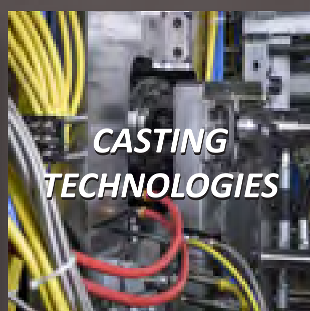
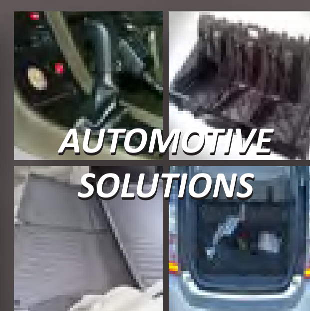
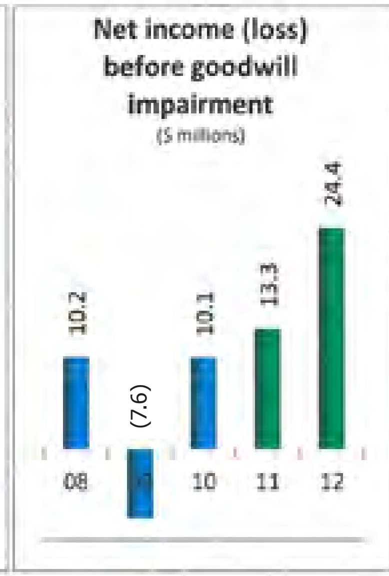


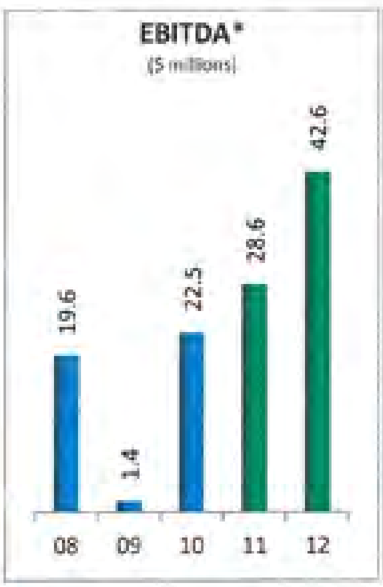


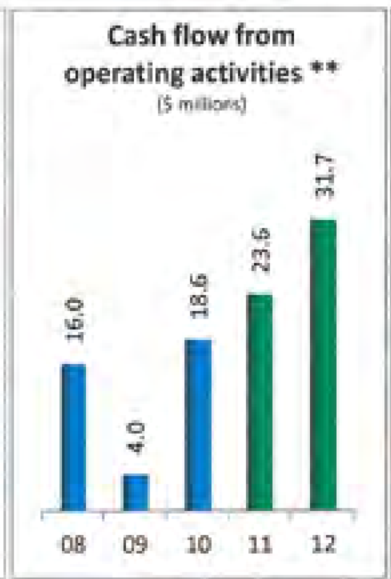
Exco Technologies Limited

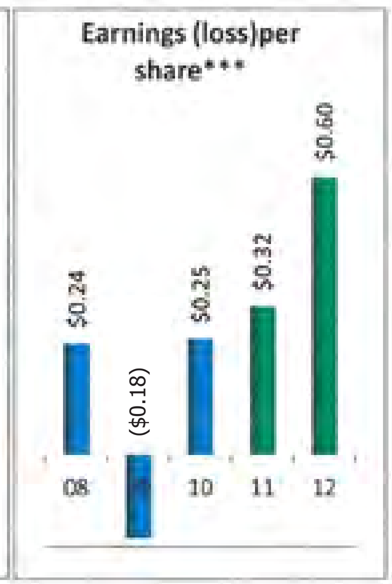
Annual Report
2012

FINANCIAL HIGHLIGHTS from Continuing Operations









■ **Canadian GAAP figures**

■ **IFRS figures**

** 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 charges.*

***Before net change in non-cash working capital.*

****Before goodwill impairments in 2008 and 2009 of $23.6 million and $10.1 million or $0.57 and $0.25 per share respectively.*

LETTER TO SHAREHOLDERS

Fiscal 2012 was another good year for Exco. Consolidated sales were up 20 percent to a record $243 million as we continued to benefit from the recovery of the North American automotive industry and higher demand across all of our businesses. Since falling to a 20-year low of 8.76 million units in 2009, light vehicle production has improved every subsequent year. By the end of 2012, total North American production is expected to top 15 million units. Driving this trend is the high average age of North American vehicles – now in excess of ten years – and the shifting of production by numerous foreign automakers to Canada, U.S. and Mexico.

Equally important, our major customers are sized for sustained profitability at current production levels, having rightsized their operations over the last three years. The industry's recapitalization and return to prosperity has helped North America's domestic and foreign OEMs fund the development and introduction of lighter and higher mpg vehicles that both consumers and government regulators are demanding. Our Casting and Extrusion segment is the technological and market leader in the design and manufacture of die cast moulds required to produce future generations of advanced aluminum engine blocks and transmission housings and we count among our customers major automobile manufacturers such as Ford, Chrysler, General Motors, Mercedes-Benz, Honda, Hyundai and their tier-one die casters.

What's more, the demand for lighter more fuel efficient powertrains should remain strong for some time to come. In the U.S., current CAFE (Corporate Average Fuel Economy) standards require automakers to achieve an average of 34.1 miles per gallon for their product lines by 2016, with targets continuing to climb each year commencing in 2017 to 2025 when they come to rest at 54.3 mpg.

The other parts of our Casting and Extrusion segment also performed well. This included a double-digit increase in sales of dies for aluminum extrusions to the industrial and construction markets, notwithstanding the lackluster performance of the overall U.S. economy. The need to reduce automobile weight is increasing the use of aluminum extrusions in the automotive sector and recent anti-dumping duties in Canada and the U.S. against Chinese aluminum extruders has also helped firm up North American domestic demand.

Castool's sales of die cast and extrusion consumable components have also been robust. Its bundling of related components in order to help our customers achieve maximum die cast and extrusion production efficiency has acquired strong market acceptance in both North America and Europe where the acquisition of Allper AG significantly contributed to the division's technological leadership and regional sales and service capabilities.

The Automotive Solutions segment, which now represents 37 percent of Exco's consolidated sales, also continued to gain traction in fiscal 2012 with strong performances at Neocon, Polytech and Polydesign. This contributed to a 21 percent increase in segment sales. The continued recovery in North American light vehicle production and better-than-expected demand in Europe had a positive impact on results, as did our success in winning contracts for vehicles that proved widely popular with consumers. In Europe, we successfully prepared for the expiration of the Honda seat cover program with many contract wins that have diversified our sales mix, expanded our technical capabilities and made us far less dependent on any single program. We are also encouraged by the recent repair of supply chain disruptions among Japanese OEMs and their decision to shift production to North America in response to the strengthening yen.

Equally important, Exco's net earnings continued to significantly outpace sales growth during the year. In fact, we ended fiscal 2012 with our 10th consecutive quarter of double-digit earnings growth, reaching $24.4 million or $0.60 per share in consolidated net earnings, up more than 84 percent from fiscal 2011. This performance was achieved despite virtual parity between the Canadian and U.S. dollars throughout the year.

Back in 2006, when the Canadian dollar ranged in value between US$0.86 and US$0.90, Exco's manufacturing operations consisted of seven plants in Canada, three in the U.S., one in Mexico and one in Morocco. Today, the Canadian dollar is essentially at par with its U.S. counterpart and may be headed higher. Yet we are a materially different company, with four highly productive plants in Canada, two in the U.S., two in Mexico and our largest plant in Morocco. In addition to significantly reducing our cost base, this transformation has made Exco a more valued supplier by shifting our productive capacity and service capabilities closer to our customers. At the same time, we have worked diligently to shift the purchase of raw materials to the countries in which they are required in order to protect ourselves from adverse currency trends.

While we are pleased with Exco's progress over the past few years, we also recognize that our traditional North American and European markets are limited in terms of future growth potential. Both are relatively mature economies characterized by aging populations, low birth rates and high levels of consumer and government debt. That is why Exco intends to expand its physical presence in the world's faster-growing developing economies, particularly in South America. This is an incremental process that has already begun.

In October 2011, we purchased the extrusion tooling business of an important customer in Colombia to create a foundation for growth opportunities in that region's rapidly expanding industrial base. Since then, this new facility has established a reputation for high quality manufacturing, innovative product development and dependable local service. Financial performance has also continued to improve with the facility already cashflowing and expected to turn a profit in the near term.

What we have learned in Mexico and Colombia, coupled with decades of experience as an exporter, has familiarized management with the cultural and business climate of Latin America. We see ample room for profitable growth in the region owing to its geographic proximity, attractive demographics, rising prosperity and a rapidly growing but underserved industrial base. We have also identified Brazil as a desirable location and we have taken steps to establish an extrusion tooling facility in Sorocaba, in 2013.

Going forward, we will be open to further acquisitions that help cement Exco's technological and market leadership. As always, we will be patient, selective and deliberate in our investments, with the financial flexibility to make the most of our opportunities. We ended the year with a balance sheet free of bank debt, $31 million of cash on hand and an annual dividend that increased from $0.12 to $0.15 during fiscal 2012. Over the past three years, Exco's annual dividend has increased by 87.5 percent.

As for Exco's prospects during the year ahead, we expect to see continuing strong demand in our Casting and Extrusion and Automotive Solutions businesses. Our activity at our European business will likely be stronger despite weak economic conditions there owing to the significant amount of new business being launched in 2012 and 2013.

Whatever the economic climate, Exco will remain squarely focused on expense reduction and continuous productivity improvement. Our efforts will be aided by expected increases in capacity utilization at Edco, at our large mould facility in Queretaro, Mexico and at our Exco Colombia operation. Our profit margins also stand to benefit from moderating prices for polymers, steel and other commodities, which represent a significant proportion of our total cost of sales.

In closing, we would like to thank management, and the rest of our 2,213 employees, for helping Exco achieve its best financial performance ever. It is fitting that this milestone is achieved on the 60th anniversary of the founding of Exco by my father, Harry Robbins in 1952. Ever since that time Exco has encouraged a highly decentralized, entrepreneurial culture in which every one of us plays an important role in the company's success. With the continued dedication of our employees, the guidance of our Board and the valued support of our customers, suppliers, and investors, we are confident the best is yet to come.

Sincerely,

Brian A. Robbins
President and CEO

CONTENTS

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the consolidated financial statements and related notes for the year ended September 30, 2012. This MD&A has been prepared as of November 30, 2012.

Additional information on 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 International Financial Reporting Standards ("IFRS"). Exco calculates gross margin as sales less cost of sales. Gross margin is used by management to measure performance and we believe some investors and analysts use it as well. This measure, as calculated by Exco, may not be comparable to similarly titled measure used by other companies.

CAUTIONARY STATEMENT

Information in this document relating to projected growth and financial performance of the Company's business units, contribution of our start-up business units, margin performance and operating efficiencies are forward-looking statements.

Readers are cautioned not to place undue reliance on forward-looking statements found mainly in the Outlook section but also elsewhere throughout this MD&A document referring to growth and financial performance of the Company's business units, margin and operating improvement and acquisitions because these plans, intentions or expectations are based on, among other things, assumptions about the number of automobiles produced in North America and Europe, the number of extrusion dies required in North America and South America, the rate of economic growth in North America and Europe and BRIC countries, investment by OEMs in drivetrain architecture and other initiatives intended to reduce fuel consumption and/or the weight of automobiles, weakening raw material prices, continuing economic recovery and currency fluctuations which may in fact not occur. These forward-looking statements include known and unknown risks, uncertainties, assumptions and other factors which may cause actual results or achievements to be materially different from those expressed or implied. For a more extensive discussion of Exco's risks and uncertainties see the 'Risks and Uncertainties' section in this Annual

Report, our 2012 Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at www.sedar.com.

While Exco believes that the expectations expressed by such forward-looking statements are reasonable, we cannot assure that they will 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 will update its disclosure upon publication of each fiscal quarter's financial results and otherwise 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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CORE BUSINESSES

Exco is a global designer, developer and manufacturer of dies, moulds, components and assemblies, and consumable equipment for the die-cast, extrusion and automotive industries. The Company reports in two business segments.

The Casting and Extrusion segment designs, develops and manufactures die-casting and extrusion tooling and consumable parts for both aluminum die-casting and aluminum extrusion machines. Operations are based in North and South America and serve automotive and industrial markets around the world. Exco is a leader in most of these markets. In die-casting and extrusion tooling markets, Exco is further entrenching itself by reducing lead times and manufacturing costs through design and process enhancements. In the machine consumables market, Exco is leveraging its long tradition as a reliable, high-quality supplier of consumable components to die-casters and extruders by evaluating, coordinating and ultimately maximizing customers' overall equipment performance and longevity. The Canadian, European and United States markets are Exco's primary focus for die-cast moulds, extrusion dies and machine consumable parts, although South America and Asia are also being developed.

The Automotive Solutions segment designs, develops and manufactures automotive interior trim components and assemblies primarily for passenger and light truck vehicles. The Polytech and Polydesign businesses manufacture synthetic net and other cargo restraint products, injection-moulded shift and brake boots and related console components and assemblies. Polydesign is also a manufacturer of injection moulded interior trim and instrument panel components, seat covers, head rests and other cut and sew products. Neocon is a supplier of soft plastic trunk trays and rigid plastic trunk organizer systems. Automotive Solutions facilities are located in Canada, the United States, Mexico and Morocco, supplying the North American, European and Asian automotive markets.

VISION AND STRATEGY

For the past several years, Exco has pursued several strategies designed to achieve sustainable revenue and earnings growth. These include: (1) strengthening our technological leadership and competitive position in our chosen businesses, (2) minimizing our cost structure, (3) shifting our productive capacity to low-cost jurisdictions in closer proximity to our customers, (4) diversifying our revenue base with new products and services that leverage our competitive strengths and (5) capitalizing on growth opportunities in selective developing markets.

The North American automobile market continued to rebound in fiscal 2012 amid continuing uncertainty in the global economy. Production of light vehicles continued to increase, driven by strong consumer demand and numerous model introductions. Automobile manufacturers continued to invest in the development and production of more innovative and fuel-efficient powertrains, a trend that is greatly benefitting our market-leading large mould business. The rest of the Casting and Extrusion segment also performed well thanks to strong demand in both the automotive and industrial markets, particularly in North America and Asia.

Higher vehicle production volumes also helped fuel record sales in the Automotive Solutions segment as Neocon and Polytech worked to keep pace with customers' requirements. Polydesign also posted record sales, despite a dramatic slowdown in European automotive sales, a result of winning significant new business and successfully replacing its large seat cover program with a more diversified, higher-margin product mix.

Notwithstanding the substantial improvement in the health of the North American automotive industry over the past three years, Exco recognizes that opportunities for growth in our largest markets are limited by several fundamental trends including: aging populations, modest economic growth and historically high levels of consumer and government debt. As a result, it is likely that the U.S. dollar and Euro will continue to lose value against other world currencies, thereby reducing the transactional value of Exco's sales in these markets and putting pressure on the cost competitiveness of our Canadian operations. In order to augment our revenue and earnings growth, Exco's management plans to establish a larger presence in selected developing economies.

Our focus is in on relatively low-risk opportunities in markets with which we are already familiar. Exco has been exporting to dozens of countries in Europe, Asia and Latin America for many years. We have also established several plants in low cost jurisdictions to support the manufacturing of products for export to developed countries. However, we have reached the point in our evolution where it makes sense to both manufacture and sell our products in certain developing countries where the industrial base is expanding to keep pace with growing domestic demand. The increasingly sophisticated customers in these markets are looking for high-quality, innovative product solutions and the benefits of local product development and customer service. By manufacturing locally, we also significantly reduce transportation costs and mitigate the impact of unfavorable currency trends.

Exco entered into two strategic transactions in the past two years that reflect the evolution of our growth strategy. The October 2010 acquisition of Allper AG significantly enhanced Castool's technological leadership and market presence in Europe and Asia. In September 2011, we completed the acquisition of an export customer's extrusion tooling business in Colombia to serve their needs and provide the foundation required to generate new business opportunities in the region's rapidly growing industrial base. In October 2012, Exco purchased industrial land in Sorocaba, Brazil and will be building an extrusion die production facility over the next year with a view to servicing the growing Brazilian market by the end of fiscal 2013.

Exco will continue to look for selective acquisition opportunities to manufacture in the U.S. or attractive developing markets, with a continued focus on Latin and South America. This is a relatively close and familiar part of the world where Exco has been exporting its products for several decades. Most importantly, the countries that merit our consideration are characterized by attractive demographics, rising consumer incomes, expanding economies and an improving business climate.

Looking ahead, light vehicle production in North America is projected to increase in fiscal 2013 despite the lackluster performance of the U.S. and Canadian economies. Demand for new vehicles is relatively inelastic (because they are a necessity for most people) and the average age of cars in the U.S. is 11 years. What's more, rising gasoline prices will continue to fuel demand for newer, more fuel efficient vehicles. Coupled with the increasingly stringent mileage requirements of government regulators, we expect the rapid pace of new model introductions will continue during the coming year, to the benefit of both our Casting and Extrusion and Automotive Solutions segments.

The picture in Europe, where our business posted strong sales gains in fiscal 2012 amid rapidly slowing demand for new vehicles, is less clear. However, we believe that current production volumes will remain at risk as the region's economy teeters on the brink of recession.

Nevertheless, we believe that the fundamental restructuring that has taken place in the North American automotive industry over the past three years has helped position Exco for sustainable sales and earnings growth. Other important fundamentals of our business – such as strong light vehicle production volumes and the steady introduction of new or refreshed vehicles and powertrain systems by virtually all OEMs – are also expected to remain intact.

2012 RESULTS

Consolidated Results - Sales

The comparative amounts in the following analysis have been adjusted to reflect the impact of the Company's transition to IFRS effective October 1, 2010. Refer to Note 17 to the consolidated financial statements for a full reconciliation of the comparative year's consolidated financial statements under GAAP to IFRS.

Annual sales totalled $242.5 million compared to $202.6 million last year – an increase of $39.9 million or 20% over last year. The Company experienced strong demand for its products and this year marks the continuing trend of growing sales started over three years ago.

Selected Annual Information

The following table sets out selected financial data relating to the Company's years ended September 30, 2012 and 2011. This financial data should be read in conjunction with the Company's audited consolidated financial statements for these years:

(in $ millions except per share amounts)	**2012**	2011
Sales	**$242.5**	$202.6
Net earnings for the year	**$24.4**	$13.3
Total assets	**$177.9**	$162.9
Cash dividend declared per share	**$0.135**	$0.105
Earnings per share from net earnings		
Basic	**$0.60**	$0.32
Diluted	**$0.60**	$0.32

Segment Sales

- *Casting and Extrusion Segment*

Sales for this segment were $152.5 million – an increase of $24.2 million or 19% from the prior year. Large mould business sales increased 18% over 2011 reflecting strong demand for and shipments of powertrain tooling moulds; mostly for new I4 and V6 engine block moulds and their maintenance as well as six speed transmission housing tooling and maintenance. Castool/Allper's sales increased by 20% over the prior year. This increase was partially caused by surging demand in North America. This group has also been increasing market share as its bundling of related die cast and extrusion components into a 'system' which is designed to 'work together' presents a compelling value proposition to customers in developed markets that are being pressed hard to reduce operating costs. Extrusion tooling sales increased 15% over the prior year. This continues to point towards a recovery in industrial and commercial construction activity in North America – perhaps benefiting from US and Canadian anti dumping duties against Chinese aluminum extrusion imports.

- *Automotive Solutions Segment*

Sales in this segment were $90.0 million – an increase of $15.7 million or 21% from the prior year. Sales volumes at all businesses in this segment - Polytech, Polydesign and Neocon - have improved significantly by 19%, 13% and 34% respectively over 2011. In the case of Polytech and Neocon, which manufacture in Matamoros, Mexico and Halifax, Nova Scotia, this reflects strong light vehicle production levels in North America, favourable OEM content positioning and better absorption of tightly controlled manufacturing overhead costs. In the case of Polydesign, which supplies the European market from Tangier, Morocco, sales volumes have held up well, despite difficult European market conditions. The launch of new programs has continued as planned and is expected to exceed by a comfortable margin volume reductions on existing programs that we believe may occur as European customers reduce production to meet deteriorating vehicle sales and pricing, as well as high inventory.

Gross Margin

Consolidated gross margin increased to 28.8% in fiscal 2012 from 25.8% in fiscal 2011.

Gross margin in the Casting and Extrusion segment was up in the current year by 4.8% from 24.2% last year to 29.0% this year. All business groups in the segment experienced margin increases of 4.1%, 5.9% and 4.0% at the Extrusion group, Casting group and Castool group respectively. The closure of one extrusion die plant in Ontario last year and transfer of its sales to the remaining two Exco extrusion tool plants had a major beneficial effect on the extrusion group and this segments gross margin. Stable raw material costs, better sourcing from Asia and improved overhead absorption from higher sales were also significant factors.

Gross margin in the Automotive Solutions segment increased slightly to 26.9% from 26.7% last year. Once again significantly stronger sales at Polytech and Neocon maximized overhead absorption as both plants expanded plant utilization with additional shifts. In the case of Polydesign, gross margin fell by 5.8% for several reasons. Prior year gross margin was inflated by temporary labor subsidies from the Moroccan government which was designed to stabilize the local economy in the face of Arab spring disturbances taking place throughout the Middle East. In addition, higher cost this year associated with new program launches impacted gross margin at this division. This segment also experienced stable resin and metal costs as well as cost savings from reformulation of oil and natural gas based polypropylene and polyethylene raw materials.

Selling, General and Administrative Expenses

Selling, general and administrative expense in the current year increased to $27.3 million from $24.0 million last year. As a percentage of sales it decreased slightly to 11.2% from 11.8% last year. Higher expenses in this category in the current year were mostly caused by: higher provisions for incentive plans which are based on earnings ($4.5 million compared to $3.4 million last year), higher commissions and other selling costs associated with increased sales activity and higher administrative salaries/ benefits due to increased staffing. Also, included in the current year was $952 thousand foreign exchange gain from the fair valuation of the collars compared to $882 thousand loss last year. Exco expensed $350 thousand compared to $238 thousand in the prior year relating to the Stock Option Plan and the Board of Directors Deferred Share Unit Plan (see Note 3 to the 2012 Consolidated Financial Statements).

Depreciation and Amortization

Depreciation and amortization expenses were $8.7 million (4% of sales) compared to $10.1 million (5% of sales) in the prior year. Depreciation expense decreased to $7.0 million in the Casting and Extrusion segment from $8.2 million last year. Over the last several years major machinery and equipment purchased for the large mould businesses in the first few years of the 1990's during a major expansion of the Newmarket facility, have reached the end of their depreciable life – thus accounting for the majority of the depreciation reduction in recent years. Depreciation in the Automotive Solutions segment also decreased slightly to $1.6 million from $1.8 million last year. The businesses in this segment require less expensive machinery and equipment and their production facilities do not require the degree of customization (no cranes, normal floor thickness, no equipment foundations and average ceiling height) as does the Casting and Extrusion segment – thereby also requiring less capital to be invested. Fixed asset additions next year will be focused on replacement and refurbishment of production equipment in order to maintain capacity and in the case of the large mould business and Castool the purchase of machinery and equipment to also increase capacity.

Interest

Despite sizeable and growing cash balances held by the Company throughout the year, interest expense was $5 thousand compared to interest income of $21 in fiscal 2011. This is due to interest paid on U.S. dollar and Euro overdrafts carried to offset U.S. dollars and Euros accounts receivable balances at Exco's Canadian divisions. The interest income figure represents the net of interest expense, interest income and standby loan fees for the year.

Income Taxes

Exco's effective income tax rate was 27.9% compared to effective income tax rate of 28.4% in fiscal 2011. The lower effective income tax rate in the current year was due mainly to the reduced statutory tax rate in Canada (Note 14 – Income Taxes). Partially offsetting the benefit of lower Canadian income tax rate in the current year was proportionally higher earnings in the U.S. where effective income tax rate exceeded 34% and proportionally lower earnings in lower tax jurisdictions such as Morocco. In addition, the effective income tax rate in the prior year was negatively affected by the repatriation of profits by dividends from Mexico to U.S. (US$1.6 million) and from U.S. to Canada (US$3.2 million) which increased income tax expense in the prior year by $449 thousand.

Foreign Exchange

During the year, the U.S. dollar also depreciated 4% against the Mexican peso from 13.4 pesos to 12.0 pesos per U.S. dollar. Exco has a series of collars extending through September 2013 totalling 54.1 million Mexican peso (2011 – 128.5 million Mexican pesos) at selling price ranges from 12.01 to 13.01 (2011 - 11.35 to 13.58). Management estimated a loss of $119 thousand (2011 - $1,070) would be realized if these collars were terminated on September 30, 2012. This is a non cash loss as the collars will be held to term. For further discussion of the Company's foreign exchange see "Risks and Uncertainties" in this MD&A and Note 8 to the Consolidated Financial Statements.

Net Income

- *Consolidated*

The Company reported consolidated net income of $24.4 million or $0.60 per share compared to consolidated net income of $13.3 million or $0.32 per share last year – an increase of 84%.

- *Casting and Extrusion Segment (Operating Earnings)*

Casting and Extrusion earnings increased by 99% to $22.4 million from $11.3 million in the prior year. Overall the large mould group continued to benefit from very strong demand for its powertrain component tooling. This surge in volume enabled Edco to return to profitability – albeit modestly – and reduced losses at Excoeng Mexico, our large mould maintenance facility in Queretaro Mexico, to $0.01 per share compared to losses of $0.02 per share last year. Earnings at Castool were also significantly stronger on higher sales and firmer pricing in the current year. Extrusion earnings in the current year increased significantly from last year as efficiencies from operating within the two-plant footprint were realized. The start-up plant in Colombia, which started shipping in January 2012, incurred losses of approximately $0.03 per share in the current year; however, as a group, the extrusion businesses outperformed prior year results despite Exco Colombia start-up losses.

- *Automotive Solutions Segment (Operating Earnings)*

The Automotive Solutions segment recorded earnings of $15.3 million for the year compared to $11.7 million last year – an increase of 31%. Recent program refreshing and renewal activity has enabled Polytech and Neocon to better recover raw material cost increases experienced over the last several years. These businesses have also reduced resin sheet and other plastic raw material costs by developing cheaper formulations of polypropylene and polyethylene sheet. Strong light vehicle production volume has also improved overhead absorption. Polydesign continued improving its earnings as new product launches have provided not only the necessary throughput but also higher added value product mix than its traditional seat cover program which came to an end this year. The volume reduction on existing European programs has not materialized in 2012 to the extent that was expected. However, erosion is expected given current trends in European automotive sales. The impact of this erosion should be offset by new products being launched next year.

- *Corporate Segment (Operating Expense)*

Corporate expense in the year amounted to $3.8 million compared to $4.5 million last year. Included in the current year was $705 thousand foreign exchange gain mainly from the fair valuation of the Mexican peso collars compared to $999 thousand loss last year. Offsetting this gain was higher provisions for incentive plans ($1.2 million compared to $817 thousand last year), which have increased due to rising earnings, and due diligence costs for a new extrusion shop in Sorocaba, Brazil, in the current year.

Quarterly Results

The following table sets out financial information for each of the eight fiscal quarters through to the fiscal year ended September 30, 2012:

($ thousands except per share amounts)	Sep. 12	Jun. 12	Mar. 12	Dec. 11
Sales	$61,667	$59,213	$63,150	$58,486
Net income	$7,147	$5,516	$6,500	$5,286
Earnings per share				
Basic	$0.18	$0.14	$0.16	$0.13
Diluted	$0.17	$0.14	$0.16	$0.13

($ thousands except per share amounts)	Sep. 11	Jun. 11	Mar. 11	Dec. 10
Sales	$54,026	$49,183	$54,229	$45,193
Net income	$2,660	$3,688	$4,861	$2,054
Earnings per share				
Basic	$0.07	$0.09	$0.12	$0.05
Diluted	$0.07	$0.09	$0.12	$0.05

Exco typically experiences softer sales and profit in the first quarter, which coincides with our customers' plant shutdowns in North America during the Christmas season. Exco also experiences a slowdown in the fourth quarter as North American customers typically schedule summer plant shutdowns and Exco's European customers typically curtail releases during the month of August to accommodate vacations. However, in the current year, Exco's North American customers tended to work through the summer to meet surging demand. The situation this year in Europe continued to generally follow the typical pattern described above however the plant shutdowns were longer than usual given the dramatic reduction in light vehicle sales and high inventory levels in Europe.

In the fourth quarter consolidated sales were $61.7 million – a $7.6 million or 14% increase over the prior year. The Casting and Extrusion segment recorded higher sales of $40.0 million compared to $34.4 million last year – an increase of 16%. The Automotive Solutions segment experienced a 10% increase in sales from $19.6 million last year to $21.7 million.

The Company's fourth quarter consolidated net income increased to $7.1 million ($0.18 per share) compared to $2.7 million ($0.06 per share) in fiscal 2011 – an increase of 169%. Fourth quarter pretax earnings increased significantly in the Casting and Extrusion segment by $3.9 million or 169% over the same quarter last year as the fundamentals discussed above with respect to the full year results continued to manifest themselves in the fourth quarter. Fourth quarter pretax earnings also increased in the Automotive segment by $831 thousand or 28% over the same quarter last year. Here too the fourth quarter demonstrated a continuation of the strong performance experienced throughout the year. Gross margin in the quarter was 29.8% compared to 24.1% last year.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows from Operating Activities

Operating cash flow before net changes in non-cash working capital increased this year to $31.7 million from $23.4 million in fiscal 2011. This increase is primarily the result of improved earnings achieved from much higher sales, better gross margin, lower depreciation and sizeable foreign exchange gain compared to sizeable exchange losses last year.

Net change in non-cash working capital was a cash flow of $368 thousand compared to $16.1 million cash out flow last year. This demonstrates that the build-up in working capital caused by climbing sales over the last two years has levelled off. After non-cash working capital, operating cash flow increased to $31.3 million compared to $7.3 million last year – an improvement of 329%.

Cash Flows from Financing Activities

Cash flow used by financing activities increased to $6.9 million compared to $4.2 million in fiscal 2011 primarily as a result of higher dividends ($5.5 million compared to $4.3 million last year) and the repurchase of 777,180 common shares ($2.8 million compared to nil last year) in the current year. Partially offsetting this increase is the issuance of 487,368 common shares ($1.3 million compared to $139 thousand last year) for stock options exercised in the current year.

In addition to the obligations disclosed on its balance sheets, Exco also enters into operating lease arrangements from time to time. Exco owns all of its 11 manufacturing facilities and all its production equipment but leases part of the new production facility in Colombia and other warehousing and sales offices as necessary. The following table summarizes all short-term and long-term commitments Exco has entered.

Contractual Obligations ($000)	Total	Less than 1 year	1-3 years	4-5 years	After 5 years
Finance leases*	$56	$12	$22	$21	$1
Operating leases*	1,286	458	532	296	-
Purchase obligations	13,931	13,931	-	-	-
Total contractual obligations	**$15,273**	**$14,401**	**$554**	**$317**	**$1**

** Exco leases facilities, automotive, material handling vehicles and other miscellaneous office equipment. It is not Exco's policy to purchase these assets at the expiry of their terms but occasionally it may purchase the assets at the end of the lease terms when the purchase options are favorable. Exco does not expect any material liquidity or capital resource impacts from these possible purchases. This includes the obligation to purchase the leased production facility in Colombia during the three year term of the lease.*

Cash Flows from Investing Activities - Capital Expenditures

Cash used in investing activities in the current year totalled $7.7 million compared to $8.2 million last year. Included in last year were the assumption of Allper's balance sheet (excluding cash) of $1.7 million, assets purchased with the Colombian acquisition ($863 thousand) and heavy spending on machinery and equipment in the extrusion business units ($6.7 million). Investment in 2012 in the Automotive Solutions segment was $1.2 million and investment in the Casting and Extrusion segment was $6.5 million.

In fiscal 2013, Exco plans to purchase the remaining part of the Colombian extrusion plant that it does not already own for $1.1 million. Capital expenditures on machinery, equipment and information system upgrades are expected to be approximately $13 million over both segments. After year end Exco purchased industrial land in Sorocaba, Brazil for $800 thousand and it is expected that over the course of 2013 $2.5 million will be expended on the construction of a new extrusion tooling plant there and thereafter $5 million to $7 million on machinery and equipment.

We expect that in fiscal 2013 our cash flow from operations will exceed anticipated capital expenditures and, accordingly, our cash deposits and our credit lines will be more than sufficient to meet our operating and capital requirements.

Financial Position and Cash Balance

Exco's financial position remains strong. Exco's determination to maintain a strong balance sheet with no bank debt has served it well throughout the turmoil in financial markets and has allowed it to take advantage of acquisition opportunities and further organic growth as circumstances permit.

Exco had no bank debt as at September 30, 2012 and closed the year with cash deposits of $31.2 million compared to $15.4 million last year end. At year end, Exco had operating lines of credit totalling $17.1 million, of which $10.7 million was unused and available. The Company does not presently anticipate the need for long-term bank debt in its capital structure and does not expect to assume any over the coming year.

Outstanding Share Capital

As at November 30, 2012, the Company had 40,643,995 common shares outstanding. In addition, as at November 30, 2012, the Company had outstanding stock options for the purchase of up to 1,068,616 common shares.

CRITICAL ACCOUNTING POLICIES

The preparation of Exco's financial statements in conformity with International Financial Reporting Standards requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amount of revenue and expenses during the reporting period.

Exco recognizes revenue upon percentage of completion of long-term contracts in the large die-cash moulds business and upon product completion for all other businesses. For short-term contracts in the large die-cast moulds business and all contracts in the extrusion and other tooling products and the Automotive Solutions segment products, completion is defined as shipment to customers.

Management estimates and expenses the fair value of stock-based compensation granted after January 1, 2002. This fair value is amortized to earnings over the remaining vesting period using the Black-Scholes option pricing model. The Company believes that the estimate of stock-based compensation is a "critical accounting estimate" because management is required to make significant forward-looking assumptions including expected stock volatility, the change in expected dividend yields and the expected option term. Currently the compensation expense is recorded in the selling, general and administration category in the consolidated statements of income and comprehensive income.

We evaluate fixed assets and other long-lived assets for impairment whenever indicators of impairment exist. Indicators of impairment include prolonged operating losses or a decision to dispose of, or otherwise change the use of, an existing fixed or other long-lived asset.

We believe that accounting estimates related to fixed assets and other long-lived asset impairment assessments are "critical accounting estimates" because: (i) they are subject to a significant measurement uncertainty and are susceptible to changes as management is required to make forward-looking assumptions regarding the impact of improvement plans on current operations, in-sourcing and other new business opportunities, program price and cost assumptions on current and future business, the timing of new program launches and future forecasted production volumes; and (ii) any resulting impairment loss could have a material impact on our consolidated net income and on the amount of assets reported on our consolidated balance sheets.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

Refer to Note 2 to the consolidated financial statements for information pertaining to the accounting changes and issued accounting pronouncements effective in 2012 and future years.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer and Chief Financial Officer, together with other members of management, after evaluating the effectiveness of the Company's disclosure controls and procedures, have concluded that the Company's disclosure controls and procedures are adequate and effective in ensuring that material information relating to the Company and its consolidated subsidiaries would have been known to them.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer and the Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting and conducted an evaluation of its effectiveness based on the integrated framework issued by the Committee of Sponsoring Organization of the Treadway Commission to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with generally accepted accounting principles, have not identified any changes to the Company's internal control over financial reporting which would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

Exco's Automotive Solutions segment services automotive component suppliers (and Tier 1 suppliers) around the world. The results of this segment depend on demand for automobiles and the level of automobile production, which can fluctuate significantly with consumer confidence, general economic conditions, the cost and/or availability of consumer credit and gasoline, as well as, the market share of individual OEM customers. At the present time, U.S. consumer demand is directly vulnerable to personal and payroll tax increases and dramatic government spending cuts in both military and non-military spending effective January 1, 2013. Contraction and slowing GDP growth in BRIC countries and Europe may also have a dampening effect on consumer demand for automobiles in those regions and also in North America.

The Casting and Extrusion segment is a capital goods business. Interest rates, exchange rates, corporate capital spending, the general economic climate and business confidence affect the demand for Exco's dies, moulds and consumable parts for die-cast and extruding machines. Abrupt changes in these factors often bring about dramatic changes in demand and pricing. Exco believes that its broad product line, geographic diversification and leadership position in its niche markets mitigate against this risk but some risk remains.

Exco's Canadian operations negotiate sales contracts with customers in both Canadian and U.S. dollars and Euro. We also purchase raw material in these currencies. U.S. dollar and Euro purchases provide a natural hedge against U.S. dollar and Euro sales of Exco's Canadian operations. As for the remaining foreign exchange exposure not naturally hedged, Exco may enter into forward contracts and incur U.S. dollar or Euro debt, from time to time. However, forward contracts are only short-term mitigating instruments. In the final analysis, Exco is structurally a net seller of U.S. dollars and, to a lesser extent Euro, with foreign exchange exposure increasing as the U.S. dollar and Euro decline in value against the Canadian dollar. While Exco has made considerable progress in reducing its reliance on U.S. dollar sales, markets which Exco currently services may experience rising competition from imports which have become more competitive as a result of foreign exchange movements.

Note 8 to the Consolidated Financial Statements sets out information concerning Exco's foreign exchange forward contracts. During fiscal 2012, the Canadian dollar appreciated about 7% against the U.S. dollar to close the year at $0.98. The appreciation of the Canadian dollar to these levels is a challenge for Exco. To remain competitive, we are focused on a number of initiatives. Wherever possible, throughout its Canadian operations, the Company is attempting to sell in Canadian dollars and source inputs and equipment in U.S. dollars, thereby improving its natural hedge. The Company is also selling more to European customers in Euros. The purchase of Allper AG at the beginning of the last fiscal year is beneficial in this regard. However, it is very difficult to dislodge the dominance of U.S. dollars as the commercial currency of choice. In addition, pricing in Canadian dollars may make the Company's products uncompetitive and result in lost business. Therefore, Exco is committed to reducing its overall costs to mitigate the impact of the appreciating Canadian dollar and may need to further reduce, consolidate or relocate its Canadian operations to low or lower-cost countries.

For fiscal 2013, we estimate our Canadian operations will be exposed to fluctuation in the value of the Canadian dollar relative to the U.S. dollar on about US$37.2 million compared to an exposure of US$45.5 million in fiscal 2012. These figures represent the estimated net exposure calculated as U.S. dollar revenue less U.S. dollar expenses and forwards. If the Canadian dollar were to strengthen or weaken by $0.01 in fiscal 2013, we estimate pre-tax profit would change by $372 thousand or about $275 thousand after tax. These estimates are based on historical norms and may be materially different in 2013 if customers deviate from their past practices.

Exco's U.S. operations earn profits in U.S. dollars. A stronger Canadian dollar results in lower Canadian dollar profit on translation. This does not, however, affect the competitiveness of these operations within the U.S. market or other U.S. dollar-denominated markets. For fiscal 2013, it is estimated that Exco's U.S. operations will be exposed to foreign exchange risk on the translation of pre-tax profit of about US$11.5 million. If the Canadian dollar were to strengthen or weaken by $0.01 in fiscal 2013, pre-tax profit would change by $115 thousand or about $76 thousand after tax.

Exco's Automotive Solutions segment has manufacturing facilities in Mexico and Morocco and these operations incur some operating expenses, primarily labor, in local currency. In Mexico, sales contracts and major purchases such as material and equipment are negotiated in U.S. dollars. In Morocco, sales contracts and major purchases are typically negotiated in Euros. Major long-term fluctuations in the value of the local currencies against the U.S. dollar and Euro have the potential to affect Exco's operating results. Exco may enter into forward contracts or 'collar' contracts from time to time in order to protect itself from changes in the value of the Mexican peso, Euro or Moroccan dirham. These contracts are derivative instruments which, depending on their structure, may not qualify for hedge accounting treatment and accordingly may be 'marked to market' each quarter and expensed if necessary. The Moroccan government does not maintain a transparent exchange rate mechanism; however, there is a very close correlation to the value of the Euro. It is difficult to anticipate fluctuations in Moroccan currency in the event of major European fiscal or sovereign debt uncertainty or political instability in Morocco, Mexico, Colombia, Brazil or other emerging countries in which the Company has operations.

In some cases, OEMs can decide to design the Company's products out of the automobile ("de-contented") or reduce the trim level on which the Company's products are installed for either aesthetic, cost or product redesign reasons. While Exco believes its focus on evolving from component supplier to a designer and integrator of assemblies and sub-assemblies used in automotive and trunk interiors reduces the risk of de-contenting and trimming down decisions, Automotive Solutions products are not critical power train components and may still be de-contented.

In other cases, OEMs or their tiers may have excess production capacity or collective agreements which preclude efficient capacity reduction. In these cases OEMs and/or tier 1s may choose to fill their excess capacity by taking production from their suppliers and manufacturing the parts themselves. This process of 'in-sourcing' may have the impact of reducing the amount of business available to suppliers such as Exco.

The cost of manufacturing our products is a critical factor in determining our success over the long term. Manufacturing has generally expanded to developing countries where competing technologies and lower labor-cost structures exist. Exco must compete against companies doing business in these developing countries. Exco has met this challenge by manufacturing some labor-intensive products in Mexico and Morocco; however, many of our operations based in Canada and the U.S. must compete with products manufactured in lower-cost environments.

With the acquisition of Allper AG in Switzerland, the tool shop of Emma y Cie S.A. in Colombia and the operation of numerous subsidiaries in US, Europe, Mexico and Morocco, Exco is increasingly conducting business in diverse countries and in diverse functional currencies. Given the size and persistence of global trade imbalances and sovereign debt concerns various currencies in which Exco and its subsidiaries carry on business may experience high volatility from time to time. This may materially impact Exco's earnings, retained earnings and the value of its investment in these countries.

A significant portion of Exco's receivables are with automotive customers. These customers have varying degrees of financial strength. These receivables are subject to varying degrees of collectability. The majority of these receivables are with U.S. entities that can avail themselves of Chapter 11 protection from creditors in certain circumstances and avoid payment of the Company's receivables that are over 20 days from the date of the Chapter 11 filing. Exco's receivables may also be with highly leveraged customers that may have recently merged or chosen to leverage their balance sheet for tax purposes or otherwise increase their investment yield. Doing business with such customers typically increases the risk of default and filing for bankruptcy protection. The Company uses its best efforts to collect accounts receivable under 60 days but in many cases the terms may be as long as 90 days and often in other currencies thereby requiring Exco to bear the exchange rate risk. The Company often has the benefit of statutory or common law liens on its products, however, it is not uncommon for significant receivables to be outstanding for considerable periods, particularly in the large mould business.

Exco had in 2010 made two acquisitions (Allper AG and Exco Colombia) and may continue to seek out acquisition opportunities. Acquisitions inherently involve risk. While Exco has concluded many acquisitions that have been very successful, there have been several disappointing acquisitions which have adversely impacted earnings regardless of the size of the acquisition or the maturity of the business acquired.

OUTLOOK

As we look toward the next year we believe the economic recovery in North American automotive industry will continue to be robust and should continue to grow at a slow but steady pace. With U.S. interest rates now likely to be at historic low levels for several years to come, unit sales of light vehicles should continue to benefit from cheaper leasing and financing charges despite anaemic growth in the greater U.S. economy. The elevated age of the average North American automobile on the read today - in excess of 10 years - and the better mileage of new vehicles also support stronger demand for light vehicles. This will directly benefit our automotive component businesses which should continue to experience strong sales and efficient overhead absorption, as well as, indirectly benefit our large mould businesses and Castool which sell moulds and consumable components/tooling to OEMs and their tiers. This relatively positive outlook may be undermined by political developments in the U.S. during the first quarter of fiscal 2013 that may result in simultaneous increases in U.S. taxes and sharply reduced government spending.

This is in stark contrast to the European situation, where fiscal austerity and recession throughout the Euro zone is so prevalent that automobile sales are in free fall and OEMs are undertaking the arduous task of permanently downsizing their production capacity to match sharply reduced demand. Exco's reliance on the European market is minimal and it is expected there will be a minimal overall impact on its performance next year as our Polydesign business unit will launch new programs for a wide array of products which should offset any reduction in volumes and our Allper business has reduced its operating costs by closing its warehouse in Switzerland in favour of a leaner sales representative distribution model.

Legislative requirements in the US for higher automobile fuel efficiency have now become law. The need to improve mileage in 2017 and each year thereafter until 2025 when 54.5 mpg is achieved will ensure significant investment by all OEMs in next generation engine and transmission architecture and use of lighter material and components. The reputation of Exco's large mould business as the global 'go to' source for the design and manufacture of engine block and transmission housing dies and its recent investment in silifont die casting technology ensures that Exco will benefit from these trends well into the future. We also expect that the investment in Queretaro Mexico will become the preferred tooling supplier to the ever growing Mexican automotive industry die casters.

Our extrusion tooling businesses will not likely experience the buoyancy of the automotive industry as its customers are not as well capitalized as automotive OEMs and the U.S. industrial and commercial construction markets are recovering much more slowly. Anti dumping duties in the U.S. and Canada against Chinese imports of aluminum extrusions and the consolidation of our three North American extrusion plants into two has helped firm up profitability of this group. This should continue in the next year. Our new tool shop in Colombia should continue to capture market share in the fast growing South American markets. Exco's construction of a new extrusion tool shop in Sorocaba Brazil will be a drag on our cash next year and will likely not be completed until the end of 2013. However, once complete it will enable Exco to also capture market share in the fast growing Brazil market which is largely closed to foreign competition by relatively high protective tariffs.

In the meantime, Exco itself enters 2013 with no bank debt and cash on hand of $31.2 million or 77 cents per share after paying $5.5 million in dividends and investing heavily in machinery and equipment to keep us competitive ($7.7 million). While raw material costs continue to be an area of possible uncertainty the likelihood of slow economic growth and government retrenchment appears to be pointing towards a weakening raw material cost environment which should further support our efforts to control costs and maintain margins. We believe that our debt-free status and greater efficiency will help insulate us from the volatility in the global economy that persistently flares up from time to time.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Exco Technologies Limited and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. Financial statements are not precise since they include certain amounts based on estimates and judgements. Management has determined such amounts on a reasonable basis in order to ensure that the consolidated financial statements are presented fairly, in all material respects. Management has prepared the financial information presented elsewhere in the annual report and has ensured that it is consistent with that in the consolidated financial statements.

The Company maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Board carries out this responsibility principally through its Audit Committee. The Audit Committee is appointed by the Board, and all of its members are outside directors. The Committee meets regularly with management, as well as the external auditors, to discuss internal controls over discharging its responsibilities and to review the annual report, the financial statements and the external auditors' report. The Committee reports its findings to the Board for consideration when approving the financial statements for issuance to the shareholders. The Committee also considers, for review by the Board and approval by the shareholders, the engagement or re-appointment of external auditors.

The consolidated financial statements have been audited by Ernst & Young LLP, the external auditors, in accordance with Canadian generally accepted auditing standards on behalf of the shareholders. Ernst & Young LLP has full and free access to the Audit Committee.

Exco Technologies Limited
November 30, 2012

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Exco Technologies Limited

We have audited the accompanying consolidated financial statements of Exco Technologies Limited, which comprise the consolidated statements of financial position as at September 30, 2012 and 2011, and October 1, 2010 and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years ended September 30, 2012 and 2011, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Exco Technologies Limited as at September 30, 2012 and 2011, and October 1, 2010 and its financial performance and its cash flows for the years ended September 30, 2012 and 2011 in accordance with International Financial Reporting Standards.

Ernst & Young LLP

Chartered Accountants
Licensed Public Accountants

Toronto, Canada
November 30, 2012

EXCO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
$ (000)'s

	As at September 30, 2012	As at September 30, 2011	As at October 1, 2010
ASSETS			
Current			
Cash and short-term deposits (note 4)	**$31,243**	$15,376	$20,186
Accounts receivable (note 8)	**46,974**	47,224	33,320
Unbilled revenue (note 7)	**13,557**	13,301	9,018
Inventories (note 9)	**21,649**	21,358	17,732
Prepaid expenses and deposits	**1,643**	1,938	3,692
Assets held for sale	**-**	-	1,087
Total current assets	**115,066**	99,197	85,035
Property, plant and equipment, net (note 5)	**60,866**	62,964	64,779
Deferred tax assets (note 14)	**1,712**	760	385
	$177,644	$162,921	$150,199
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Trade accounts payable (note 8)	**$16,147**	$16,131	$13,470
Accrued payroll and taxes	**5,442**	4,628	2,656
Other accrued liabilities	**4,981**	6,180	4,275
Provisions (note 6)	**895**	835	1,089
Income taxes payable (note 14)	**1,638**	909	2,433
Customer advance payments (note 7)	**1,107**	387	1,760
Total current liabilities	**30,210**	29,070	25,683
Deferred tax liabilities (note 14)	**3,688**	3,524	4,081
Total liabilities	**33,898**	32,594	29,764
Shareholders' Equity			
Share capital (note 3)	**37,057**	36,046	35,868
Contributed surplus (note 3)	**3,318**	3,519	3,366
Accumulated other comprehensive (loss) income (note 3)	**(3,677)**	597	-
Retained earnings	**107,048**	90,165	81,201
Total shareholders' equity	**143,746**	130,327	120,435
	$177,644	$162,921	$150,199

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

Brian A. Robbins
Director,
President and
Chief Executive Office

Laurie T.F. Bennett
Director,
Chairman of
the Board

EXCO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
$ (000)'s except for income per common share

	Years ended September 30	
	2012	2011
Sales	**$242,516**	$202,631
Cost of sales before the following	**172,648**	150,267
Selling, general and administrative expenses (notes 3, 8 and 11 (B))	**27,274**	23,950
Depreciation and amortization	**8,662**	10,055
Gain on disposal of assets held for sale	**-**	(162)
Loss on disposal of property, plant and equipment	**2**	20
Interest expense (income)	**5**	(21)
	208,591	184,109
Income before income taxes	**33,925**	18,522
Provision for (recovery of) income taxes (note 14)		
Current	**10,026**	6,228
Deferred	**(550)**	(969)
	9,476	5,259
Net income for the year	**$24,449**	$13,263
Other comprehensive (loss) income		
Net unrealized loss on derivatives designated as cash flow hedges (1) (note 8)	**(82)**	-
Unrealized (loss) income on foreign currency translation	**(4,192)**	597
	(4,274)	597
Comprehensive income	**$20,175**	$13,860
Income per common share		
Basic	**$0.60**	$0.32
Diluted	**$0.60**	$0.32
Weighted average number of common shares outstanding (note 13)		
Basic	**40,734**	40,935
Diluted	**40,930**	41,083

(1) Cash flow hedges are comprised of MXP/USD Collars, and are net of income tax recovery of $29 (2011 - nil).

The accompanying notes are an integral part of these consolidated financial statements.

EXCO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
$ (000)'s

				Accumulated other comprehensive (loss) income			
	Share capital	**Contributed surplus**	**Retained earnings**	Net unrealized loss on derivatives designated as cash flow hedges	Unrealized gain (loss) on foreign currency translation	**Total accumulated other comprehensive income (loss)**	**Total shareholders' equity**
Balance, October 1, 2010	$35,868	$3,366	$81,201	$-	$-	$-	$120,435
Net income for the year	-	-	13,263	-	-	-	13,263
Dividends (note 3)	-	-	(4,299)	-	-	-	(4,299)
Stock option expense (note 3)	-	192	-	-	-	-	192
Issuance of share capital (note 3)	178	(39)	-	-	-	-	139
Other comprehensive income (note 3)	-	-	-	-	597	597	597
Balance, September 30, 2011	36,046	3,519	90,165	-	597	597	130,327
Net income for the year	-	-	24,449	-	-	-	24,449
Dividends (note 3)	-	-	(5,494)	-	-	-	(5,494)
Stock option expense (note 3)	-	158	-	-	-	-	158
Issuance of share capital (note 3)	1,695	(359)	-	-	-	-	1,336
Repurchase of share capital (note 3)	(684)	-	(2,072)	-	-	-	(2,756)
Other comprehensive loss (note 3)	-	-	-	(82)	(4,192)	(4,274)	(4,274)
Balance, September 30, 2012	**$37,057**	**$3,318**	**$107,048**	**($82)**	**($3,595)**	**($3,677)**	**$143,746**

The accompanying notes are an integral part of these consolidated financial statements.

EXCO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF CASH FLOWS
$ (000)'s

	Years ended September 30	
	2012	2011
OPERATING ACTIVITIES:		
Net income for the year	**$24,449**	$13,263
Add (deduct) items not involving a current outlay of cash		
Depreciation and amortization	**8,662**	10,055
Stock-based compensation expense (note 3)	**350**	238
Deferred income taxes	**(807)**	(932)
Gain on disposal of assets held for sale	**-**	(162)
Loss on disposal of property, plant and equipment	**2**	20
(Gain) loss on financial instrument valuation (note 8)	**(952)**	882
	31,704	23,364
Net change in non-cash working capital (note 15)	**(368)**	(16,103)
Cash provided by operating activities	**31,336**	7,261
FINANCING ACTIVITIES:		
Dividends paid (note 3)	**(5,494)**	(4,299)
Repurchase of share capital (note 3)	**(2,756)**	-
Issuance of share capital (note 3)	**1,336**	139
Cash used in financing activities	**(6,914)**	(4,160)
INVESTING ACTIVITIES:		
Business acquisitions, net of cash acquired (note 12)	**-**	(2,538)
Purchase of property, plant and equipment	**(7,733)**	(8,931)
Proceeds on disposal of property, plant and equipment	**37**	3,267
Cash used in investing activities	**(7,696)**	(8,202)
Effect of exchange rate changes on cash and short-term deposits	**(859)**	291
Net increase (decrease) in cash and short-term deposits during the year	**15,867**	(4,810)
Cash and short-term deposits, beginning of year	**15,376**	20,186
Cash and short-term deposits, end of year	**$31,243**	$15,376

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
$(000)'s except per share amounts

1. CORPORATE INFORMATION

Exco Technologies Limited (the "Company") is a global designer, developer and manufacturer of dies, moulds, components and assemblies, and consumable equipment for the die-cast, extrusion and automotive industries. Through our 11 strategic locations, we service a diverse and broad customer base. The registered office is located at 130 Spy court, Markham, Ontario, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared under the historical cost convention except for financial assets and liabilities (including derivative instruments) which are presented at fair value. The Company's significant principal accounting policies are outlined below:

Statement of compliance
These consolidated financial statements present the Company's financial results of operations and financial position as at and for the year ended September 30, 2012, including comparative years and have been prepared in accordance with International Financial Reporting Standard ("IFRS") 1 *First-time Adoption of International Financial Reporting Standards,* as issued by the International Accounting Standards Board ("IASB") using accounting policies the Company has adopted in its consolidated financial statements for the year ended September 30, 2012. The Company's consolidated financial statements were previously prepared in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"). Canadian GAAP differs in some areas from IFRS. In preparing these consolidated financial statements, management has amended certain accounting and valuation methods previously applied in the Canadian GAAP financial statements to comply with IFRS. The comparative figures for 2011 were restated to reflect these adjustments. Note 17 contains reconciliations and descriptions of the effects of the transition from Canadian GAAP to IFRS on equity, income and comprehensive income along with line by line reconciliations of the consolidated statements of financial position as at October 1, 2010 and September 30, 2011 and the consolidated statement of income and comprehensive income and the consolidated statement of cash flows for the year ended September 30, 2011.

The consolidated financial statements and accompanying notes for the year ended September 30, 2012 were authorized for issue by the Board of Directors on November 30, 2012.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, its subsidiaries. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated.

Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the parent company's functional and presentation currency.

Transactions
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange at the consolidated statement of financial position date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of income and comprehensive income.

Translation of foreign operations
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the statement of financial position; and
- Income and expenses for each statement of income and comprehensive income are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recorded in other comprehensive income (loss).

When a foreign operation is partially disposed of or sold, exchange differences that were recorded in accumulated other comprehensive income are recognized in the consolidated statements of income and comprehensive income as part of the gain or loss on sale.

Business combinations
Business combinations that occurred prior to October 1, 2010 were not accounted for in accordance with IFRS 3 *Business Combinations* or IAS 27 *Consolidated and Separate Financial Statements* in accordance with the IFRS 1 *First-time Adoption of International Financial Reporting Standards* exemption discussed in Note 17.

Business combinations are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets acquired and liabilities incurred or assumed. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 *Business Combinations* are recognized at their fair values at the acquisition date. Acquisition costs incurred are expensed.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of under this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the cash-generating unit retained.

Critical judgements and use of estimates
The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

Actual results could differ from those estimates. Significant accounts that require estimates as the basis for determining the stated amounts include accounting for doubtful accounts receivable, unbilled revenue, inventories, property, plant and equipment, contingent liabilities, income taxes, fair value of financial instruments and stock option valuation.

Measurement for doubtful accounts receivable requires management to make estimates and assumptions based on prior experience and assessment of current financial conditions of customers, as well as the general economic environment and industry sectors in which they operate.

Several divisions engage in the construction of custom-order large die-cast moulds. Such activities fall into the scope of IAS 11 *Construction Contracts* where revenue is recognized using the percentage of completion method. Under this method, at every reporting date, management is required to estimate the expected outcome on all outstanding contracts as well as measurement of their progress achieved towards their completion. The estimation requires management to make certain assumptions and judgements. These assumptions and judgements are continuously reviewed and updated. If different assumptions are used, it is possible that different revenue would be recognized in the consolidated financial statements.

Net realizable value of inventories is dependent upon the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses based on prior experience and assessment of current market conditions.

Depreciation of property, plant and equipment is dependent upon estimates of useful lives which are determined with the exercise of judgement. The assessment of any impairment of property, plant and equipment is dependent upon estimates of recoverable amounts that take into account factors such as reserves, economic and market conditions and the useful lives of assets.

The estimated useful lives of property, plant and equipment are reviewed on an annual basis. Assessing the reasonableness of the estimated useful lives of property, plant and equipment requires judgement and is based on currently available information. Property, plant and equipment are also reviewed for potential impairment on a regular basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Changes in circumstances, such as technological advances and changes to business strategy can result in actual useful lives and future cash flows differing significantly from estimates. The assumptions used, including rates and methodologies, are reviewed on an ongoing basis to ensure they continue to be appropriate. Revisions to the estimated useful lives of property, plant and equipment or future cash flows constitute a change in accounting estimates and are applied prospectively.

Income taxes are determined based on estimates of the Company's current income taxes and estimates of deferred income taxes resulting from temporary differences. Deferred income tax assets are assessed to determine the likelihood that they will be realized from future taxable income before they expire.

The valuation of the Company's derivative instruments and certain other financial instruments requires estimation of the fair value of each instrument at the reporting date. Details of the basis on which fair value is estimated are provided in Note 8.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted at the grant date. This model requires the input of a number of assumptions including expected dividend yields, expected stock volatility, expected time until exercise, expected forfeitures, and risk-free interest rates. Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based upon market conditions generally outside the control of the Company. If other assumptions were used, stock-based compensation expense could be significantly impacted.

Revenue recognition

Revenue is recognized when it can be measured reliably, the significant risks and rewards of ownership are transferred to the customer, and it is probable that future economic benefits will flow to the Company. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, sales taxes and duties.

- Revenue from short-term casting contracts, extrusion and other tooling, and Automotive Solutions segment products are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon shipment or acceptance by customers.

- Revenue from long-term large die-cast mould contracts are recognized using the percentage of completion method according to IAS 11 *Construction Contracts* under which:

  - When the outcome of a contract can be reliably estimated, revenue and costs associated with a contract are recognized as revenue and expenses respectively by reference to the stage of completion of the contract at the consolidated statement of financial position date.

  - When the outcome of a contract cannot be reliably estimated, revenue is recognized only to the extent of contract costs incurred. When the uncertainties that prevented reliable estimation of the outcome of a contract no longer exist, contract revenue and expenses are recognized using the percentage of completion method.

  - If the expected outcome of a contract is a loss, it is recognized immediately regardless of whether or not work has commenced on the contract.

  - For contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings, a gross amount due from customers for contract work is recognized as unbilled revenue - an asset in the consolidated statements of financial position. For all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses), a gross amount due to customers for contract work is recognized as customer advance payments - a liability in the consolidated statements of financial position.

Share-based payments
The Company grants stock options to buy common shares of the Company to officers and employees. The Board of Directors grants such options for periods of up to 10 years, with vesting periods determined at its sole discretion and at prices equal to the average closing market prices on the five days preceding the date on which the options were granted.

The Company follows the fair value based method of accounting for stock-based compensation. The fair value of the options is recognized as compensation expense in selling, general and administrative expenses in the consolidated statements of income and comprehensive income over the vesting period with a corresponding increase to contributed surplus. The contributed surplus balance is reduced as the options are exercised and the amount initially recorded for the options in contributed surplus is credited to share capital, along with the proceeds received on exercise.

On November 18, 2005 the Board adopted a Deferred Share Unit ("DSU") plan for Independent Directors. The DSU Plan replaces the past practice of granting eligible directors stock options under the Stock Option Plan. Under the DSU plan, quarterly remuneration of a director is credited to the director's DSU account in the form of deferred share units on the last business day of the quarter. The number of deferred share units credited to the director's account is determined by dividing a director's quarterly remuneration by the weighted average price of the common share value traded in the last five business days of the quarter. Deferred share units are fully vested upon being credited to a director's DSU account. The deferred share units will be redeemed by the Corporation in cash payable 60 days after the Independent Director departs from the Board at the fair market value at the payment date.

Income taxes
Income tax expense consists of current and deferred income taxes. Income tax expense is recognized in the consolidated statements of income and comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to taxes payable with regards to previous years.

Deferred income taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible timing differences can be utilized.

Deferred taxes are charged or credited in the statement of income and comprehensive income, except when it relates to items credited or charged directly to equity in which case the deferred taxes are also dealt with in equity.

Deferred tax assets are assessed at each statement of financial position date.

Income per common share
Basic income per share are computed by dividing the net income available to common shareholders by the weighted average number of common shares outstanding during the reporting period. Diluted income per share are computed similar to basic income per share except that the weighted average number of common shares outstanding is increased to include additional shares for the assumed exercise of stock options, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options were exercised and that the proceeds from such exercises were used to acquire common shares at the average market price during the reporting period.

Other comprehensive income
Other comprehensive income is the change in the Company's net assets that results from translations, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net income such as foreign currency gains or losses on the translation of the financial statements of foreign operations and foreign exchange gains or losses on the fair valuation of foreign exchange contracts designated as cash flow hedges. The Company's other comprehensive income, components of other comprehensive income and cumulative translation adjustments are presented in the consolidated statements of income and comprehensive income and the consolidated statements of changes in shareholders' equity.

Cash and short-term deposits
Cash and short-term deposits include cash on hand, balances with banks and short-term deposits with maturities of three months or less.

Property, plant and equipment

(i) *Machinery and equipment*
Machinery and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. All direct costs related to the acquisition and installation of machinery and equipment are capitalized until the properties to which they are related are capable of carrying out their intended use. Machinery and equipment are depreciated using the double declining balance method based on their estimated useful lives which range from 4 to 20 years.

(ii) *Other assets*
Other assets are depreciated using the straight-line method based on estimated useful lives, which generally range from 3 to 10 years, with the exception of buildings which have estimated useful lives of 30 years. Land is not depreciated.

(iii) *Leased assets*
Leases in which the Company assumes substantially all risks and rewards of ownership are classified as finance leases. Finance leases are recognized at the lower of the fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses. Lease payments are accounted for as reductions in finance lease obligations. Finance lease assets with bargain purchase options are depreciated using the straight-line method based on estimated useful lives which generally range from 4 to 30 years or over the lease terms if without bargain purchase options.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects are capitalized until the asset is brought to a working condition for its intended use.

The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate portion of normal overheads.

The costs of day-to-day servicing are expensed as incurred. These costs are more commonly referred to as "maintenance and repairs."

The depreciation methods and useful lives are assessed annually or when critical events occur that may affect the useful lives and expected pattern of consumption of economic benefits embodied in the asset.

(iv) *Subsequent costs*
The cost of replacing part of an item within property, plant and equipment is capitalized when the cost is incurred or if it is probable that the future economic benefits will flow to the business unit and the cost of the item can be measured reliably. All other costs are expensed as incurred.

(v) *Impairment*
The Company's tangible assets are reviewed for an indication of impairment at each consolidated statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating units, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment loss is recognized in income or loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the cash-generating unit on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(vi) *Reversal of impairment*
An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

Inventories
Inventories, comprising raw materials, work-in-process, finished goods and production supplies, are valued at the lower of cost and net realizable value. Cost is determined substantially on a first-in, first-out basis and an appropriate portion of normal overhead expenditure. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Obsolete, redundant and slow-moving stock is identified and written down to net realizable value.

Financial instruments
As defined under IAS 39 *Financial Instruments,* financial assets and liabilities are recognized in the Company's consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognized when the Company no longer has the rights to such cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are de-recognized when the obligation under the liability is discharged, cancelled or expired.

Financial instruments recognized in the consolidated statements of financial position comprise cash and short-term deposits, accounts receivable, unbilled revenue, mortgage receivable, accounts payable and accrued liabilities, provisions, customer advance payments, forward foreign exchange contracts that are not qualified for hedge accounting and finance lease obligations.

Financial instruments are measured at their fair values on initial recognition. After initial recognition, financial instruments are measured at their fair values, except for financial assets classified as held-to-maturity or loans and receivables and other financial liabilities, which are measured at cost or amortized cost using the effective interest rate method.

Changes in fair value are included in the consolidated statements of income and comprehensive income unless the instrument is included in a cash flow hedge. If the instruments are included in a cash flow hedging relationship, which is effective, changes in value are recorded in equity. When the hedged forecast transaction occurs, amounts previously recorded in equity are recognized in the consolidated statements of income and comprehensive income.

Accounts receivable and unbilled revenue are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of accounts receivable and unbilled revenue are based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified.

The Company uses derivative financial instruments, such as forward foreign currency exchange contracts in the form of put and call option contracts ("Collars"), to hedge cash outflows anticipated to be made in Mexican pesos denominated payments against foreign currency fluctuations between U.S. dollars and Mexican pesos. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in other comprehensive income.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognized firm commitment. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately in the statement of income as an income or expense.

Amounts recognized as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast purchase occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognized as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in equity is transferred to the statement of income. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Forward foreign exchange contracts are negotiated with JP Morgan Chase with a long-term debt rating of A+ as determined by Standard & Poor's. The Company does not anticipate non-performance by JP Morgan Chase, which is the counterparty to these contracts.

The Company's financial assets and liabilities recorded at fair value in the consolidated statements of financial position have been categorized into three categories based on a fair value hierarchy. Fair value of assets and liabilities included in Level I is determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level III valuations are based on inputs that are not based on observable market data.

Transaction costs are expensed as incurred for financial instruments classified or designated as held for trading. Transaction costs for financial assets classified as available for sale are added to the value of the instruments at the acquisition date. Transaction costs related to other financial liabilities are added to the value of the instrument at the acquisition date and recorded in income using the effective interest rate method.

Provisions
As required under IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

Leases

As required under IAS 17 *Leases*, assets held under finance leases are recognized as assets of the Company at the lower of the fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding amount is recognized as a finance lease liability. The finance lease liability is reduced by lease payments less finance charges, which are expensed as part of interest expense in the consolidated statements of income and comprehensive income. Under operating leases, payments are recognized as expense over the term of the relevant leases.

Employee future benefits

(i) *Leave pay*

Employee entitlements to annual leave are recognized as they are earned by the employees. A provision, stated at current cost, is made for the estimated liability at year end.

(ii) *Termination benefits*

The Company is subject to Mexican statutory laws and regulations governing employee termination benefits. Employee future benefits include statutorily mandated accrued benefits payable to employees in the event of termination in certain circumstances. Termination benefits are recognized as an expense and an associated liability when the amount can be reasonably estimated at the discounted value of the expected future payments.

Accounting standards issued but not yet applied

The following standards are not yet effective for the year ended September 30, 2012. The extent of the impact of adoption of these standards in the consolidated financial statements of the Company is expected to be immaterial.

IFRS 9 *Financial Instruments*: In November 2009, as part of the IASB project to replace International Accounting Standard ("IAS") 39 *Financial Instruments: Recognition and Measurement*, the IASB issued the first phase of IFRS 9 *Financial Instruments,* which will be effective on January 1, 2013, that introduces new requirements for the classification and measurement of financial assets. The standard was revised in October 2010 to include requirements regarding classification and measurement of financial liabilities.

IFRS 13 *Fair Value Measurement*: IFRS 13 became effective on January 1, 2012 and is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures.

IAS 1 *Presentation of Financial Statements*: In June 2011, the IASB made amendments to IAS 1, "Presentation of Financial Statements", which will require companies to group items presented in Other Comprehensive Income on the basis of whether they will or will not be subsequently reclassified to profit or loss. The amended version of IAS 1 is effective for the annual periods beginning on or after July 1, 2012, with earlier adoption permitted.

$(000)'s except per share amounts

3. 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.

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	
Issued and outstanding at October 1, 2010	40,912,823	$35,868
Contributed surplus on stock options exercised	-	39
Issued for cash under Stock Option Plan	49,000	139
Issued and outstanding at September 30, 2011	40,961,823	36,046
Contributed surplus on stock options exercised	-	359
Issued for cash under Stock Option Plan	438,368	1,336
Purchased and cancelled pursuant to normal course issuer bid	(777,180)	(684)
Issued and outstanding at September 30, 2012	**40,623,011**	**$37,057**

Accumulated other comprehensive (loss) income

Included in accumulated other comprehensive (loss) income in shareholders' equity are gains and losses arising from the translation of the Company's foreign subsidiaries, net gain and loss on derivatives designated as cash flow hedges and reclassification to income of net gain (loss) on cash flow hedges as summarized on the following table.

	2012	2011
Opening balance, October 1	**$597**	$-
Net loss on derivatives designated as cash flow hedges (1)	**(82)**	-
Unrealized (loss) gain from currency translation adjustments	**(4,192)**	597
Total other comprehensive (loss) income for the year	**(4,274)**	597
Closing balance, September 30	**($3,677)**	$597

(1) Net of income tax recovery of $29 (2011 – nil).

Cash dividends

During the year, the Company paid four quarterly cash dividends totaling $5,494 (2011 - $4,299). The dividend rate per quarter increased in the third quarter of the year from $0.03 to $0.0375 per common share.

$(000)'s except per share amounts

Stock Option Plan
The Company has a Stock Option Plan under which common shares may be acquired by employees, officers and directors of the Company. The following table shows the changes to the number of stock options outstanding during the year:

	2012		2011	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	**1,695,390**	**$3.95**	1,830,619	$3.97
Granted during the year	**90,000**	**3.52**	143,979	3.30
Exercised during the year	**(438,368)**	**3.05**	(49,000)	2.84
Expired during the year	**(96,234)**	**3.00**	(230,208)	3.93
Balance, end of year	**1,250,788**	**$4.31**	1,695,390	$3.95

The following table summarizes information about stock options outstanding and exercisable at September 30, 2012:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$1.03 - $3.00	238,549	2.57 years	$1.82	114,449	$1.77
$3.01 - $4.00	582,143	4.46 years	$3.74	371,992	$3.92
$4.51 - $7.15	430,096	0.90 years	$6.46	430,096	$6.46
$1.03 - $7.15	**1,250,788**	**2.87 years**	**$4.31**	**916,537**	**$4.84**

The number of common shares available for future issuance of options at September 30, 2012 was 1,454,819 (2011 - 1,448,585). The number of options outstanding together with those available for future issuance totals 2,705,607 (2011 - 3,143,975) or 6.7% (2011 - 7.7%) of the issued and outstanding common shares. The options are granted for a term of 5 to 10 years and the options vest at 20% each anniversary from the date of grant. In fiscal 2009, 30,000 special options were also granted for a term of 5 years and vested at 50% each anniversary date from the grant date.

Stock-based compensation
Stock-based compensation resulting from applying the Black-Scholes option-pricing model to the Company's Stock Option Plan was $158 for the year ended September 30, 2012 (2011 - $192). All stock-based compensation has been recorded in selling, general and administrative expenses. The weighted average assumptions measuring the fair value of stock options and the weighted average fair value of options granted during the years ended September 30, 2012 and 2011 are as follows:

$(000)'s except per share amounts

	2012	2011
Risk free interest rates	**1.40%**	2.86%
Expected dividend yield	**3.36%**	2.39%
Expected volatility	**67.73%**	61.47%
Expected time until exercise	**5.38 years**	7.92 years
Weighted average fair value of the options granted	**$1.60**	$1.69

Deferred Share Unit Plan
The deferred share units granted to the Company's directors during the year are:

	Number of units	**Expense**
December 31, 2011	**4,554**	**$19**
March 31, 2012	**3,155**	**141**
June 30, 2012	**3,144**	**16**
September 30, 2012	**3,139**	**16**
Total	**13,992**	**$192**

	Number of units	Expense
December 31, 2010	3,332	$40
March 31, 2011	3,593	41
June 30, 2011	3,810	3
September 30, 2011	4,620	(38)
Total	15,355	$46

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:

	2012	2011
Balance, beginning of year	**$3,519**	$3,366
Stock option compensation expense	**158**	192
Exercise of stock options	**(359)**	(39)
Balance, end of year	**$3,318**	$3,519

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 October 5, 2011, replacing the normal course issuer bid which expired on May 9, 2011. The Company's Board of Directors authorized the purchase of up to 1,500,000 common shares, representing approximately 4% of the Company's outstanding common shares. During the year, 777,180 common shares were repurchased (2011 - nil) for a total cost of $2,756. The cost to repurchase the common shares in the year exceeded their stated value by $2,072 which was charged against retained earnings.

$(000)'s except per share amounts

4. BANK INDEBTEDNESS

	September 30, 2012	September 30, 2011	October 1, 2010
Prime rate in Canada	**3.00%**	3.00%	3.00%
Prime rate in US	**3.25%**	3.25%	3.25%
JP Morgan operating lines	**$17,096**	$15,350	$3,090
Scotia operating line	**-**	-	10,000
Bank overdrafts	**(4,314)**	(3,733)	-
Letters of credit	**(2,121)**	(1,886)	(1,442)
Unused and available operating lines	**$10,661**	$9,731	$11,648

These operating lines are available in U.S. dollars and Canadian dollars at variable rates ranging from prime plus 0.5% to prime plus 2.0%. The Company's Canadian credit facilities are collateralized by a general agreement over its Canadian assets. The U.S. credit facility is collateralized by a security interest over the assets of the Company's U.S. subsidiary, Polytech.

Interest
Net interest paid was $5 for the year ended September 30, 2012 (2011 – net interest earned was $21).

5. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	**Tools**	**Buildings**	**Land**	**Total**
Cost					
Balance as at October 1, 2010	$128,003	$38,125	$44,266	$6,525	$216,919
Additions:					
Assets acquired	6,027	617	1,894	393	8,931
Assets acquired from business acquisitions	281	871	-	-	1,152
Reclassification from assets held for sale	8,907	-	2,187	292	11,386
Less: disposals	(4,036)	(897)	(3,670)	(258)	(8,861)
Foreign exchange movement	1,428	183	225	7	1,843
Balance as at September 30, 2011	140,610	38,899	44,902	6,959	231,370
Additions	6,358	758	537	80	7,733
Reclassification	(1,166)	415	751	-	-
Less: disposals	(10,336)	(4,054)	(57)	-	(14,447)
Foreign exchange movement	(2,503)	(222)	(1,351)	(134)	(4,210)
Balance as at September 30, 2012	**$132,963**	**$35,796**	**$44,782**	**$6,905**	**$220,446**

$(000)'s except per share amounts

	Machinery and equipment	Tools	Buildings	Land	Total
Accumulated depreciation and impairment losses					
Balance as at October 1, 2010	$101,024	$34,013	$17,103	$-	$152,140
Depreciation for the year	7,058	1,461	1,536	-	10,055
Reclassification from assets held for sale	8,907	-	1,390	-	10,297
Less: disposals	(3,610)	(607)	(1,368)	-	(5,585)
Foreign exchange movement	1,244	190	65	-	1,499
Balance as at September 30, 2011	114,623	35,057	18,726	-	168,406
Depreciation for the year	5,646	1,326	1,690	-	8,662
Reclassifications	(99)	5	94	-	-
Less: disposals	(10,316)	(4,054)	(57)	-	(14,427)
Foreign exchange movement	(1,979)	(601)	(481)	-	(3,061)
Balance as at September 30, 2012	**$107,875**	**$31,733**	**$19,972**	**$-**	**$159,580**
Carrying amounts					
At October 1, 2010	$26,979	$4,112	$27,163	$6,525	$64,779
At September 30, 2011	$25,987	$3,842	$26,176	$6,959	$62,964
At September 30, 2012	**$25,088**	**$4,063**	**$24,810**	**$6,905**	**$60,866**

At September 30, 2012, the Company had building, machinery and deposits relating to property, plant and equipment of $1,629 (2011 - $621). These assets are not being depreciated because they are under construction and not in use.

6. PROVISIONS

The following tables outline the provisions at the dates of the consolidated statements of financial position and changes to the provisions during the reporting periods.

	September 30, 2012	September 30, 2011	October 1, 2010
Severance	**$434**	$456	$782
Warranties	**25**	26	27
Claims and litigation	**436**	353	280
	$895	$835	$1,089

The fair value of the above provisions is management's best estimate based on information available. The ultimate amounts and timing of payments for any of these provisions are not determinable at this present time. There is no reimbursement expected for any of these provisions.

$(000)'s except per share amounts

The movement in the provision accounts is as follows:

	Severance	Warranties	Litigation and Claims	Total
Opening balance, October 1, 2010	$782	$27	$280	$1,089
Acquired from business acquisitions	128	53	-	181
Additions	639	-	148	787
Utilized	(1,042)	(58)	-	(1,100)
Reversals	(50)	-	(79)	(129)
Foreign exchange differences	(1)	4	4	7
Closing balance, September 30, 2011	456	26	353	835
Additions	390	-	111	501
Utilized	(316)	-	(20)	(336)
Reversals	(49)	-	-	(49)
Foreign exchange differences	(47)	(1)	(8)	(56)
Closing balance, September 30, 2012	**$434**	**$25**	**$436**	**$895**

7. TOOL CONSTRUCTION CONTRACTS

Contract revenue recognized under the percentage of completion method during the year was $48,035 (2011 - $33,145). For contracts in progress, the following table summarizes the aggregate amount of costs incurred, profits recognized, progress billings from customers for the related contracts and retentions being held to date.

	September 30, 2012	September 30, 2011	October 1, 2010
Contracts in progress:			
Aggregate amount of costs incurred to date	**$12,832**	$11,884	$5,878
Add: profits recognized (less losses recognized) to date	**2,835**	2,659	3,140
Gross: unbilled revenue	**15,667**	14,543	9,018
Less: progress billings	**(2,110)**	(1,242)	-
Net unbilled revenue	**13,557**	13,301	9,018
Retentions	**-**	-	-
Due from customers	**13,894**	13,301	9,018
Due to customers	**($337)**	$-	$-

$(000)'s except per share amounts

8. FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as follows:

Cash	Financial assets - held for trading
Accounts receivable*	Financial assets - loans and receivables
Unbilled revenue	Financial assets - loans and receivables
Trade accounts payable	Financial liabilities - other financial liabilities
Accrued payroll and taxes	Financial liabilities - other financial liabilities
Other accrued liabilities	Financial liabilities - other financial liabilities
Provisions	Financial liabilities - other financial liabilities
Customer advance payments	Financial liabilities - held for trading

**Recorded at net of allowance for doubtful accounts.*

Foreign exchange contracts

The Company entered into a series of Collars extending through to September 26, 2013. The total value of these Collars is 54.1 million Mexican pesos (2011 – 128.5 million Mexican pesos). The selling price ranges from 12.01 to 13.01 Mexican pesos to each U.S. dollar. Management estimates that an accumulative loss of $119 (2011 – loss of $1,070) would be realized if these Collars were terminated on September 30, 2012. During the year, the estimated fair value gain of $952 (2011 - loss of $882) has been included in selling, general and administrative expenses and the accumulative loss of $119 is recorded in the consolidated statements of financial position under the caption other accrued liabilities.

The Company also entered into another series of Collars extending through to September 2, 2014 and designated them as cash flow hedges. The total value of these Collars is 102.0 million Mexican pesos (2011 – nil). The selling price ranges from 12.67 to 13.88 Mexican pesos to each U.S. dollar. Management estimates that an accumulative loss of $111 (2011 - nil) would be realized if these Collars were terminated on September 30, 2012. During the year, the estimated fair value loss of $82, net of income tax recovery of $29 (2011 – nil), has been included in other comprehensive loss and the accumulative loss of $111 is recorded in the consolidated statements of financial position under the caption other accrued liabilities.

Financial risk management

The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of the risks and how they are managed:

a) Credit Risk

Credit risk is the risk of an unexpected loss if a customer or third party fails to meet its contractual obligations. The Company's primary credit risk is its outstanding trade accounts receivable. The carrying amount of its outstanding trade accounts receivable represents the Company's estimate of its maximum credit exposure. The Company regularly monitors its credit risk exposure and takes steps such as credit approval procedures, establishing credit limits, utilizing credit assessments and monitoring practices to mitigate the likelihood of these exposures from resulting in an actual loss. The carrying amount of the trade accounts receivable disclosed in the consolidated statements of financial position is net of allowance for doubtful accounts, estimated by the Company's management, based on prior experience and assessment of current financial conditions of customers as well as the general economic environment. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of income and comprehensive income. As at September 30, 2012, the accounts receivable balance (net of allowance for doubtful accounts) is $46,974 (2011 - $47,224) and the Company's five largest trade debtors accounted for 45% of the total accounts receivable balance (2011 - 48%). At September 30, 2012, accounts receivable of $499 (2011 - $517) are insured against default.

$(000)'s except per share amounts

The following table presents a breakdown of the Company's accounts receivable balances:

	September 30, 2012	September 30, 2011	October 1, 2010
Trade accounts receivable	**$44,313**	$44,548	$31,260
Employee receivable	**147**	132	23
Sales tax receivable	**2,244**	2,103	1,712
Other	**760**	828	746
Less: allowance for doubtful accounts	**(490)**	(387)	(421)
Total accounts receivable, net	**$46,974**	$47,224	$33,320

The aging of trade accounts receivable balances is as follows:

	September 30, 2012	September 30, 2011	October 1, 2010
Not past due	**$31,778**	$30,979	$23,145
Past due 1-30 days	**7,986**	6,804	6,147
Past due 31-60 days	**1,122**	2,605	1,126
Past due 61-90 days	**2,080**	862	353
Past due over 90 days	**1,347**	3,298	489
Less: allowance for doubtful accounts	**(490)**	(387)	(421)
Total trade accounts receivable, net	**$43,823**	$44,161	$30,839

The movement in the allowance for doubtful accounts is as follows:

	September 30, 2012	September 30, 2011
Opening balance	**$387**	$421
Additions	**240**	190
Utilized	**(99)**	(56)
Reversal	**(10)**	(141)
Exchange differences	**(28)**	(27)
Closing balance	**$490**	$387

b) Liquidity Risk

Liquidity risk refers to the possibility that the Company may not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by minimizing its financial leverage and arranging credit facilities in order to ensure sufficient funds are available to meet its financial obligations. This is achieved by continuously monitoring cash flows from its operating, investing and financing activities. As at September 30, 2012, the Company has a net cash balance of $31,243 (2011 - $15,376) and unused credit facilities of $10,661 (2011 - $9,731).

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following tables summarize the Company's significant commitments and corresponding maturities:

$(000)'s except per share amounts

	September 30, 2012			
	Total	**< 1 year**	**1-3 years**	**> 3 years**
Trade accounts payable	**$16,147**	**$16,147**	**$-**	**$-**
Finance leases	**56**	**12**	**22**	**22**
Operating leases	**1,286**	**458**	**532**	**296**
Purchase commitments	**10,381**	**10,381**	**-**	**-**
Capital expenditures	**3,550**	**3,550**	**-**	**-**
	$31,420	**$30,548**	**$554**	**$318**

	September 30, 2011			
	Total	< 1 year	1-3 years	> 3 years
Trade accounts payable	$16,131	$16,131	$-	$-
Finance leases	784	45	707	32
Operating leases	816	491	289	36
Purchase commitments	13,155	13,155	-	-
	$30,886	$29,822	$996	$68

	October 1, 2010			
	Total	< 1 year	1-3 years	> 3 years
Trade accounts payable	$13,470	$13,470	$-	$-
Finance leases	164	111	46	7
Operating leases	860	428	361	71
Purchase commitments	9,879	9,879	-	-
	$24,373	$23,888	$407	$78

c) Foreign Exchange Risk

The Company's functional and reporting currency is in Canadian dollars. It operates in Canada with subsidiaries located in the United States, Mexico, Morocco, Switzerland and Colombia. It is exposed to foreign exchange transaction and translation risk through its operating activities. Unfavourable changes in the exchange rates may affect the operating results and shareholders' equity of the Company. In order to mitigate the foreign currency exposure, the Company reduces part of its foreign exchange risk by sourcing a significant portion of its manufacturing inputs in the currency that its sales are denominated in. In addition to the above natural hedge, depending on the timing of foreign currency receipts and payments, the Company will occasionally enter into short-term forward foreign exchange contracts to mitigate part of the remaining foreign exchange exposure. These contracts are classified as "held for trading" in the consolidated statements of financial position and fair valued each quarter. The resulting gain or loss on the valuation of these financial instruments is recognized in the consolidated statements of income and comprehensive income. The Company does not mitigate the translation risk exposure of its self-sustaining foreign operations due to the fact that these investments are considered to be long-term in nature.

With all other variables held constant, the following tables outline the Company's annual foreign exchange exposure at one percent fluctuation between various currencies compared with the average annual exchange rate.

$(000)'s except per share amounts

	1 % Fluctuation USD vs. CAD	1 % Fluctuation EUR vs. CAD	1 % Fluctuation MXP vs. CAD	1 % Fluctuation COP vs. CAD
Income (loss) before income taxes	+/-1,062	+/-15	+/-6	+/-10
Other comprehensive income (loss)	+/-318	+/-59	+/-31	+/-12

	1 % Fluctuation CHF vs. CAD	1 % Fluctuation EUR vs. MAD	1 % Fluctuation USD vs. MXP	1 % Fluctuation CHF vs. EUR
Income (loss) before income taxes	+/-1	+/-107	+/-44	+/-10
Other comprehensive income (loss)	+/-14	na	na	na

d) Interest Rate Risk

The Company's exposure to interest rate risk relates to its net cash position and variable rate credit facilities. The Company mitigates its interest risk exposure by reducing or eliminating its overall debt position. As at September 30, 2012, the Company has a net cash position of $31,243 (2011 - $15,376), and therefore, its interest rate risk exposure is insignificant.

e) Fair Value

Fair value represents point-in-time estimates that may change in subsequent reporting periods due to market conditions or other factors. Presented below is a comparison of the fair value of each financial instrument to its carrying value:

	September 30, 2012		September 30, 2011	
	Carrying Amount of Asset (Liability)	**Fair Value of Asset (Liability)**	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Foreign currency Collars	**($230)**	**($230)**	($991)	($991)
Foreign currency forwards	**-**	**-**	($79)	($79)

Due to their short-term nature, the fair value of cash, receivables, payables, accrued liabilities and customer advance payments is assumed to approximate their carrying value.

The fair value of derivative instruments that are not traded in an active market such as over-the-counter foreign exchange options and Collars is determined using quoted forward exchange rates at the consolidated statement of financial position date. The following tables present the Company's fair value hierarchy for those financial assets and financial liabilities carried at September 30, 2012 and 2011:

		Fair Value Measurements at Reporting Date Using:		
	Carrying Amount of Asset (Liability) at September 30, 2012	**Quoted Market Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Foreign currency Collars	**($230)**	**-**	**($230)**	**-**

$(000)'s except per share amounts

		Fair Value Measurements at Reporting Date Using:		
	Carrying Amount of Asset (Liability) at September 30, 2011	Quoted Market Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Foreign currency Collars	($991)	-	($991)	-
Foreign currency forwards	($79)	-	($79)	-

9. INVENTORIES

	September 30, 2012	September 30, 2011	October 1, 2010
Raw materials	**$12,207**	$10,949	$11,160
Work in process	**4,837**	5,762	4,858
Finished goods	**6,172**	6,201	4,011
Production supplies	**230**	71	89
Less: obsolescence provision	**(1,797)**	(1,625)	(2,386)
	$21,649	$21,358	$17,732

The movement in the obsolescence provision accounts is as follows:

	September 30, 2012	September 30, 2011
Opening balance	**$1,625**	$2,386
Additions	**671**	587
Utilized	**(262)**	(1,181)
Reversals	**(30)**	-
Exchange differences	**(207)**	(167)
Closing balance	**$1,797**	$1,625

During the year, inventories of $105,655 (2011 - $87,540) were expensed, of which $641 was from the write downs of inventory (2011 - $587), net of $30 reversal of write downs (2011 - nil).

10. CAPITAL MANAGEMENT

The Company defines capital as net debt and shareholders' equity. As at September 30, 2012, total managed capital was $143,746 (2011 - $130,327), consisting of nil net debt (2011 - nil) and shareholders' equity of $143,746 (2011 - $130,327).

The Company's objectives when managing capital are to:

- utilize short-term funding sources to manage its working capital requirements and fund capital expenditures required to execute its operating and strategic plans, and

- maintain low overall debt levels relative to shareholders' equity with a strong bias for short-term debt in order to minimize the cost of capital and allow maximum flexibility to respond to current and future industry, market and economic risks and opportunities.

$(000)'s except per share amounts

The following ratios are used by the Company to monitor its capital:

	September 30, 2012	September 30, 2011	October 1, 2010
Net debt to equity ratio	**0.00:1**	0.00:1	0.00:1
Current ratio	**2.77:1**	2.88:1	2.52:1

The following table details the net debt calculation used in the net debt to equity ratio as at the periods ended as indicated:

	September 30, 2012	September 30, 2011	October 1, 2010
Bank indebtedness	**$-**	$-	$-
Less: cash	**(31,243)**	(15,376)	(20,186)
Net debt	**nil**	nil	nil

The current ratio is calculated by dividing current assets (excluding cash and assets held for sale) by current liabilities (excluding bank indebtedness).

The Company is not subject to any capital requirement imposed by regulators; however, the Company must adhere to certain financial covenants related to the terms of its bank credit facility. As at September 30, 2012, the Company was in compliance with the required financial covenants.

11. OTHER INFORMATION

A. SEGMENTED INFORMATION

Business segments
The Company operates in two business segments: Casting and Extrusion Technology ("Casting and Extrusion") and Automotive Solutions. The accounting policies followed in the operating segments are consistent with those outlined in Note 2 to the consolidated financial statements.

The Casting and Extrusion 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 cargo storage and restraint for sale to automotive manufacturers and Tier 1 suppliers (suppliers to automakers).

The Corporate segment involves administrative expenses that are not directly related to the business activities of the above two operating segments.

$(000)'s except per share amounts

				2012
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$156,865**	**$90,425**	**$-**	**$247,290**
Intercompany sales	**(4,344)**	**(430)**	**-**	**(4,774)**
Net sales	**152,521**	**89,995**	**-**	**242,516**
Depreciation and amortization	**6,999**	**1,632**	**31**	**8,662**
Segment income (loss)	**22,436**	**15,332**	**(3,838)**	**33,930**
Net interest expense				**(5)**
Income before income taxes				**33,925**
Property, plant and equipment additions	**6,483**	**1,228**	**22**	**7,733**
Property, plant and equipment, net	**44,845**	**14,723**	**1,298**	**60,866**
Total assets	**121,359**	**53,025**	**3,260**	**177,644**
Total liabilities	**$17,966**	**$13,394**	**$2,538**	**$33,898**

				2011
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$133,661	$74,522	$-	$208,183
Intercompany sales	(5,308)	(244)	-	(5,552)
Net sales	128,353	74,278	-	202,631
Depreciation and amortization	8,182	1,840	33	10,055
Segment income (loss)	11,293	11,702	(4,494)	18,501
Net interest income				21
Income before income taxes				18,522
Property, plant and equipment additions	8,126	701	104	8,931
Property, plant and equipment, net	45,717	15,939	1,308	62,964
Total assets	110,886	50,055	1,980	162,921
Total liabilities	$18,369	$11,129	$3,096	$32,594

Geographic and customer information

Sales	**2012**	2011
Canada	**$14,881**	$15,107
United States	**164,145**	134,169
Europe	**41,619**	35,149
Asia	**215**	306
Other	**21,656**	17,900
	$242,516	$202,631

In 2012, total billings to the Company's largest customer were 17% (2011 - 17%) of total sales and the account receivable pertaining to this customer was $12,123 (2011 - $10,344). The allocation of sales to the geographic segments is based upon the customer location where the product is shipped.

$(000)'s except per share amounts

Property, plant and equipment, net	September 30, 2012	September 30, 2011	October 1, 2010
Canada	**$33,471**	$34,751	$40,957
United States	**11,732**	12,149	9,829
Mexico	**4,869**	5,307	5,399
Morocco	**7,121**	7,807	8,594
South America	**3,673**	2,950	-
	$60,866	$62,964	$64,779

Property, plant and equipment are attributed to the country in which they are located.

B. RESTRUCTURING COST

During the year, the Company recorded severance expense of $185 (2011 - $587) in selling, general and administrative expenses on the consolidated statements of income and comprehensive income relating to staffing reductions throughout its operations.

C. EMPLOYEE FUTURE BENEFITS

The Company accrues employee future benefits for all of its Mexican employees. These benefits consist of a one-time payment equivalent to 12 days of wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with 15 or more years of service, as well as to certain employees terminated involuntarily prior to vesting of their seniority premium benefit. Under Mexican labour laws, the Company also provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Such benefits consist of a one-time payment of three months' wages upon involuntary termination without just cause.

The liability associated with the seniority and termination benefits is calculated as the present value of expected future payments. In determining the expected future payments, assumptions regarding employee turnover rates, inflation, minimum wage increases and expected salary levels are required and are subject to review and change.

D. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management personnel during the years ended September 30, 2012 and 2011 were as follows:

		September 30, 2012	September 30, 2011
Salaries and cash incentives	(i)	**$4,140**	$3,631
Directors' fees		**250**	247
Share-based payments	(ii)	**123**	58
		$4,513	$3,936

(i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended September 30, 2012 and 2011.
(ii) Share-based payments are director share units and stock option fair value granted to directors and key management personnel.

$(000)'s except per share amounts

12. BUSINESS ACQUISITIONS

Effective October 14, 2010, the Company acquired for cash all of the issued and outstanding shares of Allper AG ("Allper"), a Swiss company which designs and markets proprietary consumable die cast tooling. Allper's proprietary ring and plunger tip technology, which has been developed and refined over the last 20 years, is broadly accepted by the die cast industry and is an integral part of the Company's die cast tooling system. This acquisition allows the Company to own the technology and with Allper's network of sales agents and distributors in Europe and Asia, the Company is able to expand its reach to those markets. The purchase price was allocated to the assets acquired and liabilities assumed based on the fair value for the total consideration as follows:

Cash	$480
Accounts receivable	1,320
Inventories	1,089
Property, plant and equipment and other long-term assets	494
Accounts payable and accrued liabilities	(1,228)
Fair value of assets acquired and purchase price	$2,155

On September 19, 2011, the Company also acquired for cash some assets from Empresa Metalmecanica de Aluminio S.A., an existing extrusion tooling customer in Colombia. The acquisition secures for the Company an experienced workforce and an agreement to supply the majority of the customer's extrusion tooling requirements. The purchase price was allocated to the assets acquired based on the fair value for the total consideration as follows:

Inventories	$139
Fixed assets and other long-term assets	724
Fair value of assets acquired and purchase price	$863

These acquisitions were accounted for using the acquisition method of accounting with the results of operations included in the Company's consolidated financial statements from the respective dates of the acquisitions.

13. INCOME PER COMMON SHARE

Income per common share is calculated using net income and the monthly weighted average number of common shares outstanding of 40,734,151 (2011 - 40,934,990). Any potential common shares whose effect is anti-dilutive have not been reflected in the calculation of diluted income per share. There was 195,897 shares of dilution effect from the outstanding stock options on diluted weighted average number of common shares outstanding for 2012 (2011 – 148,297).

$(000)'s except per share amounts

14. INCOME TAXES

		2012
Income before income taxes	**$33,925**	**100.00%**
Income tax expense at Canadian statutory rates	**9,316**	**27.5%**
Manufacturing and processing deduction	**(284)**	**(0.8%)**
Foreign rate differential	**533**	**1.6%**
Items not deductible for income tax purposes	**155**	**0.5%**
Statutory barred reserves	**(88)**	**(0.4%)**
Other	**(156)**	**(0.5%)**
Reported income tax expense	**$9,476**	**27.9%**

		2011
Income before income taxes	$18,522	100.00%
Income taxes at Canadian statutory rates	5,418	29.3%
Manufacturing and processing deduction	(206)	(1.1%)
Foreign rate differential	(443)	(2.4%)
Items not deductible for income tax purposes	262	1.4%
Statutory barred reserves	(71)	(0.4%)
Withholding taxes on dividends	150	0.8%
Other	149	0.8%
Reported income tax expense	$5,259	28.4%

The major components of income tax expense are the following:

	2012	2011
Current income tax expense		
Based on taxable income of the year	**$10,114**	$6,149
Other	**(88)**	80
	10,026	6,229
Deferred income tax recovery		
Origination and reversal of temporary differences	**(550)**	(969)
Reported income tax expense	**$9,476**	$5,260

Deferred income tax movements in the consolidated statements of income and comprehensive income are the following:

	2012	2011
Assets		
Tax benefit of loss carry forward	**($114)**	$151
Items not currently deductible for income tax purposes	**(614)**	(446)
Unrealized FX losses	**64**	(95)
Liabilities		
Unrealized FX gains	**124**	-
Tax depreciation in excess of book depreciation	**(10)**	(579)
Net deferred income tax recovery	**($550)**	($969)

$(000)'s except per share amounts

Net cash outflow during the year for income taxes was $9,385 (2011 - $7,746).

Deferred income tax assets and liabilities consist of the following temporary differences:

	2012	2011
Assets		
Tax benefit of loss carry-forward	**$188**	$24
Items not currently deductible for income tax purposes	**1,524**	645
Unrealized foreign exchange losses	**-**	91
	1,712	760
Liabilities		
Unrealized foreign exchange gains	**(178)**	-
Tax depreciation in excess of book depreciation	**(3,510)**	(3,524)
	(3,688)	(3,524)
Net deferred income tax liabilities	**($1,976)**	($2,764)

The temporary difference associated with investments in subsidiaries for which deferred tax liabilities have not been recognized aggregated to $58,907 (2011 - $35,809).

15. NET CHANGE IN NON-CASH WORKING CAPITAL

The net change in non-cash working capital balances related to operations consists of the following:

	2012	2011
Accounts receivable	**($1,110)**	($12,883)
Unbilled revenue	**(554)**	(4,283)
Inventories	**(1,168)**	(2,353)
Prepaid expenses and deposits	**(399)**	1,900
Trade accounts payable	**977**	2,823
Accrued payroll and taxes	**814**	1,972
Other accrued liabilities	**(439)**	(132)
Provisions	**60**	(254)
Customer advance payments	**725**	(1,374)
Income taxes payable	**726**	(1,519)
	($368)	($16,103)

$(000)'s except per share amounts

16. COMMITMENTS AND CONTINGENCIES

Leases
The Company has commitments under long-term lease agreements for two warehouse facilities and other operating and capital leases expiring at various dates up to 2017. Future minimum annual lease payments are as follows:

2013	$470
2014	332
2015	222
2016	181
2017	137
	$1,342

In addition, as at the year ended September 30, 2012, the Company has purchase obligations in the amount of $13,931 (2011 - $13,155).

Contingent liabilities
In the ordinary course of business, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. On an ongoing basis, the Company assesses the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable costs and losses and a determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. Other than amounts already provided for in the consolidated financial statements, there are no material contingent liabilities as at September 30, 2012 (2011 - nil).

17. ADOPTION OF IFRS

The Company has adopted IFRS effective October 1, 2011. The Company's consolidated financial statements for the year ended September 30, 2012 are the first annual consolidated financial statements that comply with IFRS. The Company's transition date is October 1, 2010 and the Company has prepared its opening IFRS consolidated statement of financial position at that date. These consolidated financial statements have been prepared in accordance with the accounting policies described in Note 2, including the application of IFRS 1 *First-time Adoption of International Financial Reporting Standards*.

IFRS 1 *First-time Adoption of International Financial Reporting Standards* sets forth guidance for the initial adoption of IFRS. Under IFRS 1, the standards are applied retrospectively at the transitional statement of financial position date with all adjustments to assets and liabilities taken to retained earnings unless certain exemptions are applied. The Company has applied the following exemptions to its opening consolidated statement of financial position as at October 1, 2010:

a. **Business combinations**
IFRS 1 indicates that first-time adopters may elect not to apply IFRS 3 *Business Combinations* retrospectively to business combinations that occurred before the date of transition to IFRS. The Company has taken advantage of this election and has applied IFRS 3 to business combinations that occurred on or after October 1, 2010.

b. **Cumulative translation differences**
IFRS 1 allows first-time adopters to not comply with the requirements of IAS 21 *The Effects of*

Foreign Exchange Rates for cumulative transition differences that existed at the date of transition to IFRS. The Company has chosen to apply this election and has eliminated $15,918 of cumulative translation difference against retained earnings at the date of transition to IFRS. If subsequent to adoption, a foreign operation is disposed of, the translation differences that arose before the date of transition to IFRS will not affect the gain or loss on disposal.

c. Share-based payment transactions
IFRS 1 encourages, but does not require, first-time adopters to apply IFRS 2 *Share-based Payment* to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002 and vested before the later of the date of transition to IFRS and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that vested prior to October 1, 2010 which have been accounted for in accordance with Canadian GAAP.

d. IAS 27 Consolidated and Separate Financial Statements
In accordance with IFRS 1, if a company elects to apply IFRS 3 *Business Combinations* retrospectively, IAS 27 *Consolidated and Separate Financial Statements* must also be applied retrospectively. As the Company elected to apply IFRS 3 prospectively, the Company also elected to apply IAS 27 prospectively.

e. Borrowing costs
IFRS 1 permits the election to start capitalizing borrowing costs in accordance with IAS 23 *Borrowing Costs* subsequent to the date of transition. The Company has elected to apply IAS 23 prospectively.

f. Estimates
In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition to IFRS must be consistent with estimates made for the same date under previous GAAP, unless there is objective evidence that those estimates were in error. In all material respects, the Company's IFRS estimates as of October 1, 2010 are consistent with its Canadian GAAP estimates for the same date.

g. Deemed cost
IFRS 1 indicates that first-time adopters are allowed to elect i) fair value at the date of transition to IFRS 1, ii) previous GAAP fair value revaluation, iii) previous GAAP depreciated cost, or iv) previous GAAP at event-driven fair value to be deemed cost at the transition date in compliance with IAS *16 Property, Plant and Equipment*. The Company has elected previous GAAP depreciated cost at the date of transition to IFRS to be the deemed cost as at October 1, 2010.

IFRS employs a conceptual framework that is similar to Canadian GAAP. However, significant differences exist in certain matters of recognition, measurement and disclosure. While adoption of IFRS has not changed the Company's actual cash flows, it has resulted in changes to the Company's reported financial position and results of operations. In order to allow the users of the consolidated financial statements to better understand these changes, the Company's Canadian GAAP consolidated statements of income and comprehensive income and consolidated statements of cash flows for the year ended September 30, 2011 and the consolidated statements of financial position as at October 1, 2010 and September 30, 2011 have been reconciled to IFRS with resulting differences explained.

h. Revenue
IFRS – Under IAS 11 *Construction Contracts,* revenue from construction contracts applicable to the Company's large mould business is accounted for and recognized using the percentage of completion method.

Canadian GAAP – does not contain a specific accounting standard for construction contracts applicable to the Company's large die-cast mould business, but rather the general revenue recognition standard applied.

The application of IAS 11 to applicable businesses on the transition date resulted in the introduction of $9,018 of unbilled revenue and the corresponding $5,878 reduction of inventories, $975 increase in deferred income tax liabilities and $2,165 increase in retained earnings in the opening consolidated statement of financial position. For the year ended September 30, 2011, the application of IAS 11 resulted in a $3,023 increase in revenue and a $157 decrease in net income.

i. Property, plant and equipment

The value at the date of transition to IFRS is established based on IAS 16 *Property, Plant and Equipment* which requires the identification of major components of an asset and depreciates them separately over their useful lives. Accordingly, the Company has identified major components of its property, plant and equipment and depreciated them over their estimated useful lives using methods that reflect the patterns of consumption of the economic benefits embodied in the assets. As a result, the carrying value of property, plant and equipment under GAAP was written down on the transition date by $1,443 with a $436 corresponding decrease in deferred tax liabilities. For the comparative year ended September 30, 2011, the application of components accounting for property, plant and equipment under IAS 16 resulted in a $2,097 increase in depreciation and amortization expense and a $81 decrease in loss from disposal of property, plant and equipment or a $1,472 decrease in net income in the consolidated financial statements.

j. Share-based payments

IFRS

Each tranche of an award with different vesting dates is considered a separate grant for the calculation of fair value, and the resulting fair value is amortized over the vesting period of the respective tranches. Forfeiture estimates are recognized in the period that is estimated and are revised for actual forfeitures in subsequent periods.

Canadian GAAP

The fair value of stock-based awards with graded vesting are calculated as one grant and the resulting fair value is recognized on a straight-line basis over the vesting period. Forfeitures of awards are recognized as they occur.

The application of IFRS 2 resulted in a $119 increase in contributed surplus and a corresponding decrease in retained earnings by the same amount on the transition date. For the comparative year ended September 30, 2011, the application of IFRS 2 resulted in insignificant increases in stock option expense in the consolidated financial statements.

k. Deferred tax assets/liabilities

IFRS - All deferred tax assets and liabilities must be classified as non-current.

Canadian GAAP - Deferred tax assets and liabilities are classified as current and non-current as appropriate.

l. Other comprehensive income

Other comprehensive income consists of the change in the cumulative translation adjustment ("CTA"). Due to other IFRS adjustments, the balances that are used to calculate the CTA are different in accordance with IFRS than in accordance with Canadian GAAP. As a result, CTA and other comprehensive income are different in accordance with IFRS than in accordance with Canadian GAAP.

m. Impairment of assets

IFRS – If indication of impairment is identified, the asset's carrying value is compared to the asset's discounted cash flows. If the discounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value.

Canadian GAAP – If indication of impairment is identified, the asset's carrying value is compared to the asset's undiscounted cash flows. If the undiscounted cash flows are less than the carrying value, the asset is impaired by an amount equal to the difference between the discounted cash flows and the carrying value.

The Company completed an impairment review of its assets as at October 1, 2010 and concluded that the assets were not impaired in accordance with IFRS. There was no indication in the year ended September 30, 2011 for an impairment review.

n. Income taxes

Under Canadian GAAP, when an asset is acquired other than in a business combination and the tax basis of that asset is less than its cost, the cost of future income taxes recognized at the time of acquisition should be added to the cost of the asset. Under IFRS, such cost of future income taxes is exempted. The conversion to IFRS resulted in a de-recognition of $426 of property, plant and equipment and the same amount of deferred tax liability related to the acquisition of Hewl Development LLP in 2008.

o. Foreign currency translation

Under GAAP, the method of translation of the foreign operation is dependent on the classification of the foreign operation – an integrated operation or self-sustaining foreign operation. IFRS does not classify the foreign operation into integrated or self-sustaining operations. The entity must determine its own functional currency. The foreign currency translation adjustments for the Company's integrated foreign operations, which were charged to the consolidated statements of income and comprehensive income under GAAP, will be charged directly to the currency translation adjustment account on the consolidated statement of financial position under IFRS. The conversion to IFRS resulted in a $78 increase in the translated value of property, plant and equipment on the opening consolidated statement of financial position date. For the comparative year ended September 30, 2011, the conversion to IFRS resulted in an insignificant change in the translated value of property, plant and equipment and a $267 reclassification of foreign exchange loss from revaluation of investment to currency translation adjustment or an increase in net income of $176 in the consolidated financial statements.

p. Presentation

The presentation in accordance with IFRS differs from the presentation in accordance with Canadian GAAP.

$(000)'s except per share amounts

The Canadian GAAP consolidated statement of financial position as at October 1, 2010 has been reconciled to IFRS as follows:

		October 1, 2010		
	Ref.	Canadian GAAP	Effect of transition to IFRS	**IFRS**
ASSETS				
Current				
Cash		$20,186	-	**$20,186**
Accounts receivable (note 8)		33,320	-	**33,320**
Unbilled revenue (note 7)	h	-	9,018	**9,018**
Inventories (note 9)	h	23,610	(5,878)	**17,732**
Prepaid expenses and deposits		3,692	-	**3,692**
Assets held for sale	i	1,206	(119)	**1,087**
Total current assets		82,014	3,021	**85,035**
Property, plant and equipment, net (note 5)	i,n,o	66,448	(1,669)	**64,779**
Deferred tax assets (note 14)		385	-	**385**
		$148,847	$1,352	**$150,199**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	p	$21,490	(21,490)	**$-**
Trade accounts payable (note 8)	p	-	13,470	**13,470**
Accrued payroll and taxes	p	-	2,656	**2,656**
Other accrued liabilities	p	-	4,275	**4,275**
Provisions (note 6)	p	-	1,089	**1,089**
Income taxes payable (note 14)		2,433	-	**2,433**
Customer advance payments (note 7)	h	1,760	-	**1,760**
Total current liabilities		25,683	-	**25,683**
Deferred tax liabilities (note 14)	h,i,n,o	3,966	115	**4,081**
Total liabilities		29,649	115	**29,764**
Shareholders' Equity				
Share capital (note 3)		35,868	-	**35,868**
Contributed surplus (note 3)	c,j	3,247	119	**3,366**
Accumulated other comprehensive loss (note 3)	b	(15,918)	15,918	**-**
Retained earnings	b,h,i,j	96,001	(14,800)	**81,201**
Total shareholders' equity		119,198	1,237	**120,435**
		$148,847	$1,352	**$150,199**

$(000)'s except per share amounts

The Canadian GAAP consolidated statements of income and comprehensive income for the year ended September 30, 2011 have been reconciled to IFRS as follows:

		September 30, 2011		
	Ref.	Canadian GAAP	Effect of transition to IFRS	**IFRS**
Sales	h	$199,608	$3,023	**$202,631**
Cost of sales before the following	h	146,781	3,486	**150,267**
Selling, general and administrative expenses (notes 3,8 and 11(B))	j,o	24,208	(258)	**23,950**
Depreciation and amortization	i	7,958	2,097	**10,055**
Gain on disposal of assets held for sale	i	(162)	-	**(162)**
Loss on disposal of property, plant and equipment	i	101	(81)	**20**
Interest income		(21)	-	**(21)**
		178,865	5,244	**184,109**
Income before income taxes		20,743	(2,221)	**18,522**
Provision for income taxes (note 14)	h,i,o	5,936	(677)	**5,259**
Net income for the year		14,807	(1,544)	**13,263**
Other comprehensive income				
Unrealized gain on foreign currency translation (note 8)	i,o	1,071	(474)	**597**
Comprehensive income		$15,878	($2,018)	**$13,860**
Income per common share				
Basic		$0.36	($0.04)	**$0.32**
Diluted		$0.36	($0.04)	**$0.32**

$(000)'s except per share amounts

The Canadian GAAP consolidated statement of financial position as at September 30, 2011 has been reconciled to IFRS as follows:

		September 30, 2011		
	Ref.	Canadian GAAP	Effect of transition to IFRS	**IFRS**
ASSETS				
Current				
Cash		$15,376	-	**$15,376**
Accounts receivable (note 8)		47,224	-	**47,224**
Unbilled revenue (note 7)	h	-	13,301	**13,301**
Inventories (note 9)	h	33,242	(11,884)	**21,358**
Prepaid expenses and deposits		1,938	-	**1,938**
Total current assets		97,780	1,417	**99,197**
Property, plant and equipment, net (note 5)	i,n,o	66,976	(4,012)	**62,964**
Deferred tax assets (note 14)		760	-	**760**
		$165,516	($2,595)	**$162,921**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current				
Accounts payable and accrued liabilities	p	$27,774	(27,774)	**$-**
Trade accounts payable (note 8)	p	-	16,131	**16,131**
Accrued payroll and taxes	p	-	4,628	**4,628**
Other accrued liabilities (note 8)	p	-	6,180	**6,180**
Provisions (note 6)	p	-	835	**835**
Income taxes payable (note 14)		909	-	**909**
Customer advance payments (note 7)	h	1,629	(1,242)	**387**
Total current liabilities		30,312	(1,242)	**29,070**
Deferred tax liabilities (note 14)	h,i,n,o	4,105	(581)	**3,524**
Total liabilities		34,417	(1,823)	**32,594**
Shareholders' Equity				
Share capital (note 3)		36,046	-	**36,046**
Contributed surplus (note 3)	c,j	3,391	128	**3,519**
Accumulated other comprehensive (loss) income (note 3)	b,o	(14,847)	15,444	**597**
Retained earnings	c,h,i,j,o	106,509	(16,344)	**90,165**
Total shareholders' equity		131,099	(772)	**130,327**
		$165,516	($2,595)	**$162,921**

$(000)'s except per share amounts

The Canadian GAAP consolidated statements of cash flows for the year ended September 30, 2011 has been reconciled to IFRS as follows:

		Year ended September 30, 2011		
	Ref.	Canadian GAAP	Effect of transition to IFRS	**IFRS**
OPERATING ACTIVITIES:				
Net income for the year	h,i,j,o	$14,807	($1,544)	**$13,263**
Add (deduct) items not involving a current outlay of cash:				
Depreciation and amortization	i	7,958	2,097	**10,055**
Stock-based compensation expense (note 3)	j	229	9	**238**
Deferred income taxes	i,n,o	(205)	(727)	**(932)**
Gain on disposal of assets held for sale	i	(162)	-	**(162)**
Loss on disposal of property, plant and equipment	i	101	(81)	**20**
Loss on financial instrument valuation (note 8)		882	-	**882**
		23,610	(246)	**23,364**
Net change in non-cash working capital (note 15)	h	(16,349)	246	**(16,103)**
Cash provided by operating activities		7,261	-	**7,261**
FINANCING ACTIVITIES:				
Dividends paid (note 3)		(4,299)	-	**(4,299)**
Issuance of share capital (note 3)		139	-	**139**
Cash used in financing activities		(4,160)	-	**(4,160)**
INVESTING ACTIVITIES:				
Business acquisitions, net of cash acquired (note 12)		(2,538)	-	**(2,538)**
Purchase of property, plant and equipment		(8,931)	-	**(8,931)**
Proceeds on disposal of property, plant and equipment		3,267	-	**3,267**
Cash used in investing activities		(8,202)	-	**(8,202)**
Effect of exchange rate changes on cash		291	-	**291**
Net decrease in cash during the year		(4,810)	-	**(4,810)**
Cash and short-term deposits, beginning of year		20,186	-	**20,186**
Cash, end of year		$15,376	$-	**$15,376**

CORPORATE INFORMATION

Board of Directors

Laurie T.F. Bennett, CA
Corporate Director

Edward H. Kernaghan, MSc
Executive Vice President
Kernaghan Securities Limited

Robert B. Magee, PEng
Chairman and CEO
Woodbridge Group

Philip B. Matthews, MA, CA
Corporate Director

Brian A. Robbins, PEng
President and CEO of the Company

Stephen Rodgers, BEng
President
Automotive Parts & Manufacturers Association

Peter van Schaik
Founder and Chairman
Van Rob Inc.

Corporate Officers

Brian A. Robbins, PEng
President and CEO

Paul Riganelli, MA, MBA, LLB
Vice President, Finance and CFO, Secretary

Transfer Agent and Registrar

Equity Financial Trust Company
200 University Avenue, Suite 400
Toronto, Ontario M5H 4H1
Phone: 416.361.0152
www.equitytransfer.com

Auditors

Ernst & Young LLP
Chartered Accountants

Stock Listing

Toronto Stock Exchange (XTC)

Corporate Office

Exco Technologies Limited
130 Spy Court, 2nd Floor
Markham, Ontario L3R 5H6
Phone: 905.477.3065
www.excocorp.com

2012 Annual Meeting

The 2012 Annual Meeting for the Shareholders will be held at EXCO at 130 Spy Court, 2nd Floor, Markham, Ontario on Wednesday, January 30, 2013, at 4:30 pm.

EXCO

Technologies Limited

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