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Unaudited Condensed Interim Report
to the shareholders
for the six months ended
March 31, 2016

CONTENTS

MANAGEMENT DISCUSSION AND ANALYSIS

The following management's interim discussion and analysis of operations and financial position are prepared as at April 27, 2016 and should be read in conjunction with the consolidated financial statements and Management's Discussion and Analysis ("MD&A") in the Company's 2015 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.

	Three Months Ended March 31		Six Months Ended March 31	
(in $ thousands except per share amounts)				
	2016	2015	**2016**	2015
Sales	**$133,383**	$125,484	**$264,284**	$245,381
Net income	**$8,989**	$10,872	**$20,817**	$20,510
Basic earnings per share	**$0.21**	$0.26	**$0.49**	$0.49
Diluted earnings per share	**$0.21**	$0.26	**$0.49**	$0.48
Common shares outstanding	**42,508,130**	42,337,862	**42,508,130**	42,337,862

Consolidated sales for the second fiscal quarter ended March 31, 2016 were $133.4 million compared to $125.5 million in the same quarter last year – an increase of $7.9 million or 6%. Year-to-date sales were $264.3 million compared to $245.4 million – an increase of $18.9 million or 8%. Over the quarter the average USD/CAD exchange rate was 7% higher ($1.35 versus $1.26 last year) contributing $4.1 million to sales while the year-to-date average USD/CAD exchange rate was 13% higher ($1.35 versus $1.20 last year) contributing $13.5 million to sales. The average EUR/CAD exchange rate was 6% higher in the quarter ($1.49 versus $1.40 last year) and 4% higher year–to-date ($1.47 versus $1.41 last year) contributing an additional $2.7 million and $3.6 million to sales in the respective periods. Consequently, $6.8 million and $17.1 million of the consolidated sales growth in the quarter and year-to-date periods, respectively, is explained by favorable foreign exchange movements.

The Automotive Solutions segment reported sales of $86.3 million in the second quarter – an increase of $9.6 million or 13% from the same quarter last year. Year-to-date, the segment reported sales of $164 million – an increase of $14.9 million or 10% over last year. Sales in the quarter and year-to-date were higher at each of Polytech, Polydesign, Neocon and ALC with roughly half of the overall increase in the quarter and 70% of the increase year-to-date being explained by favorable foreign exchange movements. Polydesign, in particular, recorded very strong top line results, registering sales growth of 25% and 21% in the quarter and year-to-date periods respectively as several new programs were launched.

The Casting and Extrusion segment reported sales of $47.1 million in the quarter – a decrease of $1.7 million or 4% from the same quarter last year. Year-to-date, the segment reported sales of $100 million – an increase of $4.1 million or 4% over last year. Excluding foreign exchange movements, this segment's sales were down $3.8 million, or 8% in the quarter and down $2.9 million or 3% year-to-date. Reduced activity for new moulds and spare parts within the large mould business drove the sales decline in the quarter. This reflected lower demand in the quarter for moulds for certain engine blocks following a period of heightened activity, launch inefficiencies associated with the development of several moulds on new programs that are expected to drive future volumes, and operational challenges from the installation of new machinery associated with the sizeable capex project at our Newmarket large mould facility. Foreign exchange adjusted sales at our Extrusion and Castool groups were each 3% higher in the quarter while year-to-date Extrusion was up 3% and Castool group was flat on this same basis, with additional contributions provided by foreign exchange movements.

Consolidated net income for the second quarter was $9 million or basic earnings of $0.21 per share compared to $10.9 million or $0.26 per share of basic earnings in the same quarter last year – a decrease of 17%. Consolidated net income year-to-date was $20.8 million or basic earnings of $0.49 per share compared to $20.5 million or $0.49 per share of basic earnings for the prior year period. Earnings in the quarter were adversely impacted by several factors. First, lower sales volumes and reduced profitability within the Casting and Extrusion segment as described above impacted earnings. Second, about $1 million of foreign exchange losses compared to a similar sized gain in the prior year quarter eroded earnings by $0.03 per share. In addition, approximately $1 million of transaction-related costs (year-to-date $1.3 million) associated with the acquisition of AFX Industries LLC reduced earnings by $0.03 per share in the quarter and year-to-date. The acquisition closed on April 4, 2016. The effective tax rate was 30% in the quarter, compared to 31% in the prior year period while the effective tax rate year-to-date was 31% compared to 29% the prior year period.

The Automotive Solutions segment reported pretax profit of $11.1 million in the second quarter – an increase of $2.4 million or 28% over the same quarter last year. Year-to-date the segment reported pretax profit of $20.2 million – an increase of $3.7 million or 22% over the prior year period. The increase in the quarter and year-to-date periods were driven by both higher sales and margin expansion resulting from improved production efficiencies and better overhead absorption. Polytech, Polydesign and Neocon each contributed to the segment's higher pretax profit while the ALC group experienced modestly higher losses in both the quarter and year-to-date periods versus a year ago. During the second quarter, ALC's South African operations were permanently closed as planned which contributed to production inefficiencies and disruption caused by moving inventory to other locations. Combined losses at ALC's South African and Lesotho operations amounted to $1.6 million in the quarter and $2.9 million year-to-date, representing $0.04 per share and $0.07 per share respectively. The closure of the South African operations is expected to substantially improve ALC's operating results going forward.

The Casting and Extrusion segment reported lower pretax profit of $5.1 million in the second quarter – a decrease of $3.9 million or 43% from the same quarter last year. Year-to-date the segment reported pretax profit of $15.1 million or $1.4 million below the prior year period. Most of this reduction occurred in the large mould business which had significantly lower absorption rates and was negatively impacted by unfavorable mix variance and new product launch inefficiencies in the second quarter. Lower quarterly earnings within the Extrusion business were offset by a similar increase from the Castool group when comparing year over year results while the extrusion business had relatively flat earnings year-to-date over the prior year with Castool group recording a slight increase on this basis.

Helped by strong top line growth, combined losses at our Brazilian and Thailand operations narrowed to $0.01 per share in the quarter from $0.02 per share in the prior year period while year-to-date losses for these two operations remained constant at $0.03 per share. Our Colombian extrusion operations also improved in the quarter and year-to-date with significant sales growth driving strong levels of profitability compared to a modest loss position in Colombia the prior year periods. Earnings at our Texas extrusion operation were adversely impacted by operational adjustments following the move into a new facility in December 2015. The extrusion operations in Canada and Michigan experienced lower profitability year-to-date, and particularly, during the quarter due to temporary costs associated with initiatives to integrate and harmonize design capabilities at these locations. Management expects these initiatives will lead to stronger results in the coming quarters.

The Corporate segment expenses increased to $3.3 million in the second quarter from $1.7 million in the prior year quarter. Approximately $1 million of this increase was due to transaction costs associated with the acquisition of AFX with much of the remaining amount attributable to adverse foreign exchange movements partially offset by lower stock option expense. Year-to-date Corporate segment expenses totaled $5.1 million compared to $3.5 million the prior year with essentially all of the difference occurring in the second quarter. Once again, the combination of AFX transaction costs and the foreign exchange swings led to reduced earnings per share by $0.05 in the quarter and $0.02 year-to-date.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital reduced to $12.5 million in the second quarter compared to $14.8 million in the same period last year primarily driven by the lower net income. Year-to-date operating cash flow improved to $29.1 million compared to $27.5 million the prior year driven by slightly higher net income and timing of deferred tax payments. Non-cash working capital was a use of $0.5 million of cash in the second quarter and essentially flat year-to-date compared to a use of $7.9 million and use of $22.5 million in the prior year periods. The difference is primarily attributable to the timing of accounts receivable collection. Consequently, net cash provided by operating activities amounted to $12 million in the second quarter and $29.2 million year-to-date compared to $6.9 million and $5.0 million of cash in the same periods last year.

Cash provided by financing activities in the second quarter totaled $67.1 million in the quarter and $61.1 million year-to-date compared to $5.4 million and $7.3 million of cash used in the same periods last year. The difference was mainly attributable to the drawdown under our bank facility in the second quarter to fund the acquisition of AFX Industries LLC, which closed four days following the quarter end.

Cash used in investing activities totaled $6.2 million and $15.9 million in the second quarter and year-to-date periods compared to $4.3 million and $7.8 million in the same periods last year reflecting higher capital expenditures in our large mould group and Texas extrusion facility. Capital spending year to-date totals about two-thirds of our $23.9 million in planned capital expenditures for fiscal 2016. The balance of our remaining capital spending will be partially offset by the recently announced non-repayable contribution of up to $4.6 million from the Canadian Federal government, which represents up to 50% of the expected costs for the Newmarket large mould facility capital project.

During the quarter, Exco entered into a new three year $100 million committed bank facility. Exco drew down $69 million under the facility during the quarter to prepare for the acquisition of AFX, which closed April 4, 2016. Pursuant to 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 March 31, 2016.

The Company's balance sheet remains strong. Its net cash position totaled $32.7 million at quarter end compared to a net cash position of $24.5 million at September 30, 2015. Subsequent to the end of the quarter, Exco completed the acquisition of AFX. The total transaction amount was $104 million, of which $86 million was funded at close.

Subsequent to the end of the quarter Exco also concluded a commercial arbitration which the Company initiated in 2015. As a result of this development, Exco expects to receive approximately $3.5 million in the third fiscal quarter of 2016.

In addition to the obligations disclosed on the balance sheet, Exco also enters into operating lease arrangements from time to time. As at the date of this MD&A, Exco owns 13 of its 18 manufacturing facilities and most of its production equipment. The leased facilities include four ALC manufacturing facilities in Lesotho and Bulgaria and AFX's manufacturing operations in Mexico. To support its operations, the Company also leases sales and support centres in Troy, Michigan, Port Huron, Michigan and Munich, Germany and a warehouse in Brownsville, Texas. The following table summarizes all short-term and long-term commitments Exco has entered.

	March 31, 2016			
	Total	< 1 year	1-3 years	4-5 years
Bank indebtedness	$6,960	$6,960	$0	$0
Long-term debts	$69,499	$116	$69,232	$151
Finance leases	$48	$28	$20	$0
Operating leases *	$2,675	$1,632	$922	$121
Purchase commitments	$25,239	$25,239	-	-
Capital expenditures	$5,628	$5,628	-	-
	$110,049	$39,603	$70,174	$272

* *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 second quarter ended March 31, 2016:

($ thousands except per share amounts)	March 31, 2016	December 31, 2015	September 30, 2015	June 30, 2015
Sales	$133,383	$130,901	$130,984	$121,930
Net income	$8,989	$11,828	$10,293	$9,956
Earnings per share				
Basic	$0.21	$0.28	$0.24	$0.24
Diluted	$0.21	$0.28	$0.24	$0.23

($ thousands except per share amounts)	March 31, 2015	December 31, 2014	September 30, 2014	June 30, 2014
Sales	$125,484	$119,897	$110,938	$110,938
Net income	$10,872	$9,638	$8,123	$8,340
Earnings per share				
Basic	$0.26	$0.23	$0.19	$0.20
Diluted	$0.26	$0.23	$0.19	$0.20

Seasonal Variability of Results

Exco does not operate in seasonal industries. However, in the automotive industry, automobile manufacturers typically schedule plant shutdowns in the summer for vacations and during the Christmas holiday season. Also, Polydesign and ALC usually experience reduced business activity during August when many European customers close for one month. Therefore, usually the first and the fourth fiscal quarters are the weakest. In 2016, we expect this traditional pattern to continue.

Disclosure Controls and Procedures

The Chief Executive Officer, Chief Operating 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 is known to them.

Internal Controls over Financial Reporting

The Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, together with other members of management, after having designed internal controls over financial reporting and conducted an evaluation of their effectiveness as at September 30, 2015 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.

Outstanding Share Capital

As at March 31, 2016 Exco had 42,508,130 common shares issued and outstanding and stock options outstanding to purchase up to 716,951 common shares at exercise prices ranging from $1.52 to $14.58.

Outlook

The outlook for Exco over the rest of the year continues to be fundamentally strong. The North America automotive sector is robust and, although production volumes are not growing at recent historical rates, volumes remain steady at elevated levels. The European automotive market seems to be improving, although also at a gradual pace. Exco looks to gain market share for future short term growth. OEMs also continue to refresh/redesign and/or launch entire new models which should drive strong long-term demand as well. We expect this trend to benefit our businesses. The large mould business has a very strong order backlog and continues to be awarded new business. The inclusion of the AFX business in the third quarter and the closure of ALC's South African operations are also expected to add significantly to earnings going forward.

Canadian dollar weakness is a net benefit to Exco; however, recent foreign exchange volatility is introducing an element of variability around sales and margins, necessitating continued focus on cost and operational excellence. While some initiatives are currently underway – such as those which have impacted earnings in the large mould and extrusion die businesses – others are contemplated. The raw material environment continues to be favorable with little upward pressure on pricing and abundant availability of most input commodities.

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, including our start-up business in Brazil and Thailand as well as our operations in Texas, Colombia and Polydesign, the financial performance of ALC which is moving production among its plants and has ceased production in South Africa, the integration of AFX Industries LLC, managing our order backlog in the Castool and large mould businesses, impact of our machinery and equipment investments , input costs, operating efficiencies and overhead absorption. Such forward-looking information and statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe to be relevant and appropriate in the circumstances. These assumptions include, among other things, the number of automobile vehicles produced in North America and in Europe, the rate of economic growth in North America, Europe, China and emerging countries, investment by OEMs in drivetrain architecture and structural parts, and currency fluctuations (particularly with respect to the US dollar, Euro, Mexican peso and South African rand) and the level of new business launches. Readers are cautioned not to place undue reliance on forward-looking information and statements, as there can be no assurance that the assumptions, plans, intentions or expectations upon which such statements are based will occur. Forward-looking information and statements are subject to known and unknown risks, uncertainties, assumptions and other factors which may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed, implied or anticipated by such information and statements. These risks, uncertainties and assumptions are described in the Company's Management's Discussion and Analysis included in our 2015 Annual Report, in our 2015 Annual Information Form and, from time to time, in other reports and filings made by the Company with securities regulatory authorities.

While the Company believes that the expectations expressed by such forward-looking information and statements are reasonable, there can be no assurance that such expectations and assumptions will prove to be correct. In evaluating forward-looking information and statements, readers should carefully consider the various factors which could cause actual results or events to differ materially from those indicated in the forward-looking information and statements. Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the Company 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.

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 six-month periods ended March 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 March 31, 2016	As at September 30, 2015
ASSETS		
Current		
Cash (note 11)	**$109,155**	$34,996
Accounts receivable	**88,925**	98,823
Unbilled revenue	**21,864**	17,293
Inventories	**53,326**	55,401
Prepaid expenses and deposits	**2,596**	2,397
Total current assets	**275,866**	208,910
Property, plant and equipment, net (note 4)	**111,592**	104,251
Intangible assets, net (note 5)	**3,558**	3,769
Goodwill (note 5)	**23,848**	23,852
Deferred tax assets	**2,133**	2,034
Total assets	**$416,997**	$342,816
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$6,960**	$9,973
Trade accounts payable	**49,180**	46,421
Accrued payroll liabilities	**6,957**	9,083
Other accrued liabilities	**11,877**	12,484
Derivative instruments	**2,019**	2,486
Provisions	**1,523**	1,810
Income taxes payable	**4,893**	6,559
Customer advance payments	**1,999**	3,013
Long-term debt - current portion (note 7)	**116**	119
Total current liabilities	**85,524**	91,948
Long-term debt - long-term portion (note 7)	**69,383**	409
Deferred tax liabilities	**5,659**	5,538
Total liabilities	**160,566**	97,895
Shareholders' equity		
Share capital	**51,011**	50,060
Contributed surplus	**3,334**	3,283
Accumulated other comprehensive income	**9,583**	14,369
Retained earnings	**192,503**	177,209
Total shareholders' equity	**256,431**	244,921
Total liabilities and shareholders' equity	**$416,997**	$342,816

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 March 31		Six months ended March 31	
	2016	2015	**2016**	2015
Sales	**$133,383**	$125,484	**$264,284**	$245,381
Cost of sales	**104,399**	96,121	**203,888**	189,350
Selling, general and administrative	**12,038**	9,493	**22,406**	19,272
Depreciation (note 4)	**3,617**	3,432	**6,939**	6,538
Amortization (note 5)	**368**	407	**783**	794
Loss (gain) on disposal of property, plant and equipment	**47**	(28)	**81**	(64)
Net interest expense	**120**	295	**238**	553
	120,589	109,720	**234,335**	216,443
Income before income taxes	**12,794**	15,764	**29,949**	28,938
Provision for income taxes	**3,805**	4,892	**9,132**	8,428
Net income for the period	**8,989**	10,872	**20,817**	20,510
Other comprehensive income (loss)				
Items that may be reclassified to profit or loss in subsequent periods:				
Net unrealized gain (loss) on derivatives designated as cash flow hedges (1)	**308**	(267)	**346**	(824)
Unrealized gain (loss) on foreign currency translation	**(9,266)**	6,084	**(5,132)**	7,071
	(8,958)	5,817	**(4,786)**	6,247
Total comprehensive income	**$31**	$16,689	**$16,031**	$26,757
Income per common share				
Basic	**$0.21**	$0.26	**$0.49**	$0.49
Diluted	**$0.21**	$0.26	**$0.49**	$0.48
Weighted average number of common shares outstanding				
Basic	**42,497**	42,278	**42,479**	42,273
Diluted	**42,713**	42,622	**42,734**	42,615

(1) Net of income tax payable of $107 and $120 for the three- and six- month periods ended March 31,2016, respectively (2015 - net of income tax recoverable of $92 and $285 for the three- and six- month periods ended March 31,2015

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			
	Share capital	**Contributed surplus**	**Retained earnings**	**Net unrealized (loss) gain on derivatives designated as cash flow hedges**	**Unrealized gain on foreign currency translation**	**Total accumulated other comprehensive income (loss)**	**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 expense	**-**	**195**	**-**	**-**	**-**	**-**	**195**
Issuance of share capital	**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**
Net income for the period			**8,989**			**-**	**8,989**
Dividend paid (note 3)			**(2,976)**			**-**	**(2,976)**
Stock option expense		**156**				**-**	**156**
Issuance of share capital	**206**	**(65)**				**-**	**141**
Other comprehensive income (loss)				**308**	**(9,266)**	**(8,958)**	**(8,958)**
Balance, March 31, 2016	**$51,011**	**$3,334**	**$192,503**	**($1,498)**	**$11,081**	**$9,583**	**$256,431**

				Accumulated other comprehensive income (loss)			
	Share capital	Contributed surplus	Retained earnings	Net unrealized (loss) gain on derivatives designated as cash flow hedges	Unrealized gain on foreign currency translation	Total accumulated other comprehensive income	Total shareholders' equity
Balance, October 1, 2014	$48,788	$3,138	$146,183	($487)	$5,124	$4,637	$202,746
Net income for the period	-	-	9,638	-	-	-	9,638
Dividend paid (note 3)	-	-	(2,109)	-	-	-	(2,109)
Stock option expense	-	114	-	-	-	-	114
Issuance of share capital	223	(66)	-	-	-	-	157
Other comprehensive income (loss)	-	-	-	(557)	987	430	430
Balance, December 31, 2014	49,011	3,186	153,712	(1,044)	6,111	5,067	210,976
Net income for the period	-	-	10,872	-	-	-	10,872
Dividend paid (note 3)	-	-	(2,540)	-	-	-	(2,540)
Stock option expense	-	122	-	-	-	-	122
Issuance of share capital	810	(237)	-	-	-	-	573
Other comprehensive income (loss)	-	-	-	(267)	6,084	5,817	5,817
Balance, March 31, 2015	$49,821	$3,071	$162,044	($1,311)	$12,195	$10,884	$225,820

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 March 31		Six months ended March 31	
	2016	2015	**2016**	2015
OPERATING ACTIVITIES:				
Net income for the period	**$8,989**	$10,872	**$20,817**	$20,510
Add (deduct) items not involving a current outlay of cash				
Depreciation (note 4)	**3,617**	3,432	**6,939**	6,538
Amortization (note 5)	**368**	407	**783**	794
Stock-based compensation expense	**(6)**	451	**459**	683
Deferred income taxes	**(479)**	(345)	**(18)**	(998)
Loss (gain) on disposal of property, plant and equipment	**47**	(28)	**81**	(64)
	12,536	14,789	**29,061**	27,463
Net change in non-cash working capital (note 9)	**(675)**	($7,908)	**(49)**	(22,486)
Cash provided by operating activities	**11,861**	6,881	**29,012**	4,977
FINANCING ACTIVITIES:				
Increase (decrease) in bank indebtedness	**935**	(3,197)	**(3,013)**	(2,805)
Financing from (repayment of) long-term debts	**68,963**	(265)	**68,971**	(622)
Dividend paid	**(2,976)**	(2,540)	**(5,523)**	(4,649)
Issuance of share capital	**141**	573	**651**	730
Cash provided by (used in) financing activities	**67,063**	(5,429)	**61,086**	(7,346)
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (note 4)	**(5,622)**	(4,139)	**(15,218)**	(7,659)
Purchase of intangible assets (note 5)	**(473)**	(239)	**(577)**	(353)
Proceeds from disposal of property, plant and equipment	**69**	113	**69**	233
Cash used in investing activities	**(6,026)**	(4,265)	**(15,726)**	(7,779)
Effect of exchange rate changes on cash	**(1,325)**	3,193	**(213)**	4,223
Net increase (decrease) in cash during the period	**71,573**	380	**74,159**	(5,925)
Cash, beginning of period	**37,582**	24,930	**34,996**	31,235
Cash, end of period	**$109,155**	$25,310	**$109,155**	$25,310

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 its 18 strategic locations in 10 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. For more detailed corporate information, refer to the 2015 Annual Report.

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- and six- month periods ended March 31, 2016 and have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. The accounting policies used in preparing these unaudited condensed interim financial statements are consistent with those used in preparation of the 2015 audited annual consolidated financial statements.

The Company's preparation of 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, 2015.

These unaudited condensed interim consolidated financial statements should be read in conjunction with the Company's 2015 audited annual consolidated financial statements. The unaudited condensed interim consolidated financial statements and accompanying notes for the three- and six- month periods ended March 31, 2016 were authorized for issue by the Board of Directors on April 27, 2016.

Basis of consolidation
The unaudited 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 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.

Accounting standards issued but not yet applied
The following standards are not yet effective for the period ended March 31, 2016. The Company is in the process of reviewing the standards to determine the impact on the condensed interim 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 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. 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. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

($ in thousands, except per share amounts)

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15")
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, 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 annual periods beginning on or after January 1, 2018 which will be October 1, 2018 for the Company. Earlier application is permitted. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements.

IFRS 16 *Leases* ("IFRS 16")
In January 2016, the IASB issued IFRS 16 – Leases, 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 the consolidated financial statements.

3. CASH DIVIDEND

During the six-month period ended March 31, 2016, the Company paid quarterly cash dividends totaling $5,523 (2015 - $4,649). The quarterly dividend rate increased in the second quarter to $0.07 per common share from $0.06 per common share.

4. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Tools	Buildings	Land	Assets under construction	Total
Cost						
Balance as at September 30, 2015	$180,335	$21,279	$60,487	$9,564	$7,339	$279,004
Additions						
Assets acquired	2,116	522	286	-	12,294	15,218
Reclassifications	8,084	557	6,178	77	(14,896)	-
Less: disposals	(9,202)	(1,095)	(174)	-	-	(10,471)
Foreign exchange movement	(1,440)	(300)	(500)	(61)	(163)	(2,464)
Balance as at March 31, 2016	**$179,893**	**$20,963**	**$66,277**	**$9,580**	**$4,574**	**$281,287**

	Machinery and equipment	Tools	Buildings	Land	Assets under construction	Total
Accumulated depreciation and impairment losses						
Balance as at September 30, 2015	$130,529	$15,732	$28,492	$-	$-	$174,753
Depreciation for the period	4,817	904	1,218	-	-	6,939
Less: disposals	(9,103)	(1,045)	(173)	-	-	(10,321)
Foreign exchange movement	(1,126)	(244)	(306)	-	-	(1,676)
Balance as at March 31, 2016	**$125,117**	**$15,347**	**$29,231**	**$-**	**$-**	**$169,695**

($ in thousands, except per share amounts)

Carrying amounts						
As at September 30, 2015	$49,806	$5,547	$31,995	$9,564	$7,339	$104,251
As at March 31, 2016	**$54,776**	**$5,616**	**$37,046**	**$9,580**	**$4,574**	**$111,592**

5. INTANGIBLE ASSETS

	Computer software and other	Customer relationships	Total intangible assets	Goodwill
Cost				
Balance as at September 30, 2015	$24,212	$3,500	$27,712	$23,852
Additions				
Assets acquired	578	-	578	
Less: disposals	(5,602)	-	(5,602)	
Foreign exchange movement	(87)	-	(87)	(4)
Balance as at March 31, 2016	**$19,101**	**$3,500**	**$22,601**	**$23,848**

	Computer software and other	Customer relationships	Total intangible assets	Goodwill
Accumulated amortization and impairment losses				
Balance as at September 30, 2015	$22,829	$1,114	$23,943	$-
Amortization for the period	433	350	783	-
Less: disposals	(5,602)	-	(5,602)	-
Foreign exchange movement	(81)	-	(81)	-
Balance as at March 31, 2016	**$17,579**	**$1,464**	**$19,043**	**$-**
Carrying amounts				
As at September 30, 2015	$1,383	$2,386	$3,769	$23,852
As at March 31, 2016	**$1,522**	**$2,036**	**$3,558**	**$23,848**

Computer software and other are mainly computer software and immaterial amount of patents.

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.

($ in thousands, except per share amounts)

During the six month period ended March 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 Company has no plans to prepay these instruments prior to maturity. 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:

	March 31, 2016		September 30, 2015	
	Carrying Amount of Asset (Liability)	**Fair Value of Asset (Liability)**	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash	**$109,155**	**$109,155**	**$34,996**	**$34,996**
Trade accounts receivable	**88,925**	**88,925**	**98,823**	**98,823**
Prepaid expenses and deposits	**2,596**	**2,596**	**2,397**	**2,397**
Trade accounts payable	**(49,180)**	**(49,180)**	**(46,421)**	**(46,421)**
Bank indebtedness	**(6,960)**	**(6,960)**	**(9,973)**	**(9,973)**
Customer advance payments	**(1,999)**	**(1,999)**	**(3,013)**	**(3,013)**
Accrued liabilities	**(18,834)**	**(18,834)**	**(21,567)**	**(21,567)**
Derivative instruments	**(2,019)**	**(2,019)**	**(2,486)**	**(2,486)**
Long-term debt	**($69,499)**	**($69,499)**	**($528)**	**($528)**

7. LONG TERM DEBT

On February 18, 2016, the Company closed an agreement for a new CAD $100,000 Committed Revolving Credit Facility with JP Morgan Chase Bank N.A., of which CAD $69,000 was used as at March 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.

The Credit Facility is available to fund working capital, capital expenditures and other general corporate purposes of the Company and its subsidiaries, including acquisitions. Interest rates vary based on prime, bankers' acceptance, CDOR or LIBOR base rates plus a relevant margin depending on the level of the Company's net leverage ratio. Pursuant to the terms of the credit agreement, the Company is required to maintain compliance with certain financial covenants. The Company was in compliance with these covenants as at March 31, 2016.

The components of Long Term Debt are as follows:

	March 31, 2016	September 30, 2015
Bank Debt	**$69,000**	$ -
Finance Leases	**48**	67
Promissory Note	**451**	461
Less: current portion	**(116)**	(119)
Long-term debt, long-term portion	**$69,383**	$409

($ in thousands, except per share amounts)

8. SEGMENTED INFORMATION

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 annual consolidated financial statements.

The Casting and Extrusion segment designs and engineers tooling and other manufacturing equipment. It's operations are substantially for automotive and other industrial markets in North America.

The Automotive Solutions segment produces automotive seat covers, 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 represents administrative expenses that are not directly related to the business activities of the above two operating segments.

	Three Months Ended March 31, 2016			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$48,461**	**$86,440**	**$ -**	**$134,901**
Intercompany sales	**(1,330)**	**($188)**	**-**	**(1,518)**
Net sales	**47,131**	**86,252**	**-**	**133,383**
Depreciation (note 4)	**2,934**	**677**	**6**	**3,617**
Amortization (note5)	**156**	**212**	**-**	**368**
Segment income (loss) before interest and income taxes	**5,142**	**11,110**	**(3,338)**	**12,914**
Net interest expense				**(120)**
Income before income taxes				**12,794**
Property, plant and equipment additions (note 4)	**5,347**	**273**	**2**	**5,622**
Property, plant and equipment, net (note 4)	**91,508**	**18,981**	**1,170**	**111,592**
Intangible asset additions (note 5)	**469**	**5**	**-**	**474**
Intangible assets, net (note 5)	**1,405**	**2,153**	**-**	**3,558**
Goodwill, net (note 5)	**277**	**23,571**	**-**	**23,848**
Total assets	**186,756**	**228,710**	**1,531**	**416,997**
Total liabilities	**$22,297**	**$127,412**	**$10,857**	**$160,566**

($ in thousands, except per share amounts)

	Three Months Ended March 31, 2015			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$52,781	$76,790	$ -	$129,571
Intercompany sales	(3,904)	(183)	-	(4,087)
Net sales	48,877	76,607	-	125,484
Depreciation (note 4)	2,585	840	7	3,432
Amortization (note5)	133	274	-	407
Segment income (loss)	9,073	8,678	(1,692)	16,059
Net interest expense				(295)
Income before income taxes				15,764
Property, plant and equipment additions (note 4)	3,869	261	9	4,139
Property, plant and equipment, net (note 4)	78,681	19,231	1,170	99,082
Intangible assets additions (note 5)	96	29	-	125
Intangible assets, net (note 5)	1,383	3,008	-	4,391
Goodwill, net (note 5)	302	23,570	-	23,872
Total assets	178,970	131,236	1,925	312,131
Total liabilities	25,962	54,556	5,793	86,311

	Six Months Ended March 31, 2016			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$103,235**	**$164,348**	**$ -**	**$267,583**
Intercompany sales	**(2,905)**	**(394)**	**-**	**(3,299)**
Net sales	**100,330**	**163,954**	**-**	**264,284**
Depreciation (note 4)	**5,565**	**1,363**	**11**	**6,939**
Amortization (note 5)	**356**	**427**	**-**	**783**
Segment income (loss)	**15,115**	**20,175**	**(5,103)**	**30,187**
Net interest expense				**(238)**
Income before income taxes				**29,949**
Property, plant and equipment additions (note 4)	**13,918**	**1,279**	**21**	**15,218**
Property, plant and equipment, net (note 4)	**91,508**	**18,981**	**1,103**	**111,592**
Intangible assets acquired (note 5)	**559**	**19**	**-**	**578**
Intangible assets, net (note 5)	**1,405**	**2,153**	**-**	**3,558**
Goodwill, net	**277**	**23,571**	**-**	**23,848**
Total assets	**186,756**	**228,710**	**1,531**	**416,997**
Total liabilities	**$22,297**	**$127,412**	**$ 10,857**	**$160,566**

($ in thousands, except per share amounts)

	Six Months Ended March 31, 2015			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$101,459	$149,452	$ -	$250,911
Intercompany sales	(5,193)	(337)	-	(5,530)
Net sales	96,266	149,115	$ -	245,381
Depreciation (note 4)	4,797	1,728	13	6,538
Amortization (note 5)	253	541	-	794
Segment income (loss)	16,501	16,465	(3,475)	29,491
Net interest expense				(553)
Income before income taxes				28,938
Property, plant and equipment additions (note 4)	6,766	843	50	7,659
Property, plant and equipment, net (note 4)	78,681	19,231	1,170	99,082
Intangible assets additions (note 5)	210	29	-	239
Intangible assets, net (note 5)	1,383	3,008	-	4,391
Goodwill, net (note 5)	302	23,570	-	23,872
Total assets	178,970	131,236	1,925	312,131
Total liabilities	$25,962	$54,556	$5,793	$86,311

9. NET CHANGE IN NON-CASH WORKING CAPITAL

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

	Six Months Ended March 31	
	2016	2015
Accounts receivable	**$7,400**	($14,623)
Unbilled revenue	**(4,804)**	(8,684)
Inventories	**463**	(1,038)
Prepaid expenses and deposits	**(2,643)**	1,220
Trade accounts payable	**4,597**	(883)
Accrued payroll and taxes	**(1,887)**	(694)
Other accrued liabilities	**(362)**	931
Provisions	**(287)**	(1,733)
Customer advance payments	**(977)**	893
Income taxes payable	**(1,549)**	2,125
	($49)	($22,486)

10. INCOME TAXES

Consolidated effective income tax rate for the six-month period ended March 31, 2016 was 30.5% (six-month period ended March 31, 2015 – 29.1%). The effective tax rate in the current period was adversely impacted by a lower proportion of earnings from low tax jurisdictions and the discontinuance of tax effecting losses in South Africa after the first quarter of 2015.

11. SUBSEQUENT EVENTS

(i) On April 4, 2016, the Company completed the acquisition of AFX Industries L.L.C. ("AFX") for consideration of US$73,390 excluding US$4,420 of assumed debt. AFX is based in Port Huron, Michigan with manufacturing operations in Matamoros, Mexico. The company is a tier 2 supplier of leather and leather-like interior trim components to the North American automotive market. AFX supplies die cut leather sets for seating and many other interior trim applications as well as injection-molded, hand-sewn, machine-sewn and hand-wrapped interior components of all types.

(ii) On April 7, 2016, the Company concluded a commercial arbitration which it initiated in 2015. As a result, the Company expects to receive approximately $3.5 million during the third quarter of this fiscal year.

CORPORATE INFORMATION

Exco Technologies Limited is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through our 19 strategic locations in 10 countries, we employ 5,418 people and service a diverse and broad customer base.

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