EXCO TECHNOLOGIES LIMITED
130 SPY COURT, 2ND FLOOR
MARKHAM, ON L3R 5H6
T. 905.477.3065 F. 905.477.2449
www.excocorp.com

Unaudited Condensed Interim Report to the shareholders for the three months ended December 31, 2016

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	Three Months ended December 31	
(in $ thousands except earnings per share amounts)		
	2016	2015
Sales	**$153,097**	$130,901
Net income	**$11,463**	$11,828
Basic earnings per share	**$0.27**	$0.28
Diluted earnings per share	**$0.27**	$0.28
Weighted Basic Common shares outstanding	**42,584**	42,457

The following management's interim discussion and analysis of operations and financial position are prepared as at February 1, 2017 and should be read in conjunction with the consolidated financial statements and Management's Discussion and Analysis ("MD&A") in the Company's 2016 Annual Report.

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

In this MD&A, reference is made to EBITDA, which is not a measure of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates EBITDA as earnings before other income/ expense, interest, taxes, depreciation and amortization. EBITDA is used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use it as well. This measure, as calculated by Exco, does not have any standardized meaning prescribed by IFRS and is not necessarily comparable to similar measure presented by other issuers. Further, reference is made to EBITDA Margin which is defined as EBITDA divided by Sales.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the first quarter ended December 31, 2016 were $153.1 million compared to $130.9 million in the same quarter last year – an increase of $22.2 million or 17%. Over the quarter the average USD/CAD exchange rate was unchanged from the prior year period ($1.34), resulting in no impact on revenue. The average EUR/CAD exchange rate weakened very modestly in the quarter compared to last year ($1.44 versus $1.45), reducing sales by $0.5 million, which was essentially all in the Automotive Solutions segment.

The Automotive Solutions segment reported higher sales of $108.1 million in the first quarter – an increase of $30.4 million or 39% from the same quarter last year. The acquisition of AFX contributed $28.5 million of this increase although sales were higher at most of the segment's other businesses. In particular, sales were higher at each of Polytech, Polydesign and Neocon, which had combined sales growth of 14% over the prior year quarter. Sales were lower at ALC by 11% compared to the prior quarter last year driven by the permanent closure of the group's Lesotho operations at the end of November 2016, the wind down of the BMW 5 Series seat program, and to a much lesser extent, adverse currency movements.

The Casting and Extrusion segment reported sales of $45.0 million for the first quarter – a decrease of $8.2 million or 15% from the same quarter last year. Most of the sales decline occurred in the Large Mould group arising from reduced demand for certain established programs, the timing of customer releases, and pricing pressures on certain new programs. Sales at Castool were lower by 10% compared to the prior year quarter primarily due to different product mix while sales at the Extrusion group were up very modestly year over year.

Consolidated net income for the first quarter was $11.5 million or basic and diluted earnings of $0.27 per share compared to $11.8 million or $0.28 per share in the same quarter last year – a decrease in net income of 3%. This includes the impact of higher amortization expense associated with the AFX acquisition, which reduced net income by $0.02 per share. The effective consolidated income tax rate was relatively stable at 30.9% in the current quarter compared to 31.0% in the same quarter last year. The effective tax rate in the current quarter was adversely impacted by $1.2 million of non-operating costs related to the closure of ALC's operations in Lesotho, which were not tax effected. The effective tax rate in the prior year period was similarly impacted by $1.3 million of operating losses in South Africa/ Lesotho, which were also not tax effected.

The Automotive Solutions segment reported significantly higher pretax profit of $14.6 million in the first quarter – an increase of $5.6 million or 61% over the same quarter last year. Contribution from AFX was the largest factor in this increase. Polytech, Neocon and Polydesign also contributed strongly to the increase as each of these businesses experienced margin expansion in addition to solid top line growth. ALC group operating results improved year over year with the closure of both the South Africa and Lesotho operations. Closure costs associated with Lesotho in the current quarter however amounted to $1.2 million (including a $0.7 million non-cash asset writedown), which were recorded outside of the segment results.

The Casting and Extrusion segment reported lower pretax profit of $5.0 million in the first quarter – a decrease of $5.0 million or 50% from the same quarter last year. Most of this reduction occurred in the Large Mould group which had significantly lower absorption rates and was negatively impacted by unfavorable product mix. Profit at the Extrusion group also slipped from prior year levels due to increased depreciation expense and ongoing front-end operational investments required to harmonize manufacturing processes at the group's various plants. Losses in Brazil remained stable year over year at $0.4 million, or approximately $0.01 per share. Castool's profitability was essentially unchanged from the prior year period despite the revenue reduction resulting mainly from a mix shift towards higher margin products.

The Corporate segment expenses were lower at $1.4 million in the first quarter compared to $1.8 million in the prior year quarter due mainly to a $0.4 million reduction in non-cash stock based compensation expense. This expense totaled $35 thousand in the quarter compared to $465 thousand in the same period last year, driven by the lower stock price. This expense relates to the Stock Option Plan and the Board of Directors Deferred Stock Unit Plan.

Consolidated EBITDA for the first quarter totaled $23.3 million compared to $21.0 million in the same quarter last year – an increase of 11%. EBITDA as a percentage of sales decreased to 15.2% in the current period compared to 16.1% million the prior year. The deterioration in the EBITDA margin is attributable to the Casting and Extrusion segment where the EBITDA margin declined to 18.4% from 24.1% last year as well as the change in contributions between the two segments. These factors were partially offset by an improvement in the EBITDA margin of the Automotive Solutions segment, where the EBITDA margin increased to 15.3% from 12.8% last year while the Corporate segment cash expenses reduced to 0.9% of consolidated sales versus 1.3% last year.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital increased to $17.9 million in the first quarter compared to $16.6 million in the same period last year. This increase occurred despite modestly lower net income due to the increase in non-cash operating expenses, driven mostly by $0.7 million of non-cash costs associated with the plant closure in Lesotho, higher depreciation and amortization expense associated with AFX as well as an increase in depreciation expense generally. Non-cash working capital provided $4.0 million of cash in the first quarter compared to a source of $0.6 million in the same quarter last year. The difference is primarily attributable to temporary inventory reductions as well as the timing of accounts receivable collection and trade payments. Consequently, net cash provided by operating activities amounted to $21.9 million in the current quarter compared to $17.3 million in the same quarter last year.

Cash used in financing activities in the first quarter was $8.7 million compared to $6.1 million cash used in the same quarter last year. The increase was mainly due to higher debt reduction in the current quarter arising from the stronger operating cash flow, partially offset by higher dividend and interest payments and reduced issuance of share capital from stock options that were exercised.

Cash used in investing activities in the first quarter totaled $3.1 million compared to $9.7 million in the same quarter last year reflecting lower spending on machinery and equipment in the quarter, which is mostly attributable to timing differences. Capital spending to-date represents approximately 13% of the Company's planned annual expenditures in fiscal 2017.

The Company's financial position and liquidity remain strong. The Company's conservative financial policies have served it well throughout the years and has allowed it to take advantage of acquisition opportunities and fund organic growth initiatives as circumstances permit.

Exco's net debt totaled $28.9 million as at December 31, 2016, down from $44.6 million at September 30, 2016 and approximately $71.0 million when AFX was acquired on April 4, 2016. Exco's principal sources of liquidity include generated free cash flow, $37.8 million of balance sheet cash, and $60 million of unused availability under its $100 million committed credit facility, which matures February 2019. Pursuant to the terms of the credit facility, Exco is required to maintain compliance with certain financial covenants. The Company was in compliance with these covenants as at December 31, 2016.

In addition to the obligations disclosed on the balance sheet, Exco also enters into operating lease arrangements from time to time. Exco owns 13 of its 16 manufacturing facilities and essentially all of its production equipment. Leased facilities include those of ALC in Bulgaria and AFX's operations in Mexico. The Company also leases a sales and support center in Troy, Michigan and Munich, Germany and a warehouse in Brownsville, Texas. The following table summarizes all short-term and long-term commitments Exco has entered.

	December 31, 2016			
	Total	< 1 year	1-3 years	4-5 years
Bank indebtedness	$13,749	$13,749	-	-
Long-term debts	$52,984	$4,271	$48,525	$188
Finance leases	$16	$12	$4	-
Operating leases*	$5,638	$1,679	$2,486	$1,473
Purchase commitments	$41,647	$41,647	-	-
Capital expenditures	$1,355	$1,355	-	-
	$115,389	$62,713	$51,015	$1,661

∗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.

Quarterly results

The following table sets out financial information for each of the eight quarters through to the first quarter ended December 31, 2016:

($ thousands except per share amounts)	December 31, 2016	September 30, 2016	June 30, 2016	March 31, 2016
Sales	$153,097	$163,034	$161,671	$133,383
Net income	$11,463	$10,514	$16,226	$8,989
Earnings per share				
Basic	$0.27	$0.25	$0.38	$0.21
Diluted	$0.27	$0.25	$0.38	$0.21

($ thousands except per share amounts)	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015
Sales	$130,901	$130,984	$121,930	$125,484
Net income	$11,828	$10,293	$9,956	$10,872
Earnings per share				
Basic	$0.28	$0.24	$0.24	$0.26
Diluted	$0.28	$0.24	$0.23	$0.26

Contributions from the acquisition of AFX boosted results beginning in the third quarter of 2016, however sales and net income have generally trended higher in the last eight quarters with some variability from seasonality and temporary or non-recurring events.

Exco typically experiences softer sales and profit in the first fiscal quarter, which coincides with our customers' plant shutdowns in North America during the Christmas season. Exco also experiences a slowdown in the fourth fiscal 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.

Controls and Procedures

A description of Exco's disclosure controls and internal controls over financial reporting

Based on the current Canadian Securities Administrators (the "CSA") rules under National Instrument 52-109 Certification of Disclosure in Issuers' Annual and Interim Filings, the Chief Executive Officer and Chief Financial Officer (or individuals performing similar functions as a chief executive officer or chief financial officer) are required to certify as at December 31,2016 that they are responsible for establishing and maintaining disclosure controls and procedure and internal control over financial reporting.

No changes were made in the Corporation's internal control over financial reporting during the Corporation's most recent interim period, that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting.

Outstanding Share Capital

As at December 31, 2016 Exco had 42,585,491 common shares issued and outstanding and stock options outstanding to purchase up to 824,340 common shares at exercise prices ranging from $3.55 to $14.58.

This Management Discussion and Analysis contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "anticipate", "plan", "may", "will", "should", "expect", "believe", "estimate" and similar expressions to identify forward-looking information and statements especially with respect to growth and financial performance of the Company's business units, contribution of our start-up business units, contribution of awarded programs yet to be launched, margin performance, financial performance of acquisitions and operating efficiencies are forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements throughout this document and are also cautioned that the foregoing list of important factors is not exhaustive. These forward-looking statements are based on our plans, intentions or expectations which 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, Europe and emerging market countries, investment by OEMs in drivetrain architecture and other initiatives intended to reduce fuel consumption and/or the weight of automobiles, raw material prices, economic conditions, currency fluctuations, trade restrictions, our ability to close or otherwise dispose of unprofitable operations in a timely manner, our ability to integrate acquisitions and the rate at which our operations in Brazil, Texas and Thailand achieve sustained profitability. 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. 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. For a more extensive discussion of Exco's risks and uncertainties see the 'Risks and Uncertainties' section in our 2016 Annual Report, our 2016 Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at www.sedar.com.

NOTICE TO READER

The attached unaudited condensed interim consolidated financial statements have been prepared by management of the Company. The condensed interim consolidated financial statements for the three-month periods ended December 31, 2016 and 2015 have not been reviewed by the auditors of the Company.

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

	As at December 31, 2016	As at September 30, 2016
ASSETS		
Current		
Cash and cash equivalents	**$37,835**	$27,509
Accounts receivable	**91,698**	107,900
Unbilled revenue	**21,612**	19,214
Inventories	**59,776**	67,192
Prepaid expenses and deposits	**2,989**	3,352
Income taxes receivable	**-**	1,601
Total current assets	**213,910**	226,768
Property, plant and equipment, net (note 4)	**114,270**	114,695
Intangible assets, net (note 5)	**45,674**	45,586
Goodwill (note 5)	**65,018**	64,071
Deferred tax assets	**1,667**	1,821
Total assets	**$440,539**	$452,941
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$13,749**	$13,469
Trade accounts payable	**51,359**	64,948
Accrued payroll liabilities	**7,496**	13,275
Other accrued liabilities	**7,404**	8,690
Derivative instruments (note 6)	**6,089**	4,158
Provisions	**1,230**	1,382
Income taxes payable	**1,044**	-
Customer advance payments	**3,120**	1,654
Long-term debt - current portion (note 7)	**4,271**	4,173
Total current liabilities	**95,762**	111,749
Long-term debt - long-term portion (note 7)	**48,713**	54,514
Deferred tax liabilities	**6,806**	7,273
Total liabilities	**151,281**	173,536
Shareholders' equity		
Share capital	**51,471**	51,366
Contributed surplus	**3,670**	3,566
Accumulated other comprehensive income	**12,352**	11,190
Retained earnings	**221,765**	213,283
Total shareholders' equity	**289,258**	279,405
Total liabilities and shareholders' equity	**$440,539**	$452,941

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

EXCO TECHNOLOGIES LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME

(Unaudited)

$ (000)'s except for income per common share

	Three months ended December 31	
	2016	2015
Sales	**$153,097**	$130,901
Cost of sales	**117,953**	99,489
Selling, general and administrative expenses	**11,748**	10,368
Depreciation (note 4)	**3,931**	3,322
Amortization (note 5)	**1,215**	415
Loss on disposal of property, plant and equipment (note 4)	**54**	34
Interest expense, net	**373**	118
Other expenses (note 11)	**1,223**	-
	136,497	113,746
Income before income taxes	**16,600**	17,155
Provision for income taxes (note 10)	**5,137**	5,327
Net income for the period	**11,463**	11,828
Other comprehensive income		
Items that may be reclassified to profit or loss in subsequent periods:		
Net unrealized gain (loss) on derivatives designated as cash flow hedges (a)	**(1,499)**	38
Unrealized gain on foreign currency translation	**2,661**	4,134
	1,162	4,172
Comprehensive income	**$12,625**	$16,000
Income per common share		
Basic	**$0.27**	$0.28
Diluted	**$0.27**	$0.28
Weighted average number of common shares outstanding		
Basic	**42,584**	42,457
Diluted	**42,674**	42,750

(a) Net of income tax recoverable of $522 for the three- month period ended December 31,2016 (2015 - net of income tax payable of $15).

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

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

				Accumulated other comprehensive income (loss)			
	Share capital	Contributed surplus	Retained earnings	Net unrealized loss on derivatives designated as cash flow hedges	Unrealized gain on foreign currency translation	Total accumulated other comprehensive income	Total shareholders' equity
Balance, October 1, 2016	**$51,366**	**$3,566**	**$213,283**	**($3,017)**	**$14,207**	**$11,190**	**$279,405**
Net income for the period	**-**	**-**	**11,463**	**-**	**-**	**-**	**11,463**
Dividend paid (note 3)	**-**	**-**	**(2,981)**	**-**	**-**	**-**	**(2,981)**
Stock option grants	**-**	**134**	**-**	**-**	**-**	**-**	**134**
Exercise of stock options	**105**	**(30)**	**-**	**-**	**-**	**-**	**75**
Other comprehensive income	**-**	**-**	**-**	**(1,499)**	**2,661**	**1,162**	**1,162**
Balance, December 31, 2016	**$51,471**	**$3,670**	**$221,765**	**($4,516)**	**$16,868**	**$12,352**	**$289,258**

				Accumulated other comprehensive income (loss)			
	Share capital	Contributed surplus	Retained earnings	Net unrealized gain (loss) on derivatives designated as cash flow hedges	Unrealized gain on foreign currency translation	Total accumulated other comprehensive income	Total shareholders' equity
Balance, October 1, 2015	$50,060	$3,283	$177,209	($1,844)	$16,213	$14,369	$244,921
Net income for the period	-	-	11,828	-	-	-	11,828
Dividend paid (note 3)	-	-	(2,547)	-	-	-	(2,547)
Stock option grants	-	195	-	-	-	-	195
Exercise of stock options	745	(235)	-	-	-	-	510
Other comprehensive income	-	-	-	38	4,134	4,172	4,172
Balance, December 31, 2015	$50,805	$3,243	$186,490	($1,806)	$20,347	$18,541	$259,079

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

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

	Three months ended December 31	
	2016	2015
OPERATING ACTIVITIES:		
Net income for the period	**$11,463**	$11,828
Add non-operating and items not involving a current outlay of cash		
Depreciation (note 4)	**3,931**	3,322
Amortization (note 5)	**1,215**	415
Stock-based compensation expense	**35**	465
Deferred income taxes	**169**	461
Net interest expense	**373**	118
Non-cash costs of ALC plant closures (note 11)	**707**	-
Loss from liquidation of ALC capital assets (note 11)	**23**	-
Loss on disposal of property, plant and equipment	**54**	34
	17,970	16,643
Net change in non-cash working capital (note 9)	**3,956**	626
Cash provided by operating activities	**21,926**	17,269
FINANCING ACTIVITIES:		
Increase (decrease) in bank indebtedness	**280**	(3,948)
Financing from long-term debt	**-**	8
Repayment of long-term debt	**(5,703)**	-
Interest paid, net	**(373)**	(118)
Dividends paid	**(2,981)**	(2,547)
Issuance of share capital	**75**	510
Cash used in financing activities	**(8,702)**	(6,095)
INVESTING ACTIVITIES:		
Purchase of property, plant and equipment (note 4)	**(2,897)**	(9,596)
Purchase of intangible assets (note 5)	**(308)**	(104)
Proceeds from liquidation of ALC capital assets	**31**	-
Proceeds from disposal of property, plant and equipment	**27**	-
Cash used in investing activities	**(3,147)**	(9,700)
Effect of exchange rate changes on cash	**249**	1,112
Net increase in cash during the period	**10,326**	2,586
Cash, beginning of period	**27,509**	34,996
Cash, end of period	**$37,835**	$37,582

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

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 16 strategic locations in 8 countries, the Company services a diverse and broad customer base. The Company is incorporated and domiciled in Canada. The registered office is located at 130 Spy Court, Markham, Ontario, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are outlined below:

Basis of preparation
These unaudited condensed interim consolidated financial statements present the Company's financial results of operations and financial position as at and for the three month period ended December 31, 2016 and have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). The accounting policies used in preparing these unaudited condensed interim financial statements are consistent with those used in preparation of the 2016 audited annual consolidated financial statements.

The Company's preparation of unaudited condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in the applying of the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements were the same as those that applied to the Company's consolidated financial statements as at and for the year ended September 30, 2016.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2016 audited annual consolidated financial statements, which are available at www.sedar.com and on the Corporation's website at www.excocorp.com. The unaudited condensed interim consolidated financial statements and accompanying notes for the three month period ended December 31, 2016 were authorized for issue by the Board of Directors on February 1, 2017.

Basis of consolidation
The condensed interim consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, its subsidiaries. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if and only if the Company has all of the following: power over the investee; exposure or rights to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect its returns. The financial statements of the subsidiaries are included in the condensed interim consolidated financial statements from the date that control commences until the date that control ceases. All intercompany transactions and balances have been eliminated on consolidation.

The Company has an interest in a joint operation, whereby the joint operators have a contractual arrangement that establishes joint control over the economic activities of the individual entity. The Company recognized its share of the joint operation's assets, liabilities, revenues and expenses in the condensed interim consolidated financial statements.

Accounting standards issued but not yet applied
The following standards are not yet effective for the year ended September 30, 2017. The Company is in the process of reviewing the standards to determine the impact on its consolidated financial statements.

IFRS 9, *Financial Instruments* ("IFRS 9")
IFRS 9, as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting, with enhanced disclosures about risk management

$(000)'s except per share amounts

activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities selected to be measured at fair value. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, which will be October 1, 2018 for the Company. Earlier application is permitted.

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15")
In May 2014, the IASB issued IFRS 15 – which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. On July 22, 2015, the IASB confirmed a one-year deferral of the effective date of the Revenue Standard to January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements which will be October 1, 2018 for the Company.
IFRS 16, *Leases* ("IFRS 16")
In January 2016, the IASB issued IFRS 16 – which requires lessees to recognise assets and liabilities for most leases. Lessees will have a single accounting model for all leases, with certain exemptions and lessor accounting is substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, which will be October 1, 2019 for the Company. Earlier application is permitted, provided the new revenue standard, IFRS 15, has been applied, or is applied at the same date as IFRS 16. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements.

3. CASH DIVIDEND

During the three-month period ended December 31, 2016, the Company paid quarterly cash dividends totaling $2,981 (2016 - $2,547). The quarterly dividend rate in the period was $0.07 per common share (2016 - $0.06).

4. PROPERTY, PLANT AND EQUIPMENT

	Machinery and Equipment	**Tools**	**Buildings**	**Land**	**Assets under Construction**	**Total**
Cost						
Balance as at September 30, 2016	$186,264	$21,003	$67,740	$9,671	$4,038	$288,716
Additions						
Assets acquired	(27)	171	10	-	2,743	2,897
Reclassification	3,682	278	105	-	(4,065)	-
Less: disposals	(584)	(33)	-	-	-	(617)
Foreign exchange movement	779	166	318	46	4	1,313
Balance as at December 31, 2016	**$190,114**	**$21,585**	**$68,173**	**$9,717**	**$2,720**	**$292,309**

$(000)'s except per share amounts

	Machinery and equipment	Tools	Buildings	Land	Assets under construction	Total
Accumulated depreciation and impairment losses						
Balance as at September 30, 2016	$127,519	$15,876	$30,626	$-	$-	$174,021
Depreciation for the period	2,816	451	664	-	-	3,931
Less: disposals	(466)	(16)	-	-	-	(482)
Reclassification	7	(7)	-	-	-	-
Foreign exchange movement	320	129	120	-	-	569
Balance as at December 31, 2016	**$130,196**	**$16,433**	**$31,410**	**$-**	**$-**	**$178,039**
Carrying amounts						
As at September 30, 2016	$58,745	$5,127	$37,114	$9,671	$4,038	$114,695
As at December 31, 2016	**$59,918**	**$5,152**	**$36,763**	**$9,717**	**$2,720**	**$114,270**

5. INTANGIBLE ASSETS AND GOODWILL

	Computer Software and other*	Acquisition Intangibles**	Assets under Construction (Software)	Total intangible assets	Goodwill
Cost					
Balance as at September 30, 2016	$19,833	$46,828	$382	$67,043	$64,071
Additions					
Assets acquired	308	-	-	308	-
Less: disposals	-	-	-	-	-
Foreign exchange movement	50	1,025	-	1,075	947
Balance as at December 31, 2016	**$20,191**	**$47,853**	**$382**	**$68,426**	**$65,018**

	Computer Software and other*	Acquisition Intangibles**	Assets under construction (software)	Total intangible assets	Goodwill
Accumulated amortization and impairment losses					
Balance as at September 30, 2016	$18,044	$3,413	-	$21,457	-
Amortization for the period	223	992	-	1,215	-
Less: disposals	-	-	-	-	-
Foreign exchange movement	41	39	-	80	-
Balance as at December 31, 2016	**$18,308**	**$4,444**	**$-**	**$22,752**	**$-**
Carrying amounts					
As at September 30, 2016	$1,789	$43,415	$382	$45,586	$64,071
As at December 31, 2016	**$1,883**	**$43,409**	**$382**	**$45,674**	**$65,018**

*Computer software and other are mainly computer software and an immaterial amount of patents.
**Acquisition intangibles is comprised of customer relationships and trade names resulting from business acquisitions.

$(000)'s except per share amounts

6. FINANCIAL INSTRUMENTS

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.

Due to their short-term nature, the fair value of cash and short-term deposits, trade accounts receivable, trade accounts payable 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 dates and are Level 2 instruments.

During the three month period ended December 31, 2016 there were no transfers between Level 1 and Level 2 fair value measurements.

The fair value of bank indebtedness and long term debt were determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities and based on the Company’s credit risk. The valuation is determined using Level 2 inputs which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of the asset or liability.

The carrying value and fair value of all financial instruments are as follows:

	December 31, 2016		September 30, 2016	
	Carrying Amount of Asset (Liability)	**Fair Value of Asset (Liability)**	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash	**$37,835**	**$37,835**	$27,509	$27,509
Total accounts receivable	**91,698**	**91,698**	107,900	107,900
Trade accounts payable	**(51,359)**	**(51,359)**	(64,948)	(64,948)
Bank indebtedness	**(13,749)**	**(13,749)**	(13,469)	(13,469)
Customer advance payments	**(3,120)**	**(3,120)**	(1,654)	(1,654)
Accrued liabilities	**(14,900)**	**(14,900)**	(21,965)	(21,965)
Derivative instruments	**(6,089)**	**(6,089)**	(4,158)	(4,158)
Long-term debt	**($52,984)**	**($52,984)**	($58,687)	($58,687)

7. LONG-TERM DEBT

On February 18, 2016, the Company closed an agreement for a new $100,000 Committed Revolving Credit Facility with JP Morgan Chase Bank N.A., of which $40,000 was used as at December 31, 2016. The facility has a 3 year term and is secured by a general security agreement covering all assets of the Company and its Canadian and U.S. subsidiaries with the exception of real property. There are no specific repayment terms prior to maturity.

On April 4, 2016, the Company entered into promissory Term Notes amounting to US$9,307 in conjunction with the acquisition of AFX Industries. The Term Notes bear interest at a rate equal to the Mid-term Applicable Federal Rate in the United States, compounded annually. The principal and interest is payable in three annual payments on the anniversary date of the AFX acquisition.

$(000)'s except per share amounts

The components of Long Term Debt are as follows:

	December 31, 2016	September 30, 2016
Bank Debt	**$40,000**	$46,000
Term Notes	**12,499**	12,210
Finance Leases	**15**	18
Promissory Note	**470**	459
Less: current portion	**(4,271)**	(4,173)
Long-term debt, long-term portion	**$48,713**	$54,514

8. 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 seating, cargo storage and restraint for sale to automotive manufacturers and Tier 1 suppliers (suppliers to automakers).

The Company evaluates the performance of its operating segments primarily based on net income before interest and income tax expense.

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

	Three Months Ended December 31, 2016			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$46,637**	**$108,519**	**$-**	**$155,156**
Intercompany sales	**(1,679)**	**(380)**	**-**	**(2,059)**
Net sales	**44,958**	**108,139**	**-**	**153,097**
Depreciation	**3,080**	**840**	**11**	**3,931**
Amortization	**186**	**1,029**	**-**	**1,215**
Segment income (loss) before interest, income taxes and other	**5,011**	**14,623**	**(1,438)**	**18,196**
Other expense (note 11)	**-**	**(1,223)**	**-**	**(1,223)**
Net interest expense				**(373)**
Income before income taxes				**16,600**
Property, plant and equipment additions	**2,208**	**669**	**20**	**2,897**
Property, plant and equipment, net	**92,688**	**20,294**	**1,288**	**114,270**
Intangible asset additions	**287**	**21**	**-**	**308**
Intangible assets, net	**1,835**	**43,833**	**6**	**45,674**
Goodwill, net	**287**	**64,731**	**-**	**65,018**
Total assets	**184,825**	**254,058**	**1,656**	**440,539**
Total liabilities	**$23,768**	**$60,260**	**$67,253**	**$151,281**

$(000)'s except per share amounts

	Three Months Ended December 31, 2015			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$54,774	$77,908	$-	$132,682
Intercompany sales	(1,575)	(206)	-	(1,781)
Net sales	53,199	77,702	-	130,901
Depreciation	2,631	686	5	3,322
Amortization	200	215	-	415
Segment income (loss) before interest and income taxes	9,973	9,065	(1,765)	17,273
Net interest expense				(118)
Income before income taxes				17,155
Property, plant and equipment additions	8,571	1,006	19	9,596
Property, plant and equipment, net	91,380	19,845	1,107	112,332
Intangible asset additions	90	14	-	104
Intangible assets, net	1,105	2,354	-	3,459
Goodwill, net	285	23,571	-	23,856
Total assets	196,018	145,500	1,398	342,916
Total liabilities	$22,667	$50,991	$10,179	$83,837

9. NET CHANGE IN NON-CASH WORKING CAPITAL

	2016	2015
Accounts receivable	**$16,185**	$14,172
Unbilled revenue	**(2,525)**	(5,212)
Inventories	**7,160**	1,537
Prepaid expenses and deposits	**369**	519
Trade accounts payable	**(14,267)**	(5,631)
Accrued payroll liabilities	**(5,803)**	(3,645)
Other accrued liabilities	**(1,088)**	(1,595)
Provisions	**(152)**	(161)
Customer advance payments	**1,466**	(677)
Income taxes payable	**2,611**	1,319
	$3,956	$626

10. INCOME TAXES

Consolidated effective income tax rate for the three-month period ended December 31, 2016 was 30.9% (three-month period ended December 31, 2015 – 31.0%). The effective tax rate in the current period was adversely impacted by the non-deductibility of the post-production costs in South Africa and Lesotho ($1,223) and by the lower proportion of earnings from low tax jurisdictions.

11. OTHER EXPENSES

On November 12, 2016, the Company ceased production in Lesotho and commenced the process of liquidating and winding-up the ALC legal entities in Lesotho and South Africa. Post-production non-operating expenses incurred in the quarter amounted to $1,223 (2015 – nil) and included non-cash asset write-downs of $707 and a loss on liquidation of capital assets of $23.

CORPORATE INFORMATION

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 16 strategic locations in 8 countries, we employ 6,351 people and service a diverse and broad customer base.

Telephone: 905-477-3065
Fax: 905-477-2449
Web: www.excocorp.com

TORONTO STOCK EXCHANGE LISTING

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DIRECTORS

Laurie T.F. Bennett, Chairman
Edward H. Kernaghan
Nicole A. Kirk
Robert B. Magee
Philip B. Matthews
Brian A. Robbins, President and CEO
Peter van Schaik

CORPORATE OFFICERS

Brian A. Robbins, PEng
President and CEO

Paul E. Riganelli, MA, MBA, LLB
Senior Vice President and COO

Darren M. Kirk, CFA
Executive Vice President

R. Drew Knight, CPA, CA
Vice President Finance, CFO and Secretary

TRANSFER AGENT

TMX Equity Transfer Services
200 University Avenue
Suite 300
Toronto, Ontario
M5H 4H1

Shareholder Inquiries:
Telephone: 416-361-0152
Web: www.equitytransfer.com