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 six months ended
March 31, 2017

CONTENTS

	Three Months Ended March 31		Six Months Ended March 31	
(in $ thousands except per share amounts)				
	2017	2016	**2017**	2016
Sales	**$153,783**	$133,383	**$306,880**	$264,284
Net income	**$12,602**	$8,989	**$24,065**	$20,817
Basic earnings per share	**$0.30**	$0.21	**$0.57**	$0.49
Diluted earnings per share	**$0.30**	$0.21	**$0.56**	$0.49
Weighted avg basic common shares o/s (000's)	**42,594**	42,497	**42,592**	42,479

The following management's interim discussion and analysis of operations and financial position are prepared as at April 26, 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 not a measure of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates EBITDA Margin as EBITDA divided by Sales.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the second quarter ended March 31, 2017 were $153.8 million compared to $133.4 million in the same quarter last year – an increase of $20.4 million or 15%. Year-to-date sales were $306.9 million compared to $264.3 million – an increase of $42.6 million or 16%. Over the quarter the average USD/CAD exchange rate was 2% lower ($1.32 versus $1.35 last year) reducing revenue by $1.5 million while the year-to-date average USD/CAD exchange rate was 1% lower ($1.33 versus $1.35 last year), also reducing sales by $1.5 million. The average EUR/CAD exchange rate was 5% lower in the quarter ($1.41 versus $1.49 last year) and 3% lower year-to-date ($1.42 versus $1.47 last year) reducing sales by $2.3 million and $2.8 million in the respective periods.

The Automotive Solutions segment reported sales of $106.3 million in the second quarter – an increase of $20.0 million or 23% from the same quarter last year. Year-to-date, the segment reported sales of $214.4 million – an increase of $50.5 million or 31% over last year. Foreign exchange movements reduced segment sales by $3.0 million in the quarter and $3.5 million year-to-date. AFX, which was acquired on April 4, 2016, contributed $27.3 million of sales in the quarter and $55.8 million year-to-date. Sales were also higher at Polytech, Polydesign and Neocon on a combined basis both during the quarter and year-to-date periods, with year over year growth rates of 18% and 17% respectively. Sales were lower at ALC by 37% during the quarter and 25% year-to-date compared to the prior year periods driven by the permanent closure of the group's Lesotho operations at the end of November 2016, the timing of program turnover, and to a lesser extent, adverse currency movements.

The Casting and Extrusion segment reported sales of $47.5 million for the second quarter – an increase of $0.4 million or 1% from the same quarter last year. Year-to-date, the segment reported sales of $92.4 million – a decrease of $7.9 million or 8% compared to last year. Foreign exchange movements reduced segment sales by $0.9 million in both the quarter and year-to-date periods. Within the segment, sales were down very modestly in the Large Mould group during the quarter compared to the prior year period, which was more than offset by higher sales from both the Extrusion and Castool groups. Lower year-to-date segment sales compared to the prior year period were primarily driven by the Large Mould group during the first quarter arising from reduced demand for certain established programs, the timing of customer releases and pricing pressures on certain new programs. Management believes the second quarter results demonstrate that these factors have largely been absorbed relative to prior year comparatives. Consequently, while it may still take some time for the Large Mould group to demonstrate a meaningful recovery, comparisons to prior periods will continue to ease.

Consolidated net income for the second quarter was $12.6 million or basic and diluted earnings of $0.30 per share compared to $9.0 million or $0.21 per share in the same quarter last year – an increase in net income of 40%. Year-to-date, consolidated net income was $24.1 million or $0.57 per basic share compared to $20.8 million or $0.49 per basic share last year – an increase in net income of 16%. Net income in the current year-to-date period was adversely impacted by $1.2 million ($0.03 per share) of non-operating costs related to the closure of ALC's operations in South Africa and Lesotho. The effective consolidated income tax rate was 29.2% in the current quarter compared to 29.7% in the same quarter last year. Year-to-date, the consolidated income tax rate was 30.0% compared to 30.5% the prior year period.

The Automotive Solutions segment reported pretax profit of $15.0 million in the second quarter – an increase of $3.9 million or 35% over the same quarter last year. Year-to-date, the segment reported pretax profit of $29.6 million compared to $20.2 million – an increase of $9.5 million or 47%. The increase in the quarter and year-to-date periods was driven primarily from the inclusion of AFX's results after its acquisition on April 4, 2016. However, organic profit improvement at the segments' other operations also contributed strongly, aided by the elimination of operating losses at ACL's operations in South Africa and Lesotho. The financial results of ALC's Bulgarian operations were negatively impacted in the current quarter and year-to-date periods by the repositioning of business to accommodate the ramp up of the Audi seat cover and steering wheel wrapping programs and runout of the BMW 5 series seat cover program, which ended in February 2017. Closure costs associated with South Africa and Lesotho in the first quarter amounted to $1.2 million (including a $0.7 million non-cash asset write-down), which were recorded outside of the segment results.

The Casting and Extrusion segment reported pretax profit of $5.4 million in the current quarter – an increase of $0.2 million or 4% from the same quarter last year. Year-to-date, the segment reported pretax profit of $10.4 million or 31% below the prior year. Most of the reduction in year-to-date segment profitability occurred in the Large Mould group during the first quarter due to significantly lower absorption rates, pricing pressures and unfavorable product mix. While these pressures persisted during the current quarter, the year over year impact was much less pronounced. Segment profitability during both the quarter and year-to-date compared to prior year periods were also influenced by modestly lower profitability at the Castool group and stronger results from the Extrusion group. These results were achieved despite increased depreciation expense and ongoing front-end operational investments required to harmonize manufacturing processes at the Extrusion group's various plants.

With respect to our greenfield operations in Colombia, Texas, Brazil and Thailand, sales growth remained strong at each of these locations both during the quarter and year-to-date periods. As well, the collective profitability of these four operations turned positive for the first time during the current quarter with only the operations in Brazil remaining in a loss position.

Corporate segment expenses totaled $2.2 million in the current quarter compared to $3.3 million the prior year quarter, which included approximately $1 million of transaction costs associated with the acquisition of AFX. Year-to-date, corporate segment expenses totaled $3.6 million compared to $5.1 million the prior year, due mainly to prior year transaction costs and a reduction in non-cash stock based compensation expense in the current year.

Consolidated EBITDA for the second quarter totaled $23.4 million compared to $16.9 million in the same quarter last year – an increase of 39%. Year-to-date, consolidated EBITDA totaled $46.8 million compared to $37.9 million – an increase of 23%. The consolidated EBITDA margin improved to 15.2% during the quarter from 12.7% the prior year period driven by EBITDA margin improvement at each of the company's two operating segments as well as a reduction in corporate expenses despite the higher sales. Year-to-date, the consolidated EBITDA margin improved to 15.2% compared to 14.3% the prior year period due to a higher EBITDA margin in the Automotive Solutions segment and lower corporate expenses as a percent of sales, partially countered by a lower EBITDA margin in the Casting and Extrusion segment.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital increased to $19.4 million in the current quarter and $37.4 million year-to-date compared to $12.7 million and $29.3 million in the same periods last year. This increase was mostly driven by higher net income, higher depreciation and amortization expense associated with AFX, an increase in depreciation expense generally, an increase in the amount of deferred taxes, and, in the case of the year-to-date numbers, $0.7 million of non-cash costs associated with the plant closure in Lesotho. Non-cash working capital consumed $7.5 million of cash in the current quarter and $3.6 million of cash year-to-date compared to a use of $0.7 million and nil in the respective prior year periods. The difference is primarily attributable to the timing of accounts receivable collection, inventory movements, and trade payments. Consequently, net cash provided by operating activities amounted to $11.9 million in the current quarter and $33.8 million year-to-date compared to $11.9 million and $29.3 million the same periods last year.

Cash used in financing activities in the current quarter and year-to-date periods totaled $15.6 million and $24.3 million compared to a source of $66.9 million and $60.8 million of cash in the prior year periods respectively. The source of cash in the prior year period reflected the pre-funding of the AFX acquisition in the second quarter of fiscal 2016 whereas cash used in the current year periods was primarily due to debt repayment and to a lesser extent higher dividend and interest payments.

Cash used in investing activities totaled $3.9 million and $7.1 million in the second quarter and year-to-date periods compared to $6.0 million and $15.7 million in the same respective periods last year. The difference is due to lower spending on machinery and equipment, which is attributable to both timing differences and a modestly lower level of planned capital spending in fiscal 2017 relative to fiscal 2016. Year-to-date capital spending represents approximately 32% of the Company's planned annual expenditures in fiscal 2017.

The Company's financial position and liquidity remain very 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 $27.3 million as at March 31, 2017, 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, $27.6 million of balance sheet cash, and $65 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 March 31, 2017.

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 17 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.

	March 31, 2017			
	Total	< 1 year	1-3 years	4-5 years
Bank indebtedness	$11,210	$11,210	-	-
Long-term debts	43,624	4,219	39,312	93
Operating leases*	5,840	1,820	2,657	1,363
Purchase commitments	39,099	39,099	-	-
Capital expenditures	3,085	3,085	-	-
	102,858	59,433	41,969	1,456

∗ Exco leases facilities, automobiles, 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 favourable. 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 March 31, 2017:

($ thousands except per share amounts)	March 31, 2017	December 31, 2016	September 30, 2016	June 30, 2016[1]
Sales	$153,783	$153,097	$163,034	$161,671
Net income	$12,602	$11,463	$10,514	$16,226
Earnings per share				
Basic	$0.30	$0.27	$0.25	$0.38
Diluted	$0.30	$0.27	$0.25	$0.38

[1] Exco's net income in the third quarter of fiscal 2016 was boosted by $3.4 million ($0.08 per share) from a litigation settlement

($ 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

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 March 31, 2017 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 March 31, 2017 Exco had 42,599,491 common shares issued and outstanding and stock options outstanding to purchase up to 805,340 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 six-month periods ended March 31, 2017 and 2016 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, 2017	As at September 30, 2016
ASSETS		
Current		
Cash and cash equivalents	**$27,550**	$27,509
Accounts receivable	**107,992**	107,900
Unbilled revenue	**16,690**	19,214
Inventories	**61,569**	67,192
Prepaid expenses and deposits	**3,306**	3,352
Income taxes receivable	**-**	1,601
Total current assets	**217,107**	226,768
Property, plant and equipment, net (note 4)	**114,138**	114,695
Intangible assets, net (note 5)	**44,198**	45,586
Goodwill (note 5)	**64,626**	64,071
Deferred tax assets	**1,621**	1,821
Total assets	**$441,690**	$452,941
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$11,210**	$13,469
Trade accounts payable	**51,875**	64,948
Accrued payroll liabilities	**10,484**	13,275
Other accrued liabilities	**8,645**	8,690
Derivative instruments (note 6)	**2,140**	4,158
Provisions	**1,322**	1,382
Income taxes payable	**193**	-
Customer advance payments	**3,469**	1,654
Long-term debt - current portion (note 7)	**4,219**	4,173
Total current liabilities	**93,557**	111,749
Long-term debt - long-term portion (note 7)	**39,405**	54,514
Deferred tax liabilities	**7,803**	7,273
Total liabilities	**140,765**	173,536
Shareholders' equity		
Share capital (note 8)	**51,563**	51,366
Contributed surplus	**3,796**	3,566
Accumulated other comprehensive income	**14,607**	11,190
Retained earnings	**230,959**	213,283
Total shareholders' equity	**300,925**	279,405
Total liabilities and shareholders' equity	**$441,690**	$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 March 31		Six months ended March 31	
	2017	2016	**2017**	2016
Sales	**$153,783**	$133,383	**$306,880**	$264,284
Cost of sales	**117,725**	104,399	**235,678**	203,888
Selling, general and administrative expenses	**12,644**	12,038	**24,392**	22,406
Depreciation (note 4)	**4,027**	3,617	**7,958**	6,939
Amortization (note 5)	**1,216**	368	**2,431**	783
Loss on disposal of property, plant and equipment	**15**	47	**69**	81
Interest expense, net	**357**	120	**730**	238
Other expenses (note 12)	**-**	-	**1,223**	-
	135,984	120,589	**272,481**	234,335
Income before income taxes	**17,799**	12,794	**34,399**	29,949
Provision for income taxes (note 11)	**5,197**	3,805	**10,334**	9,132
Net income for the period	**12,602**	8,989	**24,065**	20,817
Other comprehensive income (loss)				
Items that may be reclassified to profit or loss in subsequent periods:				
Net unrealized gain on derivatives designated as cash flow hedges (a)	**2,928**	308	**1,429**	346
Unrealized (loss) gain on foreign currency translation	**(673)**	(9,266)	**1,988**	(5,132)
	2,255	(8,958)	**3,417**	(4,786)
Comprehensive income	**$14,857**	$31	**$27,482**	$16,031
Income per common share				
Basic	**$0.30**	$0.21	**$0.57**	$0.49
Diluted	**$0.30**	$0.21	**$0.56**	$0.49
Weighted average number of common shares outstanding				
Basic	**42,594**	42,497	**42,592**	42,479
Diluted	**42,685**	42,713	**42,683**	42,734

(a) Net of income tax payable of $1,020 and $498 for the three-and six month periods ended March 31,2017 (2016 - net of income tax payable of $107 and $120 for the three- and six-month periods ended March 31,2016).

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 gain (loss) on derivatives designated as cash flow hedges**	**Unrealized gain (loss) 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 (loss)	**-**	**-**	**-**	**(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**
Net income for the period	**-**		**12,602**			**-**	**12,602**
Dividend paid (note 3)	**-**		**(3,408)**			**-**	**(3,408)**
Stock option grants	**-**	**154**				**-**	**154**
Exercise of stock options	**92**	**(28)**				**-**	**64**
Other comprehensive income (loss)	**-**			**2,928**	**(673)**	**2,255**	**2,255**
Balance, March 31, 2017	**$51,563**	**$3,796**	**$230,959**	**($1,588)**	**$16,195**	**$14,607**	**$300,925**

				Accumulated other comprehensive income (loss)			
	Share capital	Contributed surplus	Retained earnings	Net unrealized gain (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, 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
Net income for the period	-	-	8,989	-	-	-	8,989
Dividend paid (note 3)	-	-	(2,976)	-	-	-	(2,976)
Stock option grants	-	156	-	-	-	-	156
Exercise of stock options	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

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	
	2017	2016	**2017**	2016
OPERATING ACTIVITIES:				
Net income for the period	**$12,602**	$8,989	**$24,065**	$20,817
Add non-operating and items not involving a current outlay of cash				
Depreciation (note 4)	**4,027**	3,617	**7,958**	6,939
Amortization (note 5)	**1,216**	368	**2,431**	783
Stock-based compensation expense (gain)	**272**	(6)	**307**	459
Deferred income taxes	**940**	(479)	**1,109**	(18)
Net interest expense	**357**	120	**730**	238
Non-cash costs of ALC plant closures (note 12)	**-**	-	**707**	-
Loss from liquidation of ALC capital assets (note 12)	**-**	-	**23**	-
Loss (gain) on disposal of property, plant and equipment	**(8)**	47	**46**	81
	19,406	12,656	**37,376**	29,299
Net change in non-cash working capital (note 10)	**(7,510)**	(675)	**(3,554)**	(49)
Cash provided by operating activities	**11,896**	11,981	**33,822**	29,250
FINANCING ACTIVITIES:				
Increase (decrease) in bank indebtedness	**(2,539)**	935	**(2,259)**	(3,013)
Financing from long-term debt	**-**	69,000	**-**	69,000
Repayment of long-term debt	**(9,360)**	(37)	**(15,063)**	(29)
Interest paid, net	**(357)**	(120)	**(730)**	(238)
Dividends paid	**(3,408)**	(2,976)	**(6,389)**	(5,523)
Issuance of share capital	**64**	141	**139**	651
Cash provided by (used in) financing activities	**(15,600)**	66,943	**(24,302)**	60,848
INVESTING ACTIVITIES:				
Purchase of property, plant and equipment (note 4)	**(3,876)**	(5,622)	**(6,773)**	(15,218)
Purchase of intangible assets (note 5)	**(154)**	(473)	**(462)**	(577)
Proceeds from liquidation of ALC capital assets	**62**	-	**93**	-
Proceeds from disposal of property, plant and equipment	**23**	69	**50**	69
Cash used in investing activities	**(3,946)**	(6,026)	**(7,093)**	(15,726)
Effect of exchange rate changes on cash	**(2,635)**	(1,325)	**(2,386)**	(213)
Net increase (decrease) in cash during the period	**(10,285)**	71,573	**41**	74,159
Cash, beginning of period	**37,835**	37,582	**27,509**	34,996
Cash, end of period	**$27,550**	$109,155	**$27,550**	$109,155

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 17 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- and six- month periods ended March 31, 2017 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-and six- month periods ended March 31, 2017 were authorized for issue by the Board of Directors on April 26, 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 ending 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. The effective date of the Revenue Standard is January 1, 2018, which will be October 1, 2018 for the Company. The Company is in the process of reviewing the standard to determine the impact on its consolidated financial statements.

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 which will be October 1,2019 for the Company.

3. CASH DIVIDEND

During the three and six-month periods ended March 31, 2017, the Company paid quarterly cash dividends totaling $3,408 and $6,389 (2016 - $2,976 and $5,523) respectively. The quarterly dividend rate increased in the second quarter of 2017 to $0.08 per common share from $0.07 per common share.

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	458	450	76	-	5,789	6,773
Reclassification	5,543	649	520	-	(6,712)	-
Less: disposals	(1,549)	(203)	-	-	-	(1,752)
Foreign exchange movement	805	109	330	67	23	1,334
Balance as at March 31, 2017	**$191,521**	**$22,008**	**$68,666**	**$9,738**	**$3,138**	**$295,071**

$(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	5,672	952	1,334	-	-	7,958
Less: disposals	(1,414)	(126)	-	-	-	(1,540)
Reclassification	5	(5)	-	-	-	-
Foreign exchange movement	341	72	81	-	-	494
Balance as at March 31, 2017	**$132,123**	**$16,769**	**$32,041**	**$-**	**$-**	**$180,933**
Carrying amounts						
As at September 30, 2016	$58,745	$5,127	$37,114	$9,671	$4,038	$114,695
As at March 31, 2017	**$59,398**	**$5,239**	**$36,625**	**$9,738**	**$3,138**	**$114,138**

5. INTANGIBLE ASSETS AND GOODWILL

	Computer Software and other	Acquisition Intangibles*	Assets under Development (Software)	Total intangible assets	Goodwill
Cost					
Balance as at September 30, 2016	$19,833	$46,828	$382	$67,043	$64,071
Additions					
Assets acquired	436	-	26	462	-
Reclassification	69	-	(69)	-	-
Less: disposals	-	-	-	-	-
Foreign exchange movement	44	593	-	637	555
Balance as at March 31, 2017	**$20,382**	**$47,421**	**$339**	**$68,142**	**$64,626**

	Computer Software and other	Acquisition Intangibles*	Assets under Development (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	460	1,971	-	2,431	-
Less: disposals	-	-	-	-	-
Foreign exchange movement	34	22	-	56	-
Balance as at March 31, 2017	**$18,538**	**$5,406**	**$-**	**$23,944**	**$-**
Carrying amounts					
As at September 30, 2016	$1,789	$43,415	$382	$45,586	$64,071
As at March 31, 2017	**$1,844**	**$42,015**	**$339**	**$44,198**	**$64,626**

$(000)'s except per share amounts

*Acquisition intangibles are comprised primarily of customer relationships and trade names resulting from business acquisitions.

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 six month period ended March 31, 2017 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:

	March 31, 2017		September 30, 2016	
	Carrying Amount of Asset (Liability)	**Fair Value of Asset (Liability)**	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash	**$27,550**	**$27,550**	$27,509	$27,509
Total accounts receivable	**107,992**	**107,992**	107,900	107,900
Trade accounts payable	**(51,875)**	**(51,875)**	(64,948)	(64,948)
Bank indebtedness	**(11,210)**	**(11,210)**	(13,469)	(13,469)
Customer advance payments	**(3,469)**	**(3,469)**	(1,654)	(1,654)
Accrued liabilities	**(19,129)**	**(19,129)**	(21,965)	(21,965)
Derivative instruments	**(2,140)**	**(2,140)**	(4,158)	(4,158)
Long-term debt	**($43,624)**	**($43,624)**	($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 $35,000 was used as at March 31, 2017. 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:

	March 31, 2017	September 30, 2016
Bank Debt	**$35,000**	$46,000
Term Notes	**8,252**	12,210
Finance Leases	**-**	18
Promissory Note	**372**	459
Less: current portion	**(4,219)**	(4,173)
Long-term debt, long-term portion	**$39,405**	$54,514

8. SHARE CAPITAL

Normal Course Issuer Bid
On February 8, 2017, the Company announced its intention to implement a normal course issuer bid (“NCIB”), to purchase for cancellation up to 1,000,000 common shares through February 9, 2018. As at March 31, 2017, the Company had not purchased any shares under the NCIB program. All purchases are made in accordance with the bid at prevalent market prices plus brokerage fees, or such other prices that may be permitted by the Toronto Stock Exchange.

9. 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 pre-tax income before interest and other.

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

	Three Months Ended March 31, 2017			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$48,692**	**$106,532**	**$-**	**$155,224**
Intercompany sales	**(1,210)**	**(231)**	**-**	**(1,441)**
Net sales	**47,482**	**106,301**	**-**	**153,783**
Depreciation	**3,192**	**823**	**12**	**4,027**
Amortization	**200**	**1,016**	**-**	**1,216**
Segment pre-tax income (loss) before interest and other	**5,366**	**14,970**	**(2,180)**	**18,156**
Net interest expense				**(357)**
Income before income taxes				**17,799**
Property, plant and equipment additions	**3,069**	**780**	**27**	**3,876**
Property, plant and equipment, net	**92,657**	**20,178**	**1,303**	**114,138**
Intangible asset additions	**154**	**-**	**-**	**154**
Intangible assets, net	**1,790**	**42,403**	**5**	**44,198**
Goodwill	**293**	**64,333**	**-**	**64,626**
Total assets	**186,388**	**253,719**	**1,583**	**441,690**
Total liabilities	**$25,491**	**$63,830**	**$51,444**	**$140,765**

	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	2,934	677	6	3,617
Amortization	156	212	-	368
Segment pre-tax income (loss) before interest and other	5,142	11,110	(3,338)	12,914
Net interest expense				(120)
Income before income taxes				12,794
Property, plant and equipment additions	5,347	273	2	5,622
Property, plant and equipment, net	91,508	18,981	1,170	111,592
Intangible asset additions	469	5	-	473
Intangible assets, net	1,405	2,153	-	3,558
Goodwill	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

$(000)'s except per share amounts

	Six Months Ended March 31, 2017			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$95,329**	**$215,051**	**$-**	**$310,380**
Intercompany sales	**(2,889)**	**(611)**	**-**	**(3,500)**
Net sales	**92,440**	**214,440**	**-**	**306,880**
Depreciation	**6,272**	**1,663**	**23**	**7,958**
Amortization	**386**	**2,045**	**-**	**2,431**
Segment pre-tax income (loss) before interest and other	**10,377**	**29,593**	**(3,618)**	**36,352**
Other expense (note 11)	**-**	**(1,223)**	**-**	**(1,223)**
Net interest expense				**(730)**
Income before income taxes				**34,399**
Property, plant and equipment additions	**5,277**	**1,449**	**47**	**6,773**
Property, plant and equipment, net	**92,657**	**20,178**	**1,303**	**114,138**
Intangible asset additions	**441**	**21**	**-**	**462**
Intangible assets, net	**1,790**	**42,403**	**5**	**44,198**
Goodwill	**293**	**64,333**	**-**	**64,626**
Total assets	**186,388**	**253,719**	**1,583**	**441,690**
Total liabilities	**$25,491**	**$63,830**	**$51,444**	**$140,765**

	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	5,565	1,363	11	6,939
Amortization	356	427	-	783
Segment pre-tax income (loss) before interest and other	15,115	20,175	(5,103)	30,187
Net interest expense				(238)
Income before income taxes				29,949
Property, plant and equipment additions	13,918	1,279	21	15,218
Property, plant and equipment, net	91,508	18,981	1,103	111,592
Intangible assets acquired	559	19	-	577
Intangible assets, net	1,405	2,153	-	3,558
Goodwill	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

$(000)'s except per share amounts

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	Six Months Ended March 31	
	2017	2016
Accounts receivable	**$2,199**	$7,400
Unbilled revenue	**2,527**	(4,804)
Inventories	**6,065**	463
Prepaid expenses and deposits	**73**	(2,643)
Trade accounts payable	**(14,820)**	4,597
Accrued payroll and taxes	**(2,945)**	(1,887)
Other accrued liabilities	**(203)**	(362)
Provisions	**(60)**	(287)
Customer advance payments	**1,815**	(977)
Income taxes payable	**1,795**	(1,549)
	($3,554)	($49)

11. INCOME TAXES

The consolidated effective income tax rate for the six-month period ended March 31, 2017 was 30.0% (six-month period ended March 31, 2016 – 30.5%). The effective tax rate in the current period was improved by the proportion of earnings generated in lower tax jurisdictions.

12. 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 six-month period ended March 31, 2017 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 17 strategic locations in 8 countries, we employ 6,594 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

XTC

DIRECTORS

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

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

TSX Trust Company
200 University Avenue
Suite 400
Toronto, Ontario
M5H 4H1

Shareholder Inquiries:
Telephone: 1-866-600-5869
Email: tmxeinvestorservices@tmx.com
Web: www.tsxtrust.com