Throughout this document the annual report of the Company for the fiscal year ended September 30, 2004 including the financial statements and notes thereto and management’s discussion and analysis will be referred to as ‘Annual Report’. The financial statements of the Company and notes thereto appearing in the Annual Report will be referred to as ‘Financial Statements’. Management’s discussion and analysis appearing in the Annual Report will be referred to as ‘MD&A’.
ORGANIZATION OF THE COMPANY

Exco Technologies Limited (“Exco” or the “Company”) was formed by articles of amalgamation dated July 28, 1986 under the Business Corporations Act (Ontario) amalgamating Exco Holdings Inc. and two other holding companies with Extrusion Machine Co. Limited (“Extrusion”) and Qualitool Inc. Extrusion was founded by H.H. Robbins, the father of the current President and Chief Executive Officer of the Company, and has carried on business since 1952 under the trade name Exco. Exco carries on business through thirteen operating entities at twelve locations as indicated on the organization chart below. The Company’s registered and principal office is at 130 Spy Court, 2nd Floor, Markham, Ontario, L3R 5H6.

Exco is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through its thirteen strategic locations, Exco employs 1,950 people and services a diverse and broad customer base. Each operation constitutes an autonomous profit centre within the Company, but draws upon Exco’s pool of expertise and technology. During fiscal 2003, Exco purchased NeoCon International Inc. and Bancroft Lasing Technologies Inc., both of which operate in the Automotive Solutions group. In fiscal 2004 Exco exited the Bancroft Lasing Technologies Inc. business. The diagram below designates the business of each operation i.e. Extrusion and Casting Technologies and Automotive Solutions, and where the operation is located.

1. Division of Exco Technologies Limited.
2. Indirect wholly-owned subsidiary of Exco Technologies Limited. The Company also indirectly wholly-owns, where applicable, all non-voting securities.
4. Division of Exco Automotive Solutions Canada Inc. which is a wholly owned subsidiary of Exco Technologies Limited.
DESCRIPTION OF CAPITAL STRUCTURE

The Company has one class of common shares. There is no limit on the amount of common shares that may be issued. Each common share is entitle to one vote and there are no restrictions on voting rights other than those imposed by law. All shareholders participate equally, in proportion with their share ownership, in the dividends declared and paid by the Company and upon dissolution or wind up of the Company. There are no constraints imposed on the ownership of securities of Exco intended to ensure that Exco has a required level of Canadian ownership. Since 1987, the Company has had no preferred shares issued or outstanding.

DIVIDENDS

The Company initiated paying quarterly cash dividends on its common shares in the amount of $0.0125 per share in the second quarter of fiscal 2003. This dividend has been paid throughout fiscal 2004 and the Company expects to continue this practice for the next fiscal year.

On February 19, 2003 the Company paid a stock dividend of one additional share for each share held to shareholders of record on February 12, 2003. The stock dividend had the same effect as a 2 for 1 stock split and increased the Company’s outstanding common shares at the payment date from 20,068,136 to 40,136,272.

MARKET FOR SECURITIES

The Common Shares of Exco Technologies Limited are traded on the Toronto Stock Exchange under the symbol XTC. The trading price and volume is indicated in the table below.

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<th>Low ($ per share)</th>
<th>Close ($ per share)</th>
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TRANSFER AGENT

The Company’s transfer agent since November 1, 2004 is Equity Transfer Services Inc. 120 Adelaide St. W., Suite 420 Toronto, Ontario, M5H 4C3. Prior to that date the transfer agent was CIBC Mellon Trust Company.

LEGAL PROCEEDINGS

There are no legal proceedings against the Company or, to the knowledge of management, contemplated against the Company or its assets which either individually or in the aggregate exceed ten percent of the current assets of the Company.

CONFLICT OF INTEREST

There is no existing or potential material conflict of interest between the Company and any of its subsidiaries or between any Company director or officer and the Company or any of its subsidiaries.

DESCRIPTION OF COMPANY

The Company’s head office staff consists of four persons who have responsibility for the collection of financial data, budgetary controls, corporate philosophy and policy. Each of Exco’s plants is operated as an autonomous profit centre and is part of either the Casting and Extrusion Technology reporting segment or the Automotive Solutions reporting segment.

The profit centre basis enables the Company to reward individual managers and employees for results generated directly by their performance. The maintenance of focussed divisions enables the Company to respond quickly to customer requirements and encourages innovation. As well, the independence of each plant allows Exco to react quickly to new business opportunities. This organizational structure allows decision-making and cost control to occur at the operational level.

The Company has a Deferred Profit Sharing Plan (“DPSP”) for most employees of the Company based on a distribution of 5% of pre-tax profits to participants according to years of service and salary level. The full amount of an individual’s award is invested according to the individual’s election from an offered pool of managed investment products and Company common shares. All funds and Company stock invested in the DPSP is purchased, held and managed by a third party trustee. Purchases of Company stock, to the extent required by the DPSP, are made on the open market through the facilities on the Toronto Stock Exchange by he trustee. Exco also has an Employee Stock Purchase Plan. As a result, all present employees who have been with the Company for at least six months are shareholders.

Management believes that the personal and financial rewards offered to employees have resulted in a very stable and highly skilled work force, which, in this segment, includes a significant majority who are engineers, toolmakers and machinists. In addition, it is the
Company’s belief that separate operating divisions lead to better employee relations, as management is able to work individually with employees on a daily basis.

The distribution of Exco’s 2004 sales of $216,114 by segment is as follows:

Casting and Extrusion Technology …………………….. $130,225
Automotive Solutions………………………………………. $  85,889

$216,114

Total sales outside Canada, primarily to the United States, accounted for approximately 70% of the Company’s sales with approximately 13.5% of the Company’s sales being outside North America. Exco’s markets are well defined and sales are developed through target marketing. During fiscal 2004, sales to Daimler-Chrysler accounted for approximately 13% (2003 – 17%) of total sales.

EXTRUSION AND CASTING TECHNOLOGY - THE INDUSTRY

Exco operates two related tooling and equipment businesses, namely: (i) extrusion technology, which involves the design and manufacture of extrusion dies and peripheral equipment and tooling used in the manufacture of aluminium extrusions and (ii) casting technology, which comprises the design and manufacture of moulds and equipment for aluminium, magnesium and zinc die castings. This segment represented 60% of Exco’s revenue in fiscal 2004.

Extrusion Technology (Exco, Alu-Die, Exco Michigan, Castool)

Structure

The Company manufactures a range of tooling products used by its customers in the aluminum extrusion industry. Aluminum extrusion dies are the most significant product area, complemented by other products, allowing the Company to offer an aluminum extrusion system.

Aluminium extrusion dies are made of round discs of high nickel chrome alloy tool steel which are machined by a combination of turning, drilling, milling and electric discharge machining (“EDM”) and subsequently heat treated to a hardened state. Typical extrusion dies range in diameter from eight inches to twenty-two inches, in thickness from one to ten inches and in weight from 50 to 1,000 pounds. The Company has the capability to make dies up to diameters of 34” but products of this size do not form a significant part of the business.

Aluminium extrusion dies are used in the production of aluminium extrusions. In this process, a preheated aluminium billet is forced through an aperture in the end of a cylinder causing the metal to assume the shape of the extrusion die.
Each extrusion die must be individually designed. As in any design, a combination of science and art is employed. The design and manufacture of extrusion dies has become increasingly complex as extruders require thinner wall thickness and finer tolerances.

The majority of extrusion dies are custom-designed, with the balance being standard or repeat shapes. Orders are received on a daily basis from the aluminium extruders, as their products are usually delivered on short notice. In turn, extrusion toolmakers must respond with the design and delivery of dies within one to three weeks of being ordered.

Extrusion tooling is produced by the Exco division located in Markham, Ontario, the Alu-Die division located in Newmarket, Ontario, the Castool division located in Scarborough, Ontario and by the Company’s subsidiary, Exco Michigan, located in Chesterfield, Michigan. These divisions employ approximately 323 people. Approximately 95 of these employees are salaried and 228 are hourly non-union employees. They each design and manufacture aluminium and copper extrusion dies, and supply them to aluminium and copper extruders in North America, Central and South America, the Far East and Europe. Significant customers include Indalex, Bon L, Hydro BV and Alcoa (Kawneer). Exco has been involved in designing and supplying extrusion dies for over 50 years.

**Manufacturing Methods**

Aluminium extrusion dies are designed and manufactured with the aid of computer-aided design/computer-aided manufacturing (“CAD/CAM”) and computer numerical control (“CNC”) machining centres and EDM, particularly wire EDM.

EDM is the controlled vaporizing or disintegration of the die steel utilizing electrical spark. Conventional EDM uses a precision machined spark generator to control the ultimate finished shape, whereas wire EDM uses a travelling wire whose path is CNC controlled. The advent of this technology has made it possible to produce more complex shapes and achieve finer tolerances. As a result, extrusion tooling is at the forefront of metalworking technology.

These developments, which involve significant capital costs and require highly trained staff, have made it increasingly difficult for new companies to enter and compete in the extrusion die manufacturing industry.

**Customers and the Market**

Extrusion tooling customers include primary aluminium producers as well as several independent extruders who in turn supply aluminium extrusions to custom fabrication companies or to their own captive fabrication divisions. Aluminium extrusions are used in an increasing number of applications. The most significant application is as a building material, specifically for window framing and architectural facings of buildings. However, the complexity and configuration of possible extrusions is virtually infinite. Applications of complex extruded components are used in the computer, electronic, automotive and aerospace industries. Since the individual die cost is a relatively insignificant part of the final extrusion cost, there continues to be a strong demand for extrusion dies.
The Company estimates that the extrusion tooling market in North America is approximately $U.S. 175 million annually. Exco believes that it is currently the largest supplier in the Canadian extrusion tooling market and that it accounts for approximately 15% of sales in the United States market. The Company believes that it is one of the largest producers of extrusion dies in North America. Exco Extrusion Dies, Inc., located in Michigan, was acquired in 1994 to provide a base from which the Company can advance its penetration of the U.S. market. Sales to the United States are growing due to a focused marketing effort and the Company believes there is significant opportunity to expand its presence in this market.

The North American extrusion tooling industry is comprised of a few mid-sized players and thirty to forty very small operations. These businesses are all privately owned. The North American market has experienced consolidation over the last few years in response to an increasing demand for quality, faster delivery and very competitive pricing which require a significant investment in technology. This trend is continuing although at a more moderate pace. Exco continues to make the investment it believes is necessary to remain a leading supplier in this market. Given Exco’s size and access to capital markets, Exco management believes that it is in a better position than its competitors to prosper under these changing conditions.

In the last year, tight supply of steel has made it more difficult for these businesses to obtain the steel required. Also, the cost of steel has increased significantly thereby putting pressure on margins. Furthermore, the rapidly appreciating Canadian dollar has caused those businesses in Canada to absorb foreign exchange losses from the translation of US dollar denominated assets. Overall, the appreciating Canadian dollar has not significantly affected the extrusion business’ competitiveness as sales outside of Canada are denominated in US dollars.

The market in Central and South America is also significant and should continue to grow as those countries develop their infrastructure and economies. Exports to the United States, Central and South America, Europe, and the Far East collectively represent about 65% of sales of the Company’s extrusion technology business.

The Company believes that its best marketing tools are its engineering capability and its broad reputation for quality and reliability. Management and marketing is now handled on a divisional group basis with all divisions coordinating their marketing efforts. Sales contact continues to be maintained through each division’s engineering department. The Company employs sales agents in the Far East, Central and South America.

Casting Technology (Exco Engineering, Extec, Flex, Edco, Techmire)

Structure

The Company manufactures both moulds and die-casting equipment. Moulds produced by Exco are used to produce aluminium and magnesium die-castings. The die-castings are produced by forcing molten aluminium or magnesium into the mould under extremely high pressure, with the resultant die-casting precisely reflecting the detailed shape of the mould.
The moulds are made of high nickel chrome alloy tool steel and are produced through a combination of machining techniques including turning, milling, boring, drilling, tapping and EDM. They are heat treated to a hardened state.

Moulds produced range in size from several cubic feet to several hundred cubic feet and from approximately one ton to 75 tons in weight. These moulds may be used to produce such products as automotive parts, consumer appliances and industrial products.

Participants in the mould-making sector are diverse and generally small owner-operated businesses. Business is derived by quoting in response to customer invitation.

Moulds are produced at the Company’s Exco Engineering division in Newmarket, Ontario, the Extec division in Markham, Ontario, and Edco located in Toledo, Ohio. These divisions employ approximately 219 people. Approximately 70 are salaried and 149 are hourly.

The Exco Engineering division is located in a 135,000 square foot facility. It has machines with travels up to 22 feet and lift capacities of up to 70 tons. Exco Engineering supplies some of the largest and most complex moulds produced in the world. It has developed and applied many new techniques to this industry. Exco is able to accurately machine mould surfaces, thereby reducing cost and the need for specially produced spare parts. Moulds supplied by Exco Engineering are used primarily in the automotive industry to produce transmission case castings and, more recently, engine blocks.

Extec was created in late fiscal 1993 to build mid-sized aluminium die cast moulds. Like Exco Engineering, these moulds are used primarily in the automotive industry, however, the castings produced by these moulds are usually smaller, for products such as transfer cases and front engine covers. Extec uses the same technologies as those employed at Exco Engineering. The plant is located in a 25,000 square foot facility in Markham, Ontario.

Edco was acquired early in fiscal 1995. It is located in a 48,000 square foot facility in Toledo, Ohio. Edco builds and repairs die cast moulds primarily for the automotive industry.

During fiscal 2001, the Company purchased Techmire Ltd. Techmire designs and manufactures multi-slide die casting machines for precision zinc and magnesium components used in the electronic, automotive, telecommunications and consumer products industries. During fiscal 2002, Techmire completed the research and development process for multi slide magnesium die-casting machines, which operate much faster and can produce a broader range of casting products than conventional systems. Today some 20 machines have been sold, primarily in Asia. The Company is now applying this technology to aluminium die-casting. Prototype completion is expected in the second half of fiscal 2005. If successful, the potential market is expected to be significant as this machine can be sold into the sizeable world aluminium die cast market. This business is also engaged in the introduction of larger die cast machines, which should also be introduced midway through the fiscal year. This should allow Techmire’s customers to increase the range of components they produce using multiple-slide technology. These development programs are all designed to improve the competitive position of our customers’ and increase their share of the die casting market.
Techmire is based in Montreal, Quebec and its primary facility is approximately 38,000 square feet and employs approximately 102 people. Approximately 58 are salaried and 44 are hourly.

Manufacturing Methods

As the moulds required by customers have become larger and more complex, the methods of design and manufacture have also become more complex. The moulds are produced by a combination of milling, boring, drilling, turning, tapping, EDM and polishing. CNC machining and CAD/CAM have been extensively applied to these processes resulting in more precisely finished moulds with improved tolerances.

CAD/CAM equipment and CNC machinery have brought the mould making industry to the leading edge of technology. The high capital costs, the requirement for special facilities and the need for a skilled workforce inherent in utilizing advanced technology and equipment are constraints for all companies in the business, particularly newly established companies.

Exco operates its own 3,500 ton die-casting machine in its Newmarket plant to test customer products. In addition to verifying dies as they are built, the operating experience and data acquired during this testing process is used to resolve production problems for its customers.

Exco's engineers often work closely with the Company's customers during the initial design of the die-cast product. Exco's engineers are not only responsible for design but also are an integral part of the manufacturing processes. They have an ongoing input into manufacturing by means of advising and proposing modes of manufacture and equipment employed. Exco's engineering capability is employed as a successful marketing tool.

Exco's strategy is to employ the latest technology in quality assurance with the assistance of CNC co-ordinate measuring equipment, which has been interfaced with the Company's in-house CAD/CAM capability. This interfacing permits a closed loop production cycle in which the components can be initially detailed, using data and specifications supplied by the customer, on the computer, utilizing CAD, and subsequently manufactured and inspected by CNC in conjunction with the CAM capability.

Exco’s strategy for the Techmire business is to aggressively engage in research and development in order to improve the speed and quality of its die cast machines and broaden the types of metal that its equipment can die cast. This will contribute to the profitability of its customers and generally ‘move’ the industry into the newly developed technology.

Customers and the Market

The primary customers of the mould-making sector are the major automakers. As well as doing their own die casting, the automakers purchase some of their requirements from independent custom die casters. Aluminium die cast moulds are also used in the production of non-automotive products.
The main application of die casting in the automobile industry is in the manufacture of engine and transmission components such as transmission housings, engine blocks, water pumps, oil pumps, instrument panels and differential housings. With the trend to improving fuel economy, inspired initially by escalating energy costs, aluminium, particularly die cast aluminium, is continuing to be the choice of designers. As a result, aluminium is being used to manufacture an increasing number of automobile components. In addition, recent years have witnessed a migration to magnesium die-casting, which is even lighter weight than aluminium. The Company is also servicing this market and is positioned to grow as this migration continues.

The complexity and intricacy of the moulds have increased as designers incorporate more features into the die cast components. Dies have become larger and heavier as multiple components have been redesigned into single complex castings. It is possible with this moulding process to control tolerances with a high degree of precision.

As quality requirements have increased, the die making and designing process has become increasingly complex and sophisticated. Production time for moulds ranges from 12 to 48 weeks.

The Company estimates that the transmission and engine mould making market in North America is approximately $200 million annually. However, as mentioned previously, the market for other large die-cast components such as engine blocks is increasing as aluminium replaces other materials. The Company believes that it is the largest manufacturer of die-cast moulds in North America. Its competitors are all private companies.

Exco believes that the European and Chinese markets represent a significant opportunity for it currently. In fiscal 2003, the Company completed engine block moulds to be supplied to Daimler-Chrysler in Stuttgart, Germany. Exco also believes that it will benefit from the recent commitment of North American automakers to producing six speed transmissions. These transmissions will require the design and production of new moulds. In January 2004 Exco announced that it had received tooling orders for 30 tools for four new six speed transmission programs totalling approximately $30 million over the next two years.

Die-casting machines produced by Techmire are sold globally. In 2004, 80% of Techmire’s sales were outside North America, 17% to the United States and 3% within Canada. Manufacturers of zinc die-cast components purchase the machines supporting a number of industries including automotive, electronics, telecommunications and consumer products. In the electronics and telecommunications industries, there is significant interest in Techmire’s recently developed magnesium die-cast machine. Magnesium is attractive in these industries because it is light, strong and has radio frequency shielding properties.

**Human Resources**

The Casting and Extrusion Technology segment has approximately 644 employees, 25% of which are design engineers and technicians.
None of these employees are subject to a collective bargaining agreement and Exco believes employee relations are good. Exco provides rewards to these employees through a combination of financial benefits and personal recognition.

Exco encourages further education of these employees and is an active participant in apprenticeship programmes. In addition, the Company co-operates with and supports several local community colleges.

**AUTOMOTIVE SOLUTIONS**

Exco operates four businesses in the Automotive Solutions segment; Polytech, Polydesign SARL, NeoCon International (acquired after year-end, on October 1, 2002), and Neocon USA (formerly Exco Advanced Products). Polytech and Polydesign are leading, world-class providers of flexible restraint and storage solutions for the global automotive market. NeoCon, acquired subsequent to year-end, manufactures and designs rigid cargo management products for the OEMs. Neocon USA, while continuing to manufacture advanced ceramic and metal products is also leveraging its strategic location in Huntsville, Alabama to supply rigid cargo management products to OEMs in the automotive cluster in southeastern USA.

**Polytech and Polydesign**

**Structure**

Polytech and Polydesign have three principal products, flexible storage systems, flexible restraint systems and plastic injection moulded consoles and gearshift boots. Flexible storage systems are found in trunks, seat backs, door panels, visors, centre consoles and any area of a vehicle where convenient accessible storage can be provided.

Flexible restraint systems are designed and tested as safety restraining devices. Accordingly, they are highly engineered and technically demanding. They are positioned in the vehicle between the passenger compartment and cargo area, typically in sport utility vehicles, vans and station wagons. They prevent baggage from moving from the cargo area to the passenger compartment and becoming dangerous projectiles in a collision.

Polytech's products are designed and engineered at its offices in Troy, Michigan, manufactured in Matamoras Mexico and then shipped to its warehouse in Brownsville Texas for distribution. Polytech employs approximately 900 people.

Polydesign commenced production in 2002. Its products are designed and engineered in Europe and manufactured at its facility in Tangier, Morocco. Products are then shipped directly to Europe. Tangier is in a free trade zone with the European Economic Union. Accordingly, products can be shipped duty-free to member countries. Polydesign employs 300 people.
Manufacturing Methods

Polytech’s manufacturing is carried out in a 100,000 square foot facility in Matamoros, Mexico, located in close proximity to Polytech’s warehouse in Brownsville, Texas. Using polypropylene yarn, computer controlled braiders, weavers and knitters are used to manufacture the bungee, webbing and netting which are subsequently sewn into restraint and storage systems.

Polytech also manufactures the plastic attachment hardware using plastic injection moulding presses. This vertical integration, i.e. manufacture of materials and components required in the end products, allows Polytech to control its material costs and quality. It has also expanded its product offering to include ‘cut and sew’ products such as shift boots.

Polydesign completed construction of a new 85,000 square foot custom-designed manufacturing facility in April 2002. It employs similar manufacturing processes as those carried out by Polytech and described above, however, has a greater emphasis on ‘cut and sew’ products.

Customers and the Market

Flexible storage systems were first introduced into the market in the mid-1980's. Polytech developed the netting for those first applications more than a decade ago. Polytech’s products can be found in approximately 300 different automotive models on the roads today.

The primary customers for Polytech’s products are the North American and certain foreign automobile manufacturers ("OEMs") or the OEM's Tier 1 suppliers. Currently, Polytech supplies 23 OEMs and more than 50 Tier One suppliers in 14 countries around the world. The Company believes that it is the largest supplier in North America for flexible restraint and storage systems, with approximately 70% of the market. However, the market continues to grow particularly in the restraint system and cargo bag product area. In addition, recently, Polytech has secured contracts to manufacture plastic injection moulded consoles and gear shift boots. This product broadening further expands Polytech’s automotive interior product line and potential market.

Polydesign was established to penetrate the European market. Prior to the establishment of Polydesign, the European market was supplied by Polytech from Mexico. Given the size of the potential market, warehousing, shipping and duty charges, Exco determined that a facility closer to the European market was necessary. Tangier, Morocco was chosen because of its proximity to Europe, its free trade agreement with the European Economic Community, the skills of its people, competitiveness of wage rates relative to Europe and the stability of its government.

Exco believes that the size of the European market is as large or larger than the North American market. Given the advantages offered by the Tangier, Morocco location and the manufacturing skills of Exco in this product line, Exco is optimistic with respect to Polydesign’s future prospects.
Human Resources

Polytech’s manufacturing operations are carried out in Matamoras, Mexico. There are currently 800 unionised employees and 100 salaried employees at this location. The hourly employees are represented by the Sindicato De Jornaleros Y Obreros Industriales De La Industria Maquiladora. The monetary provisions of the collective agreement expire in January 2005. The Company expects the negotiated settlement to be in line with its plans. It is required in Mexico for employees of organizations of this size to be represented by a national union.

Polydesign, operating from Tangier, Morocco, employs 300 people, of which 265 are hourly and 35 are salaried. The workforce is very stable and is not unionized. The nature of Polydesign’s operations, working with textiles, is a common trade of the Moroccan people and, accordingly, the workforce is well suited to Polydesign’s operations.

NeoCon

Structure

NeoCon manufactures and designs plastic thermoformed automotive cargo management systems. NeoCon has three product categories: cargo management systems, interior convenience products, and flooring and protective systems. The cargo management system focuses on organization, protection and flexibility to divide space within the open cargo area of sport utility vehicles, vans and trucks, as well as open trunk spaces in cars.

Interior convenience products include door pockets and consoles. These products have features such as pre-formed and lockable compartments, highly engineered materials (non PVC), and styles and grains to complement vehicle interiors.

Flooring and protective systems provide a custom cargo area fit, low rise retaining walls for containing fluids, and flexible and friction enhanced materials that are easy to clean.

NeoCon’s products are designed, engineered, and produced at its full service facility in Dartmouth, Nova Scotia. NeoCon employs approximately 85 people of which 65 are hourly and 25 are salaried.

Manufacturing Methods

NeoCon’s manufacturing is carried out in a 90,000 square foot facility. Product design and engineering use state of the art CAD systems, which fully support solid modeled parts and assemblies. The primary processing includes heavy gauge thermoforming with secondary assembly of injection and blow moulded components as well as other unique OEM compression moulded panels and assorted hardware.
Customers and the Market

NeoCon was founded in 1993 in response to the growth of sport utility vehicles in the North American automotive market. The primary customers for NeoCon’s products are North American OEMs, of which a high proportion are foreign domestics.

Exco believes that NeoCon is the only North American manufacturer currently supplying the OEMs with rigid cargo management systems.

NeoCon’s product line complements the flexible storage products offered by Polytech and Polydesign and should further strengthen the Automotive Solutions segment. The Company believes that the consumer trend to conveniently organize and store items in vehicles will result in further growth in the market.

Neocon USA

Structure

Neocon USA designs and manufactures advanced material products with a 46,800 square foot manufacturing plant located in Huntsville, Alabama. Its proprietary cold isostatic compaction process employs patented technology to produce powdered material components. This technology allows for faster processing and has many applications in automotive and other hi-tech industries.

In fiscal 2004 this business unit supplemented its advanced material products with production of rigid cargo systems of the type described above for Neocon. Neocon USA is also introducing to this operation blow moulding capability. Given the growing volume of business that the Neocon businesses have been generating integrating the production of blow-moulded parts is expected to reduce operating costs. In the future it is expected that this facility will focus on and grow its rigid cargo system business.

Neocon USA has 20 non union employees of which 16 are hourly and 4 are salaried.

OUTLOOK

See the Section entitled ‘Outlook’ in the MD&A.

HISTORY OF THE COMPANY

Background

The Company commenced business in 1952 when Herbert Henry Robbins founded Extrusion Machine Co. Limited as a machine shop, and shortly thereafter became a custom manufacturer of aluminium extrusion dies for Canadian aluminium extruders. Over the years,
the Company has evolved from a “family style” machine shop into a sophisticated tooling company.

During the 1960’s, divisions were established in England, France, Germany and Australia expressly for the production of aluminium extrusion dies for the developing extrusion industry in those areas. Following the death of H.H. Robbins in 1975, his son Brian Robbins was appointed President of the Company.

As a result of a strategic decision to develop a strong technological base (through the acquisition of advanced technology and machinery) to maximize growth, the Company’s foreign interests were sold during the late 1970’s and early 1980’s. The sale allowed the Company to focus its investment and management efforts in its Canadian operations. During the 1980’s the Canadian operation expanded and the concept of profit centres and divisionalization was initiated. The Company’s product base grew through the application of the Company’s existing and acquired technology to other related industries. The Company’s activities expanded to include the design and manufacture of components for military hardware (aircraft, vehicular and marine) and civilian aircraft, intricate components for nuclear reactors, very large moulds for automotive aluminium die casting and the distribution and processing of tool steels and mould makers’ supplies.

In 1986, the Company sold common shares to the public through an initial public offering. Subsequently, the Company continued to expand in its established market niches.

Several years ago, the Company withdrew from a non-core tool steel distribution business and closed a small division in 1993, which supplied naval hardware to Unisys for the AEGIS defence program.

The growth of the Company resulted in the commissioning of a new plant in Newmarket, Ontario to house Exco Engineering. In 1997 and 1998, this facility was expanded by 75% (the last phase was completed in the first quarter of 1998). This plant, now 135,000 sq. ft., is more than three times the size of the facility it replaced. As well, it has greater crane capacity and is equipped with larger and more sophisticated machine tools. Included in the facility is an in-house aluminium foundry, which is equipped with a large capacity die casting machine, which is used to sample and verify new dies as they are built. This machine, which can run dies of various sizes, provides a further service to existing customers and enables the export of verified dies to customers.

**Acquisitions & Divestitures**

Since 1994, Exco has made a number of important acquisitions. In July 1994, Exco purchased an extrusion tooling facility located in Markham, Ontario from Alcan Aluminium Limited. This purchase provided the Company with additional capacity in the extrusion tooling sector and proprietary technology. The purchase price was $700,000 and was paid from Exco’s cash resources.
In the first quarter of fiscal 1995, the Company completed the purchase of Edco, Inc. ("Edco"), located in Toledo, Ohio. Edco manufactures and repairs transmission case moulds, employs 58 skilled employees and is strategically located for servicing the market for these products. The purchase price was $2,700,000 and was financed by the issuance of 425,602 (adjusted for stock dividend) Exco common shares to the vendor and cash of $380,000. In addition, Edco’s debt totalling $1,300,000 was assumed.

In the first quarter of fiscal 1997, the Company purchased Nova Tool & Die, Inc. since renamed Exco Extrusion Dies, Inc. ("Exco Michigan"). Exco Michigan manufactures extrusion tooling. In November 1999, Exco Michigan relocated to a new 35,000 square foot facility. The Company believes that Exco Michigan will provide an important platform from which Exco can expand its extrusion tooling business in the United States. The purchase price was $1,500,000 and was financed by a private placement of 207,653 common shares to the vendor. As part of the purchase, Exco Michigan’s operating lines and term debt totalling $1,400,000 were assumed.

In September 2000, the Company purchased TecSyn International Inc. ("TecSyn"). Prior to purchase by Exco, TecSyn was a public company traded on the Toronto Stock Exchange. TecSyn manufactures automotive restraint, storage and other automotive interior components. The purchase price was $50,100,000 and was financed with a combination of existing cash resources and the Company's operating lines. This acquisition introduces the Automotive Solutions segment to the Company’s operations. The details of net assets acquired are disclosed in Note 2 to the Company’s consolidated financial statements included in its 2000 and 2001 annual report.

Pricewaterhouse Coopers LLP ("PWC") issued a valuation and fairness opinion dated June 26, 2000 of the fair market value of 100% of the issued and outstanding shares of TecSyn. Subject to the scope, assumptions, restrictions and certain qualifications, PWC estimated the fair market value to be in the range of $45,500,000 to $52,600,000 or $2.53 to $2.92 per share. Exco paid $2.70 per share or $48,600,000 (excludes transaction costs).

Mr. Brian Robbins, the President and Chief Executive Officer of Exco, was a non-management Director and Chairman of the Board of TecSyn at the time of Exco’s offer. Mr. Robbins held 486,104 common shares of TecSyn, representing 2.7% of TecSyn’s outstanding shares at the time of the offer.

In December 2000, the Company purchased Techmire. Prior to purchase by Exco, Techmire was a public company traded on the Toronto Stock Exchange. Techmire designs and manufactures multi-slide die-casting machines for high precision components and services a variety of industries. The purchase price (net of cash acquired) was $14,800,000 and was financed using the Company’s operating lines. The details of the net assets acquired are disclosed in Note 2 to the Company’s consolidated financial statements included in its 2001 and 2002 annual report.

With respect to Exco’s offer to Techmire’s shareholders, National Bank Financial Inc. ("NBF") issued a fairness opinion dated November 15, 2000. The opinion concluded that,
subject to certain assumptions and limitations, the offer ($3.85 per common share) was fair, from a financial point of view, to the minority shareholders of Techmire.

Subsequent to Exco’s fiscal 2002 year-end, on October 1, 2002, the Company purchased 100% of the outstanding shares of NeoCon International Inc. (“NeoCon”), a private company. NeoCon designs and manufactures plastic thermoformed automotive cargo management systems. These systems are supplied to the original equipment manufacturers and are primarily used in the trunk of passenger cars and the cargo area of SUVs and CUVs. For further details see Note 3 to the Financial Statements.

The purchase price of the common shares, including transaction costs of $496,000, was $11,087,000. In addition, the Company assumed debt, net of cash, of $4,205,000. The debt assumed includes $1,839,000, which is interest free. This transaction was financed using the Company’s operating lines and by the issuance of 65,000 Exco common shares at $12.00 per share ($780,000).

On February 3, 2003, the Company purchased 100% of the outstanding shares of Bancroft Lasing Technologies Limited and certain debt held by shareholders of Bantech. Bantech, founded in 1999, specializes in the production of painted, precision moulded, laser etched plastic parts for automotive interiors. Bantech utilizes a relatively new process that produces “back-lit” parts.

The purchase price of Bantech, including transaction costs of $189,000, was $2,189,000. In addition, the Company assumed debt, net of cash, of $2,371,000. This transaction was financed by the issuance of 265,746 (post-stock dividend) shares valued at $2,000,000 ($7.54 per share).

On August 30, 2004 the Company sold all the assets of Bantech to Emerald Lasing Corporation. The sale price was $1.5 million payable in cash and assumption of approximately $800,000 in trade payables. For further details regarding this transaction see Note 2 to the Financial Statements.

MATERIAL CONTRACTS

The only material contract outside the normal course of business is the sale of the assets of Bantech. For further information in this regard refer to Note 2 to the Financial Statements.

DIRECTORS AND OFFICERS

As at September 30, 2004 the Directors and Officers of the Company were as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Period of Service</th>
<th>Common Shares Owned or Controlled</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brian A. Robbins, Director</td>
<td>January 1972 to date</td>
<td>9,278,512</td>
</tr>
<tr>
<td>Name</td>
<td>Period of Service</td>
<td>Common Shares Owned or Controlled</td>
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<tr>
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<tr>
<td>President and</td>
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<tr>
<td>Chief Executive Officer</td>
<td></td>
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<tr>
<td>Exco Technologies Limited</td>
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<tr>
<td>Helmut Hofmann, Director</td>
<td>January 1991 to date</td>
<td>130,000</td>
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<tr>
<td>Unionville, Ontario</td>
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<tr>
<td>Chairman of the Board, Exco</td>
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<tr>
<td>Chairman, Heroux-Devtek</td>
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<tr>
<td>Corporation</td>
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<tr>
<td>Geoffrey Hyland, Director</td>
<td>January 2001 to date</td>
<td>116,400</td>
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<tr>
<td>Alton, Ontario</td>
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<tr>
<td>President and</td>
<td></td>
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<tr>
<td>Chief Executive Officer</td>
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<tr>
<td>ShawCor Ltd.</td>
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<tr>
<td>Richard McGraw, Director</td>
<td>January 1992 to date</td>
<td>155,900</td>
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<tr>
<td>Toronto, Ontario</td>
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<tr>
<td>President</td>
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<tr>
<td>Lochan Ora Group of Companies</td>
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<tr>
<td>Brian Steck, Director</td>
<td>January 2001 to date</td>
<td>10,000</td>
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<tr>
<td>Aurora, Ontario</td>
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<tr>
<td>President</td>
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<td>St. Andrews Financial</td>
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<td>Corporation</td>
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<tr>
<td>Ralph Zarboni, Director</td>
<td>January 1999 to date</td>
<td>40,000</td>
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<tr>
<td>Toronto, Ontario</td>
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<tr>
<td>Chairman and</td>
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<tr>
<td>Chief Executive Officer</td>
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<tr>
<td>The EM Group</td>
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<tr>
<td>Paul Riganelli</td>
<td>January 2004 to date</td>
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<tr>
<td>Toronto, Ontario</td>
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<tr>
<td>Vice-President, Finance and</td>
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<tr>
<td>Chief Financial Officer</td>
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<tr>
<td>Lawrence C. Robbins</td>
<td>October 1967 to date</td>
<td>739,670</td>
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<tr>
<td>Newmarket, Ontario</td>
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<tr>
<td>President, Alu-Die</td>
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<tr>
<td>Paul Robbins</td>
<td>May 1975 to date</td>
<td>2,341,895</td>
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<td>Markham, Ontario</td>
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<tr>
<td>Vice-President</td>
<td></td>
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</tbody>
</table>
Name | Period of Service | Common Shares Owned or Controlled
--- | --- | ---
Jan M. Tesar | October 1986 to date | 444,190
Richmond Hill, Ontario President, Die Cast Tooling

Bonnie Cartwright | November 1981 to date | 38,854
Markham, Ontario Executive Vice-President

1. Member of the Audit Committee  
2. Member of the Compensation Committee

As at September 30, 2004 the directors and officers of the Company as a group beneficially owned, directly or indirectly, or exercised control or direction over, approximately 35% of the common shares of the Company. All directors are residents of Canada.

**RISK FACTORS**

The risk factors relating to the Company and its businesses are discussed in detail in the MD&A at the section entitled ‘Risks and Uncertainties’.

**ADDITIONAL INFORMATION**

Additional information, including directors’ and officers’ remuneration and the principal holders of Exco’s securities and options to purchase securities is contained in the most recent information circular of Exco prepared in connection with the annual meeting of shareholders held on January 26, 2005. Additional financial information is provided in Exco’s Financial Statements and MD & A. Also additional information is available on SEDAR at www.sedar.com.

Additional information regarding the duties and responsibilities of Exco’s Audit Committee are attached hereto as Schedule A to this Annual Information Form.

*Information in the previous discussion relating to projected growth, changing market conditions, 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 achievement 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 volumes 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 2004 Annual Report 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. 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.