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Unaudited Condensed Interim Report to the shareholders for the nine months ended June 30, 2017

CONTENTS

	Three Months Ended June 30		Nine Months Ended June 30	
(in $ thousands except per share amounts)				
	2017	2016	**2017**	2016
Sales	**$145,909**	$161,671	**$452,789**	$425,955
Net income	**$10,933**	$16,226	**$34,998**	$37,043
Basic earnings per share	**$0.26**	$0.38	**$0.82**	$0.87
Diluted earnings per share	**$0.26**	$0.38	**$0.82**	$0.87
Weighted avg basic common shares o/s (000's)	**42,617**	42,426	**42,610**	42,497

The following management's interim discussion and analysis of operations and financial position are prepared as at August 2, 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 may be made to EBITDA, EBITDA Margin, adjusted EPS and free cash flow which are not measures of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates EBITDA as earnings before other income/expense, interest, taxes, depreciation and amortization and EBITDA Margin as EBITDA divided by sales. Exco calculates adjusted EPS as earnings before other income/expense and free cash flow as cash provided by operating activities less interest paid less investment in fixed assets net of proceeds of disposal. EBITDA, EBITDA Margin, adjusted EPS and free cash flow are used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use these measures as well when evaluating Exco's financial performance. These measures, as calculated by Exco, do not have any standardized meaning prescribed by IFRS and are not necessarily comparable to similar measures presented by other issuers.

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated sales for the third quarter ended June 30, 2017 were $145.9 million compared to $161.7 million in the same quarter last year – a decrease of $15.8 million or 10%, which was primary attributable to expected declines in the Automotive Solutions segment. Year-to-date sales were $452.8 million compared to $426.0 million – an increase of $26.8 million or 6%. Over the quarter the average USD/CAD exchange rate was 4% higher ($1.34 versus $1.29 last year) increasing revenue by $3.9 million. The year-to-date average USD/CAD exchange rate was essentially unchanged ($1.33) although sales were still positively impacted by $1.4 million over this period due to inter-period exchange rate fluctuations together with the timing of the AFX acquisition. The average EUR/CAD exchange rate was 4% higher in the quarter ($1.50 versus $1.44 last year) and 1% lower year-to-date ($1.45 versus $1.46 last year), increasing sales by $1.4 million during the quarter and reducing sales by $1.4 million year-to-date.

The Automotive Solutions segment reported sales of $99.4 million in the third quarter – a decrease of $15.6 million or 14% from the same quarter last year. Year-to-date, the segment reported sales of $313.9 million – an increase of $34.9 million or 12% over last year. Foreign exchange movements increased segment sales by $3.9 million in the quarter and $0.5 million year-to-date. Segment sales continued to be impacted in the quarter by management's efforts to focus on higher margin activities. To that end, sales were lower at ALC by 41% during the quarter and 30% year-to-date compared to the prior year periods driven primarily by the permanent closure of the group's loss-making Lesotho operations at the end of November 2016 and the run out of the BMW 5 Series seat cover program, which ended in February 2017. Sales were higher at Polytech, Polydesign and Neocon on a combined basis by 16% both during the quarter and year-to-date periods. AFX's sales were down 16% during the quarter mainly reflecting fewer releases associated with established programs and a slower than anticipated ramp up of new programs. AFX was acquired on April 4, 2016. Bidding activity, contract wins and the pursuit of new opportunities during the quarter remained at robust levels in each of the segment's five business units.

The Casting and Extrusion segment reported sales of $46.5 million for the third quarter – essentially unchanged from the same quarter last year. Year-to-date, the segment reported sales of $138.9 million – a decrease of $8.0 million or 5% compared to last year. Foreign exchange movements increased segment sales by $1.3 million in the quarter and $0.5 million year-to-date. Within the segment, sales were down in both the Large Mould and Castool groups during the quarter and year-to-date periods compared to the prior year. In the case of the Large Mould group this primarily reflects ongoing pricing pressures, reduced demand for spare parts and the timing of customer releases although the magnitude of these factors continued to decrease relative to prior periods. Castool's sales were down modestly over prior periods primarily due to reduced equipment sales while the Extrusion group recorded higher sales during both the quarter and year-to-date periods from broad strength, with stronger results achieved in most of the company's five extrusion plants.

Consolidated net income for the third quarter was $10.9 million or basic and diluted earnings of $0.26 per share. This compared to $12.8 million or $0.30 per share in the same quarter last year excluding a $3.4 million one-time commercial settlement gain ($0.08 per share) – a decrease in net income of 14%. Year-to-date, consolidated net income was $36.2 million or $0.85 per basic share excluding a $1.2 million closure charge associated with ALC's operations in South Africa and Lesotho ($0.03 per share). This compared to $33.6 million or $0.79 per basic share last year, again excluding the $3.4 million settlement gain – an increase in net income of 8%. The effective consolidated income tax rate was 28.4% in the current quarter compared to 24.5% in the same quarter last year. Year-to-date, the consolidated income tax rate was 29.5% (28.8% excluding the $1.2 million ALC closure costs) compared to 28.0% (30.0% excluding the $3.4 million settlement gain) in the prior year period.

The Automotive Solutions segment reported pretax profit of $12.6 million in the third quarter – a decrease of $0.8 million or 6% compared to the same quarter last year. Year-to-date, the segment reported pretax profit of $42.2 million compared to $33.6 million – an increase of $8.6 million or 26%. The decrease in segment profitability during the quarter was primarily driven by reduced contributions from AFX but also reflected front-end inefficiencies associated with the ramp up of a number of new large programs, particularly at Polydesign in Morocco. As well, the financial results of ALC's Bulgarian operations were negatively impacted in the current quarter and year-to-date periods by the continued repositioning of the business to accommodate the ramp up of the steering wheel wrapping and Audi seat cover programs as well as the runout of the BMW 5 series seat cover program. These factors were partially offset by stronger results from the segment's other businesses on a combined basis, aided by the elimination of operating losses at ALC's operations in South Africa and Lesotho. Higher profit year-to-date was driven primarily from the inclusion of AFX's results after its acquisition on April 4, 2016 however organic profit improvement at the segment's other operations also contributed strongly. As indicated above, management remains focused on higher margin activities within the segment. Consequently, the segment pretax profit margin improved to 12.7% in the quarter from 11.7% the prior year while the profit margin strengthened to 13.5% compared to 12.0% on a year-to-date basis.

The Casting and Extrusion segment reported pretax profit of $4.8 million in the third quarter – a decrease of $0.9 million or 15% from the same quarter last year. Year-to-date, the segment reported pretax profit of $15.2 million or 27% below the prior year. Within the Large Mould segment, profitability in the quarter and year-to-date periods was impacted by pricing pressures and lower absorption rates of overhead associated with reduced demand for spare parts. As well, results continued to be negatively impacted by the initial inefficiencies associated with the implementation of new equipment/processes that management expects will further enhance the company`s competitiveness. Front end inefficiencies are compounded by the need to continue with the running of older equipment/processes for some time, resulting in the duplication of certain operating costs. Management expects these costs will begin to recede over the coming quarters. Within the Castool group, profitability was lower during both the quarter and year-to-date compared to prior year periods driven by reduced demand for certain capital equipment and higher sales/ marketing costs. Profitability within the Extrusion group was higher in the current quarter and year-to-date periods compared to the prior year. Stronger results within the group were driven by higher sales and achieved despite ongoing disruption from the harmonization of manufacturing processes at the group's various plants, which management expects will lead to further improvement in results over time.

Corporate segment expenses totaled $1.9 million in the third quarter compared to $0.5 million the prior year quarter. The prior year period benefited from $0.8 million of accrual reversals as well as lower than normal share based compensation, which fluctuates with Exco's share price at quarter end. Year-to-date, corporate segment expenses totaled $5.5 million compared to $5.6 million the prior year. Prior year-to-date expenses included approximately $1.0 million of transaction costs associated with the acquisition of AFX.

Consolidated EBITDA for the third quarter totaled $20.7 million compared to $23.3 million in the same quarter last year – a decrease of 11%. The consolidated EBITDA margin weakened slightly to 14.2% during the quarter from 14.4% the prior year period as the Casting and Extrusion segment margin fell to 17.4% from 18.7% the prior year and corporate expenses were normalized higher year over year, mostly offset by an improvement in the Automotive Solution segment margin, which increased to 14.6% from 13.1% the prior year. Year-to-date, consolidated EBITDA totaled $67.4 million compared to $61.2 million – an increase of 10%. Year-to-date, the consolidated EBITDA margin improved to 14.9% compared to 14.4% the prior year period due mainly to a higher EBITDA margin in the Automotive Solutions segment (15.2% versus 13.3%), partially offset by a lower EBITDA margin in the Casting and Extrusion segment (18.1% versus 20.3%) as well as the relatively greater contribution of the Automotive Solutions segment towards the overall results.

Financial Resources, Liquidity and Capital Resources

Operating cash flow before net change in non-cash working capital decreased to $15.5 million in the current quarter compared to $21.3 million the prior year. The decrease was mostly driven by the lower net income which included the $3.4 million cash settlement in the prior year. Year-to-date, operating cash flow before net change in non-cash working capital increased to $52.9 million from $50.6 million the prior year period. The increase occurred despite lower net income which was reduced by non-cash items such as the higher depreciation and amortization expense associated with AFX, an increase in depreciation expense generally, and $0.7 million of non-cash costs associated with the plant closure in Lesotho. Non-cash working capital provided $3.2 million of cash in the current quarter and consumed $0.3 million of cash year-to-date compared to a use of $8.8 million and $8.9 million 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 $18.7 million in the current quarter and $52.5 million year-to-date compared to $12.5 million and $41.8 million the same periods last year.

Cash used in financing activities in the current quarter and year-to-date periods totaled $14.6 million and $38.9 million compared to a use of $8.3 million and source of $52.6 million of cash in the prior year periods respectively. The source of cash in the prior year period reflected an increase in debt for the 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 payments.

Cash used in investing activities totaled $4.2 million and $11.3 million in the third quarter and year-to-date periods compared to $83.8 million and $99.6 million in the same respective periods last year. The difference in the quarter and year-to-date periods is largely due to the acquisition of AFX in the prior year but also due to lower spending on machinery and equipment, which in turn is attributable to both timing differences and a lower level of planned capital spending in fiscal 2017 relative to fiscal 2016.

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 $14.0 million as at June 30, 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, balance sheet cash, and unused availability under its committed credit facility, which matures February 2019. Subsequent to the end of the quarter Exco elected to reduce its committed credit facility limit to $50 million from $100 million. 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 June 30, 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 3 plants in Bulgaria and 1 plant in Mexico as well as a sales and support center in Michigan and a warehouse in Texas. The following table summarizes all short-term and long-term commitments Exco has entered.

	June 30, 2017			
	Total	< 1 year	1-3 years	4-5 years
Bank indebtedness	$13,254	$13,254	-	-
Long-term debts	30,418	4,118	26,209	91
Operating leases*	5,622	1,848	2,535	1,239
Purchase commitments	39,001	39,001	-	-
Capital expenditures	1,823	1,823	-	-

∗ 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 third quarter ended June 30, 2017:

($ thousands except per share amounts)	June 30, 2017	March 31, 2017	December 31, 2016	September 30, 2016
Sales	$145,909	$153,783	$153,097	$163,034
Net income	$10,933	$12,602	$11,463	$10,514
Earnings per share				
Basic	$0.26	$0.30	$0.27	$0.25
Diluted	$0.26	$0.30	$0.27	$0.25

($ thousands except per share amounts)	June 30, 2016[1]	March 31, 2016	December 31, 2015	September 30, 2015
Sales	$161,671	$133,383	$130,901	$130,984
Net income	$16,226	$8,989	$11,828	$10,293
Earnings per share				
Basic	$0.38	$0.21	$0.28	$0.24
Diluted	$0.38	$0.21	$0.28	$0.24

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

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

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 June 30, 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 June 30, 2017 Exco had 42,650,491 common shares issued and outstanding and stock options outstanding to purchase up to 754,340 common shares at exercise prices ranging from $5.33 to $14.58 and the Company had not repurchased any shares under the normal course issuer bid announced on February 8, 2017.

This Management Discussion and Analysis contains forward-looking information and forward-looking statements within the meaning of applicable securities laws. We use words such as "anticipate", "plan", *"may", "will", "should", "expect", "believe", "estimate" and similar expressions to identify forward-looking information and statements especially with respect to growth and financial performance of the Company's business units, contribution of our start-up business units, contribution of awarded programs yet to be launched, margin performance, financial performance of acquisitions and operating efficiencies are forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements throughout this document and are also cautioned that the foregoing list of important factors is not exhaustive. These forward-looking statements are based on our plans, intentions or expectations which are based on, among other things, assumptions about the number of automobiles produced in North America and Europe, the number of extrusion dies required in North America and South America, the rate of economic growth in North America, Europe and emerging market countries, investment by OEMs in drivetrain architecture and other initiatives intended to reduce fuel consumption and/or the weight of automobiles, raw material prices, economic conditions, currency fluctuations, trade restrictions, our ability to close or otherwise dispose of unprofitable operations in a timely manner, our ability to integrate acquisitions and the rate at which our operations in Brazil, Texas and Thailand achieve sustained profitability. These forward-looking statements include known and unknown risks, uncertainties, assumptions and other factors which may cause actual results or achievements to be materially different from those expressed or implied. The Company will update its disclosure upon publication of each fiscal quarter's financial results and otherwise disclaims any obligations to update publicly or otherwise revise any such factors or any of the forward-looking information or statements contained herein to reflect subsequent information, events or developments, changes in risk factors or otherwise. For a more extensive discussion of Exco's risks and uncertainties see the 'Risks and Uncertainties' section in our 2016 Annual Report, our 2016 Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at www.sedar.com.*

NOTICE TO READER

The attached unaudited condensed interim consolidated financial statements have been prepared by management of the Company. The condensed interim consolidated financial statements for the three and nine-month periods ended June 30, 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 June 30, 2017	As at September 30, 2016
ASSETS		
Current		
Cash and cash equivalents	**$29,696**	$27,509
Accounts receivable	**96,762**	107,900
Unbilled revenue	**17,935**	19,214
Inventories	**59,192**	67,192
Prepaid expenses and deposits	**2,964**	3,352
Income taxes receivable	**2,694**	1,601
Total current assets	**209,243**	226,768
Property, plant and equipment, net (note 4)	**112,902**	114,695
Intangible assets, net (note 5)	**42,243**	45,586
Goodwill (note 5)	**63,634**	64,071
Deferred tax assets	**1,597**	1,821
Total assets	**$429,619**	$452,941
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	**$13,254**	$13,469
Trade accounts payable	**47,821**	64,948
Accrued payroll liabilities	**11,200**	13,275
Other accrued liabilities	**8,241**	8,690
Derivative instruments (note 6)	**471**	4,158
Provisions	**1,305**	1,382
Customer advance payments	**2,587**	1,654
Long-term debt - current portion (note 7)	**4,118**	4,173
Total current liabilities	**88,997**	111,749
Long-term debt - long-term portion (note 7)	**26,300**	54,514
Deferred tax liabilities	**8,177**	7,273
Total liabilities	**123,474**	173,536
Shareholders' equity		
Share capital (note 8)	**51,891**	51,366
Contributed surplus	**3,850**	3,566
Accumulated other comprehensive income	**11,924**	11,190
Retained earnings	**238,480**	213,283
Total shareholders' equity	**306,145**	279,405
Total liabilities and shareholders' equity	**$429,619**	$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 June 30		Nine months ended June 30	
	2017	2016	**2017**	2016
Sales	**$145,909**	$161,671	**$452,789**	$425,955
Cost of sales	**113,255**	127,099	**348,933**	330,987
Selling, general and administrative expenses	**12,043**	11,241	**36,458**	33,647
Depreciation (note 4)	**3,906**	3,678	**11,864**	10,617
Amortization (note 5)	**1,220**	1,024	**3,651**	1,807
Loss (gain) on disposal of property, plant and equipment	**(39)**	66	**7**	147
Interest expense, net	**253**	520	**983**	758
Other (income) expense (note 12)	**-**	(3,440)	**1,223**	(3,440)
	130,638	140,188	**403,119**	374,523
Income before income taxes	**15,271**	21,483	**49,670**	51,432
Provision for income taxes (note 11)	**4,338**	5,257	**14,672**	14,389
Net income for the period	**10,933**	16,226	**34,998**	37,043
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)	**1,238**	(420)	**2,667**	(74)
Unrealized (loss) on foreign currency translation	**(3,921)**	(958)	**(1,933)**	(6,090)
	(2,683)	(1,378)	**734**	(6,164)
Comprehensive income	**$8,250**	$14,848	**$35,732**	$30,879
Income per common share				
Basic	**$0.26**	$0.38	**$0.82**	$0.87
Diluted	**$0.26**	$0.38	**$0.82**	$0.87
Weighted average number of common shares outstanding				
Basic	**42,617**	42,426	**42,610**	42,497
Diluted	**42,691**	42,693	**42,695**	42,722

(a) Net of income tax payable of $431 and $929 for the three-and nine month periods ended June 30,2017 (2016 - net of income tax recoverable of $146 and $26 for the three- and nine-month periods ended June 30,2016).

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**
Net income for the quarter	**-**		**10,933**				**10,933**
Dividends paid (note 3)	**-**		**(3,412)**				**(3,412)**
Stock option grants	**-**	**155**					**155**
Exercise of stock options	**328**	**(101)**					**227**
Other comprehensive loss	**-**			**1,238**	**(3,921)**	**(2,683)**	**(2,683)**
Balance, June 30, 2017	**51,891**	**3,850**	**238,480**	**(350)**	**12,274**	**11,924**	**306,145**

				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
Net income for the quarter	-	-	16,226	-	-	-	16,226
Dividends	-	-	(2,980)	-	-	-	(2,980)
Stock option grants	-	178	-	-	-	-	178
Exercise of stock options	325	(90)	-	-	-	-	235
Other comprehensive loss	-		-	(420)	(958)	(1,378)	(1,378)
Balance, June 30, 2016	51,336	3,422	205,749	(1,918)	10,123	8,205	268,712

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 June 30		Nine months ended June 30	
	2017	2016	**2017**	2016
OPERATING ACTIVITIES:				
Net income for the period	**$10,933**	$16,226	**$34,998**	$37,043
Add non-operating and items not involving a current outlay of cash				
Depreciation (note 4)	**3,906**	3,678	**11,864**	10,617
Amortization (note 5)	**1,220**	1,024	**3,651**	1,807
Stock-based compensation expense (gain)	**113**	(109)	**420**	350
Deferred income taxes	**(906)**	(85)	**203**	(103)
Net interest expense	**253**	520	**983**	758
Non-cash costs of ALC plant closures (note 12)	**-**	-	**730**	-
Loss (gain) on disposal of property, plant and equipment	(39)	64	**7**	145
	15,480	21,318	**52,856**	50,617
Net change in non-cash working capital (note 10)	**3,246**	(8,807)	**(308)**	(8,856)
Cash provided by operating activities	**18,726**	12,511	**52,548**	41,761
FINANCING ACTIVITIES:				
Increase (decrease) in bank indebtedness	**2,044**	1,095	**(215)**	(1,918)
Financing from long-term debt	**-**	-	-	69,000
Repayment of long-term debt	**(13,206)**	(6,085)	**(28,269)**	(6,114)
Interest paid, net	**(253)**	(520)	**(983)**	(758)
Dividends paid	**(3,412)**	(2,980)	**(9,801)**	(8,503)
Issuance of share capital	**227**	235	**366**	886
Cash provided by (used in) financing activities	**(14,600)**	(8,255)	**(38,902)**	52,593
INVESTING ACTIVITIES:				
Business acquisition, net of cash acquired (notes 4, 5 and 13)	**-**	(82,118)	-	(82,118)
Purchase of property, plant and equipment (note 4)	**(3,996)**	(1,902)	**(10,769)**	(17,120)
Purchase of intangible assets (note 5)	**(228)**	(110)	**(690)**	(687)
Proceeds from liquidation of ALC capital assets	**-**	-	**93**	-
Proceeds from disposal of property, plant and equipment	**62**	299	**111**	368
Cash used in investing activities	**(4,162)**	(83,831)	**(11,255)**	(99,557)
Effect of exchange rate changes on cash	**2,182**	(66)	**(204)**	(279)
Net increase (decrease) in cash during the period	**2,146**	(79,641)	**2,187**	(5,482)
Cash, beginning of period	**27,550**	109,155	**27,509**	34,996
Cash, end of period	**$29,696**	$29,514	**$29,696**	$29,514

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 nine- month periods ended June 30, 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 nine- month periods ended June 30, 2017 were authorized for issue by the Board of Directors on August 2, 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 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. This new standard also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management. It does not fully change the types of hedging relationships or the requirement to measure and recognize ineffectiveness, however, it will provide more hedging strategies that are used for risk management to qualify for hedge accounting and introduce more judgment to assess the effectiveness of a hedging relationship. 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 and the Company does not plan to adopt IFRS 9 early.

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. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Company has established a cross-functional team to implement the guidance related to the recognition of revenue from contracts with customers. The Company is in the process of evaluating its customer contracts and identifying contractual provisions that may result in a change in the timing, or the amount of revenue recognized in comparison with current guidance. In addition, the Company is assessing the enhanced disclosure requirements of the new guidance and the design of new controls and processes designed to comply with IFRS 15. The Company has not yet selected a transition method and plans to adopt the new revenue standard effective October 1, 2018.

IFRS 16, *Leases* ("IFRS 16")
In January 2016, the IASB issued IFRS 16 in which lessees will have a single accounting model for all leases, with certain exemptions and lessor accounting is substantially unchanged. The guidance would require lessees to recognize most leases on their balance sheets as lease liabilities with corresponding right-of-use assets. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, which will be October 1, 2019 for the Company using a modified retrospective approach with the option to elect certain practical expedients. The Company is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

3. CASH DIVIDEND

During the three and nine-month periods ended June 30, 2017, the Company paid quarterly cash dividends totaling $3,412 and $9,801 (2016 - $2,980 and $8,503) respectively. The quarterly dividend rate in the third quarter of 2017 was $0.08 per common share (2016 - $0.07).

$(000)'s except per share amounts

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	1,404	632	212	-	8,521	10,769
Reclassification	8,570	766	550	-	(9,886)	-
Less: disposals	(1,750)	(447)	-	-	-	(2,197)
Foreign exchange movement	(608)	(105)	(304)	(44)	9	(1,052)
Balance as at June 30, 2017	**$193,880**	**$21,849**	**$68,198**	**$9,627**	**$2,682**	**$296,236**

	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	8,432	1,419	2,013	-	-	11,864
Less: disposals	(1,614)	(349)	-	-	-	(1,963)
Reclassification	6	(6)	-	-	-	-
Foreign exchange movement	(371)	(106)	(111)	-	-	(588)
Balance as at June 30, 2017	**$133,972**	**$16,834**	**$32,528**	**$-**	**$-**	**$183,334**
Carrying amounts						
As at September 30, 2016	$58,745	$5,127	$37,114	$9,671	$4,038	$114,695
As at June 30, 2017	**$59,908**	**$5,015**	**$35,670**	**$9,627**	**$2,682**	**$112,902**

$(000)'s except per share amounts

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	600	-	90	690	-
Reclassification	82	-	(82)	-	-
Less: disposals	-	-	-	-	-
Foreign exchange movement	(27)	(463)	-	(490)	(437)
Balance as at June 30, 2017	**$20,488**	**$46,365**	**$390**	**$67,243**	**$63,634**

	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	689	2,962	-	3,651	-
Less: disposals	-	-	-	-	-
Foreign exchange movement	(26)	(82)	-	(108)	-
Balance as at June 30, 2017	**$18,707**	**$6,293**	**$-**	**$25,000**	**$-**
Carrying amounts					
As at September 30, 2016	$1,789	$43,415	$382	$45,586	$64,071
As at June 30, 2017	**$1,781**	**$40,072**	**$390**	**$42,243**	**$63,634**

*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 nine month period ended June 30, 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.

$(000)'s except per share amounts

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

	June 30, 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	**$29,696**	**$29,696**	$27,509	$27,509
Total accounts receivable	**96,762**	**96,762**	107,900	107,900
Trade accounts payable	**(47,821)**	**(47,821)**	(64,948)	(64,948)
Bank indebtedness	**(13,254)**	**(13,254)**	(13,469)	(13,469)
Customer advance payments	**(2,587)**	**(2,587)**	(1,654)	(1,654)
Accrued liabilities	**(20,746)**	**(20,746)**	(21,965)	(21,965)
Derivative instruments	**(471)**	**(471)**	(4,158)	(4,158)
Long-term debt	**($30,418)**	**($30,418)**	($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 $22,000 was used as at June 30, 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. Subsequent to June 30, 2017, the Company notified JP Morgan Chase Bank of its election to reduce the Committed Revolving Credit Facility to $50,000.

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.

The components of Long Term Debt are as follows:

	June 30, 2017	September 30, 2016
Bank Debt	**$22,000**	$46,000
Term Notes	**8,054**	12,210
Finance Leases	**-**	18
Promissory Note	**364**	459
Less: current portion	**(4,118)**	(4,173)
Long-term debt, long-term portion	**$26,300**	$54,514

$(000)'s except per share amounts

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 June 30, 2017, the Company had not purchased any shares under the NCIB program. All purchases will be 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.

	Three Months Ended June 30, 2017			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$48,131**	**$99,597**	**$-**	**$147,728**
Intercompany sales	**(1,670)**	**(149)**	**-**	**(1,819)**
Net sales	**46,461**	**99,448**	**-**	**145,909**
Depreciation	**3,070**	**825**	**11**	**3,906**
Amortization	**195**	**1,025**	**-**	**1,220**
Segment pre-tax income (loss) before interest and other	**4,827**	**12,629**	**(1,932)**	**15,524**
Net interest expense				**(253)**
Income before income taxes				**15,271**
Property, plant and equipment additions	**2,974**	**1,022**	**-**	**3,996**
Property, plant and equipment, net	**90,984**	**20,626**	**1,292**	**112,902**
Intangible asset additions	**200**	**28**	**-**	**228**
Intangible assets, net	**1,792**	**40,446**	**5**	**42,243**
Goodwill	**282**	**63,352**	**-**	**63,634**
Total assets	**180,342**	**247,491**	**1,786**	**429,619**
Total liabilities	**$26,455**	**$62,476**	**$34,543**	**$123,474**

$(000)'s except per share amounts

	Three Months Ended June 30, 2016			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$48,259	$115,374	$-	$163,633
Intercompany sales	(1,671)	(291)	-	(1,962)
Net sales	46,588	115,083	-	161,671
Depreciation	2,903	770	5	3,678
Amortization	116	908	-	1,024
Segment pre-tax income (loss) before interest and other	5,696	13,412	(545)	18,563
Other income (note 12)	-	3,440	-	3,440
Net interest expense				(520)
Income before income taxes				21,483
Property, plant and equipment additions	1,405	410	87	1,902
Property, plant and equipment, net	90,392	21,128	1,185	112,705
Intangible asset additions	83	22	-	105
Intangible assets acquired through business acquisition	-	34,842	-	34,842
Intangible assets, net	1,358	35,971	-	37,329
Goodwill acquired through business acquisition	-	46,271	-	46,271
Goodwill	286	69,590	-	69,876
Total assets	182,539	260,924	2,921	446,384
Total liabilities	$21,160	$64,820	$91,692	$177,672

	Nine Months Ended June 30, 2017			
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$143,460**	**$314,648**	**$-**	**$458,108**
Intercompany sales	**(4,559)**	**(760)**	**-**	**(5,319)**
Net sales	**138,901**	**313,888**	**-**	**452,789**
Depreciation	**9,342**	**2,488**	**34**	**11,864**
Amortization	**581**	**3,070**	**-**	**3,651**
Segment pre-tax income (loss) before interest and other	**15,204**	**42,222**	**(5,550)**	**51,876**
Other expense (note 12)	**-**	**(1,223)**	**-**	**(1,223)**
Net interest expense				**(983)**
Income before income taxes				**49,670**
Property, plant and equipment additions	**8,251**	**2,471**	**47**	**10,769**
Property, plant and equipment, net	**90,984**	**20,626**	**1,292**	**112,902**
Intangible asset additions	**641**	**49**	**-**	**690**
Intangible assets, net	**1,792**	**40,446**	**5**	**42,243**
Goodwill	**282**	**63,352**	**-**	**63,634**
Total assets	**180,342**	**247,491**	**1,786**	**429,619**
Total liabilities	**$26,455**	**$62,476**	**$34,543**	**$123,474**

$(000)'s except per share amounts

	Nine Months Ended June 30, 2016			
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$151,494	$279,722	$ -	$431,216
Intercompany sales	(4,576)	(685)	-	(5,261)
Net sales	146,918	279,037	-	425,955
Depreciation	8,468	2,133	16	10,617
Amortization	472	1,335	-	1,807
Segment pre-tax income (loss) before interest and other	20,811	33,587	(5,648)	48,750
Other income (note 12)	-	3,440	-	3,440
Net interest expense				(758)
Income before income taxes				51,432
Property, plant and equipment additions	15,323	1,689	108	17,120
Property, plant and equipment acquired through business acquisition	-	2,919	-	2,919
Property, plant and equipment, net	90,392	21,128	1,185	112,705
Intangible assets acquired	642	41	-	683
Intangible asset acquired through business acquisition	-	34,842	-	34,842
Intangible assets, net	1,358	35,971	-	37,329
Goodwill acquired through business acquisition (note 5)	-	46,271	-	46,271
Goodwill, net	286	69,590	-	69,876
Total assets	182,539	260,924	2,921	446,384
Total liabilities	$21,160	$64,820	$91,692	$177,672

10. NET CHANGE IN NON-CASH WORKING CAPITAL

	Nine Months Ended June 30	
	2017	2016
Accounts receivable	**$10,909**	$2,935
Unbilled revenue	**1,193**	(494)
Inventories	**7,170**	3,182
Prepaid expenses and deposits	**392**	(4,227)
Trade accounts payable	**(17,288)**	(2,260)
Accrued payroll and taxes	**(2,059)**	(419)
Other accrued liabilities	**(350)**	(1,340)
Provisions	**(77)**	(1,024)
Customer advance payments	**933**	(268)
Income taxes payable	**(1,131)**	(4,941)
	($308)	($8,856)

11. INCOME TAXES

The consolidated effective income tax rate for the nine-month period ended June 30, 2017 was 29.5% (nine-month period ended June 30, 2016 – 28.0%). The effective tax rate in the current period was adversely impacted by the non-deductibility of the “other expenses” of $1,223 incurred in South Africa and Lesotho, whereas the comparative period was favourably impacted by the tax effect of “other income” of $3,440. Otherwise, the effective tax rate in the current period was improved by the proportion of earnings generated in lower tax jurisdictions.

12. OTHER EXPENSES AND INCOME

On November 12, 2016 of the current fiscal year, 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 nine-month period ended June 30, 2017 amounted to $1,223 (2015 – nil) and included non-cash asset write-downs of $707 and a loss on disposal of capital assets of $23.

On April 7, 2016 of the prior fiscal year, the Company concluded a commercial arbitration which it initiated in 2015. As a result, the Company received a settlement payment of $3,440 during the third quarter of the 2016 fiscal year.

13. BUSINESS ACQUISITION

The Company accounts for acquisitions using the acquisition method of accounting with the results of operations included in the Company’s consolidated financial statements from the respective date of the acquisition.

On April 4, 2016, the Company completed the acquisition of 100% of the ownership interest in AFX Industries L.L.C. (“AFX”) for consideration of US$73,390 (CAD $95,334) excluding US$4,420 (CAD $5,742) of assumed debt. A portion of the consideration amounting to US$9,307 (CAD $12,090) is deferred and payable over three years. Additional disclosure is detailed in the consolidated financial statements and Management’s Discussion and Analysis (“MD&A”) in the Company’s 2016 Annual Report.

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 6,517 people and service a diverse and broad customer base.

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