income (loss) for the period	**$1,859**	($7,360)	**$2,967**	($5,364)
Add (deduct) items not involving a current outlay of cash				
Goodwill impairment charge	**-**	8,345	**-**	8,345
Depreciation and amortization	**2,800**	2,818	**5,589**	5,647
Future income taxes	**(72)**	236	**15**	197
Stock-based compensation (note 2)	**149**	147	**287**	278
Gain on sale of fixed assets	**(15)**	(95)	**(390)**	(95)
Loss on financial instrument valuation (note 3)	**148**	-	**183**	-
	4,869	4,091	**8,651**	9,008
Net change in non-cash working capital balances related to operations	**706**	(2,504)	**5,118**	(7,690)
Cash provided by operating activities	**5,575**	1,587	**13,769**	1,318
FINANCING ACTIVITIES				
Increase (decrease) in bank indebtedness	**891**	2,766	**(2,796)**	8,823
Decrease in long-term debt	**(32)**	(19)	**(270)**	(263)
Dividends paid	**(621)**	(521)	**(1,243)**	(1,040)
Repurchase of share capital (note 2)	**(96)**	(147)	**(613)**	(366)
Issue of share capital (note 2)	**-**	148	**-**	180
Cash provided by (used in) financing activities	**142**	2,227	**(4,922)**	7,334
INVESTING ACTIVITIES				
Investment in fixed assets	**(2,047)**	(2,160)	**(7,647)**	(4,340)
Proceeds on sale of fixed assets	**51**	187	**2,400**	210
Cash used in investing activities	**(1,996)**	(1,973)	**(5,247)**	(4,130)
Effect of exchange rate changes on cash	**(31)**	15	**48**	15
Net increase in cash during the period	**3,690**	1,856	**3,648**	4,537
Cash, beginning of period	**2,428**	5,839	**2,470**	3,158
Cash, end of period	**$6,118**	$7,695	**$6,118**	$7,695

See accompanying notes

1. ACCOUNTING POLICIES

Basis of presentation
These unaudited interim consolidated financial statements of Exco Technologies Limited (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles, except that certain disclosures required for annual financial statements have not been included. Accordingly, the unaudited interim consolidated financial statements should be read in conjunction with the Company's annual consolidated financial statements included in the 2006 Annual Report. The unaudited interim consolidated financial statements have been prepared on a basis that is consistent with the accounting policies set out in the Company's annual consolidated financial statements, except for the accounting policy changes described below.

Accounting policy changes
Effective October 1, 2006, the Company implemented the new CICA accounting sections: 3855 (Financial Instruments – Recognition and Measurement), 3861 (Financial Instruments – Disclosure and Presentation), 3865 (Hedges), and 1530 (Comprehensive Income). These new accounting policy changes have been implemented prospectively with no restatement of comparative financial statements, except as noted below.

The purpose of the Company's foreign currency contracts is to mitigate its exposure to foreign exchange fluctuations on its foreign revenues and expenses. The Company forecasts cash flows to determine the level of contracts required. Although the Company does not hold or issue derivative financial instruments for trading or speculative purposes, it has chosen to not designate them as hedges. Therefore, as required under Section 3865, these contracts must be designated as "held for trading" on the balance sheet and fair valued each quarter. The resulting gain or loss on the valuation of these financial instruments is recognized in the statement of earnings. As a result of this change, on October, 1, 2006 the Company recorded an other asset of $373, included in prepaid expenses and other assets in the accompanying balance sheet, to reflect the estimated fair value of its foreign exchange contracts and a corresponding credit to opening retained earnings.

Comprehensive income includes net income and other comprehensive income. Comprehensive income is defined as the change in equity (net assets) of a company during the period from transactions and other events and circumstances from non-owner sources. It includes all changes in equity during the period except those resulting from investments by owners and distributions to owners. Due to the Company's decision to not implement hedge accounting for its foreign currency contracts, the only item included in other comprehensive income is the foreign currency translation of self-sustaining foreign operations. As a result, the previously recorded currency translation account on the consolidated balance sheets' shareholders' equity section has been eliminated and included as "accumulative other comprehensive income" in shareholders' equity. Furthermore, the gain (or loss) from translating the Company's self-sustaining foreign operations is now recorded as other comprehensive income. Prior years' financial statements have been restated to reflect this change. The Company's earnings per share presented on the consolidated statements of earnings is based upon its net income and not comprehensive income.

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2. SHARE CAPITAL

Authorized
The Company's authorized share capital consists of an unlimited number of common shares, an unlimited number of non-voting preference shares issuable in one or more series and 275 special shares.

March 31, 2007 ($000s, except per share amounts)

Issued

The Company has not issued any non-voting preference shares or special shares. Changes to the issued common shares are shown in the following table:

	Common Shares	
	Number of shares	Stated value
Issued and outstanding at September 30, 2006	41,563,176	$35,921
Purchased and cancelled pursuant to normal course issuer bid	(131,400)	(113)
Issued and outstanding at December 31, 2006	41,431,776	35,808
Purchased and cancelled pursuant to normal course issuer bid	(25,300)	(22)
Issued and outstanding at March 31, 2007	41,406,476	$35,786

Cash dividend

During the period ended March 31, 2007, the Company paid cash dividends as outlined in the table below. The dividend rate per quarter was $0.015 per common share.

	Fiscal 2007	Fiscal 2006
December 31	**$622**	$519
March 31	**621**	521
Total dividends paid	**$1,243**	$1,040

Stock option plan

The Company has a stock option plan under which common shares may be acquired by employees and officers of the Company. The following is a continuity schedule of options outstanding (number of options in the table below are expressed in whole numbers and have not been rounded to the nearest thousand):

	Fiscal 2007			Fiscal 2006		
	Options outstanding			Options outstanding		
	Number of options	**Weighted average exercise price**	**Options exercisable**	Number of options	Weighted average exercise price	Options exercisable
Opening balance	**2,302,056**	**$4.49**	**1,706,227**	2,282,454	$4.46	1,597,603
Granted	**250,481**	**$4.00**	**-**	201,890	$4.00	-
Exercised	**-**	**-**	**-**	(10,000)	$3.00	(10,000)
Vested	**-**	**-**	**-**	-	-	219,312
Cancelled	**(5,688)**	**$3.52**	**(5,688)**	(2)	$3.00	(2)
Balance, December 31	**2,546,849**	**$4.50**	**1,700,539**	2,474,342	$4.49	1,806,913
Exercised	**-**	**-**	**-**	(49,000)	$3.02	(49,000)
Vested	**-**	**-**	**233,848**	-	-	47,400
Balance, March 31	**2,546,849**	**$4.38**	**1,934,387**	2,425,342	$4.52	1,805,313

March 31, 2007 ($000s, except per share amounts)

Employee stock purchase plan
The Company has an employee stock purchase plan (ESPP). The ESPP allows employees to purchase shares annually through payroll deductions at a predetermined price. During fiscal 2007, payroll deductions will be made supporting the purchase of a maximum of 319,464 shares at $4.04 per share. The purchase and payroll deductions with respect to these shares will be completed in the first quarter of fiscal 2008. Employees must decide annually whether or not they wish to purchase their shares. During the six months ended March 31, 2007, no shares (2006 – 281) were issued under the terms of the ESPP.

Stock-based compensation
Stock-based compensation resulting from applying the Black-Scholes option-pricing model on the Company's Stock Option Plan and the ESPP was $263 for the six months ended March 31, 2007 (six months ended March 31, 2006 - $249) and for the three months ended March 31, 2007 was $135 (three months ended March 31, 2006 - $133). All stock-based compensation has been recorded in selling, general and administrative expenses. The weighted average assumptions used in the six months ended March 31 measuring the fair value of stock options and the weighted average fair value of options granted are as follows:

	March 31 **2007**	2006
Risk free interest rates	**4.02%**	4.03%
Expected dividend yield	**0.9%**	0.72%
Expected volatility	**27.0%**	27.1%
Expected time until exercise	**5.58 years**	5.0 years
Weighted average fair value of the options granted	**$1.52**	$1.56

On November 18, 2005 the Company's Board of Directors adopted a Deferred Share Unit Plan ("DSU Plan") for eligible directors. The deferred share units will be redeemed by the Company in cash payable after the eligible director departs from the Board. The DSU Plan will replace the past practice of granting eligible directors stock options under the Stock Option Plan.

	Number of units	**Expense**
December 31, 2006	**3,933**	**$10**
March 31, 2007	**3,173**	**14**
Total	**7,106**	**$24**

March 31, 2007 ($000s, except per share amounts)

Contributed surplus

Contributed surplus consists of accumulated stock option expense less the fair value of the options at the grant date that have been exercised and reclassified to share capital. The following is a continuity schedule of contributed surplus:

	2007	2006
Balance, September 30	**$1,916**	$1,459
Stock option compensation expense	**128**	116
Balance, December 31	**2,044**	1,575
Stock option compensation expense	**135**	133
Balance, March 31	**2,179**	$1,708

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 May 8, 2006 replacing the normal course issuer bid which expired on May 6, 2006. The Company's Board of Directors authorized the purchase of up to 2,050,000 common shares representing approximately 5% of the Company's outstanding shares. During the six months ended March 31, 2007, the Company purchased 156,700 shares for cancellation at a cost of $613. The cost to purchase the shares exceeded their stated value by $478. This excess has been charged against retained earnings.

3. FINANCIAL INSTRUMENTS

The Company has forward foreign exchange contracts to sell US$3,000 (September 30, 2006 – US$4,220) over the next 9 months at rates varying from 1.13 to 1.17 Canadian dollars for each U.S. dollar sold. The Company also entered into a series of put and call options over the next 17 months. The total contract value is 78 million Mexican pesos. The selling price ranges from 11.40 to 12.20 Mexican pesos to each U.S. dollars.

Management estimates that a profit of $190 would be realized if the contracts were terminated on March 31, 2007. This represents a $148 decline in value from December 31, 2006 and this loss has been included in selling, general and administrative expense category on the statement of earnings. As of March 31, 2007, the estimated fair value of the company's foreign exchange contracts recorded in prepaid expenses and other assets is $190.

4. RESEARCH AND DEVELOPMENT

Research and development expenditures during the six months ended March 31, 2007 were $148 (six months ended March 31, 2006 - $677) and during the three months ended March 31, 2007 were $71 (three months ended March 31, 2006 - $314). These costs were expensed in the period as they did not meet Canadian generally accepted accounting principles for deferral

5. GOODWILL IMPAIRMENT CHARGE

During the prior year's second quarter, events occurred which indicated that it was more likely than not that there was a significant decline in the fair value of the Techmire division. These events included a persistently strong Canadian dollar which reached levels in the quarter not experienced since 1991; reduced demand for zinc components caused by the high cost of zinc; and the challenges associated with bringing to market in the near term larger tonnage die-cast machinery and machinery capable of running lower cost and lighter weight materials. As a result, the Company tested the goodwill associated with the Techmire division in advance of the annual impairment test and the Company recorded a goodwill impairment charge of $8,345. This impairment charge was not deductible for tax purposes; therefore there was no corresponding tax benefit. After this impairment charge, there remains no goodwill associated with the Techmire division. There were no events that would indicate the requirement for an early impairment review of the goodwill associated with the Company's other reporting units.

March 31, 2007 ($000s, except per share amounts)

6. SEGMENTED INFORMATION FROM CONTINUING OPERATIONS

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 March 31, 2007		
	Casting and Extrusion Technology	**Automotive Solutions**	**Total**
Sales	**$34,089**	**$21,293**	**$55,382**
Depreciation and amortization	**$2,198**	**$602**	**$2,800**
Segment income	**$870**	**$1,771**	**$2,641**
Interest expense			**$62**
Income before income taxes			**$2,579**
Fixed asset additions	**$1,254**	**$793**	**$2,047**
Fixed assets, net	**$65,827**	**$17,994**	**$83,821**
Goodwill	**$ -**	**$34,765**	**$34,765**
Total assets	**$80,492**	**$120,218**	**$200,710**

March 31, 2007 ($000s, except per share amounts)

3 Months ended March 31, 2006	Casting and Extrusion Technology	Automotive Solutions	Total
Sales	$34,327	$19,641	$53,968
Depreciation and amortization	$2,238	$580	$2,818
Segment income (loss)	($8,600)	$2,142	($6,458)
Interest expense			$195
Loss before income taxes			($6,653)
Fixed asset additions	$1,666	$494	$2,160
Fixed assets, net	$65,382	$17,402	$82,784
Goodwill	$ -	$35,083	$35,083
Total assets	$104,888	$110,765	$215,653

6 Months ended March 31, 2007	**Casting and Extrusion Technology**	**Automotive Solutions**	**Total**
Sales	**$64,234**	**$39,899**	**$104,133**
Depreciation and amortization	**$4,387**	**$1,202**	**$5,589**
Segment income	**$1,323**	**$3,258**	**$4,581**
Interest expense			**$165**
Income before income taxes			**$4,416**
Fixed asset additions	**$6,508**	**$1,139**	**$7,647**
Fixed assets, net	**$65,827**	**$17,994**	**$83,821**
Goodwill	**$ -**	**$34,765**	**$34,765**
Total assets	**$80,492**	**$120,218**	**$200,710**

6 Months ended March 31, 2006	Casting and Extrusion Technology	Automotive Solutions	Total
Sales	$65,444	$38,713	$104,157
Depreciation and amortization	$4,533	$1,114	$5,647
Segment income (loss)	($8,070)	$4,752	($3,318)
Interest expense			$376
Loss before income taxes			($3,694)
Fixed asset additions	$3,501	$839	$4,340
Fixed assets, net	$65,382	$17,402	$82,784
Goodwill	$ -	$35,083	$35,083
Total assets	$104,888	$110,765	$215,653

5 YEAR FINANCIAL HIGHLIGHTS
as of September 30

($ in thousands except per share amounts)

	2006	2005	2004	2003	2002
Sales	$210,927	$215,427	$216,114	$228,127	$213,141
Net income (loss) from continuing operations	($616)*	$11,132	$16,408	$18,129	$16,816
Net income (loss)	($616)*	$11,132	$9,199	$16,681	$16,816
Diluted earnings (loss) per share from continuing operations	($0.01)*	$0.27	$0.40	$0.44	$0.42
Diluted earnings (loss) per share	($0.01)*	$0.27	$0.22	$0.40	$0.42
Cash flow from operations before non-cash working capital	$19,833	$23,450	$30,072	$33,105	$31,998
EBITDA**	$23,226	$30,605	$38,485	$45,125	$43,207
Total net debt to equity	0.04:1	0.10:1	0.14:1	0.21:1	0.19:1
Capital expenditures, net of disposals	$10,296	$14,227	$11,449	$9,124	$16,549
Acquisitions	$-	$-	$-	$9,740	$-

*Includes goodwill impairment charge of $8.3 million.
** EBITDA is a non-GAAP measure calculated by adding back to income (loss) from continuing operations: taxes, net interest, depreciation and amortization and goodwill impairment charge..

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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