



EXCO TECHNOLOGIES LIMITED

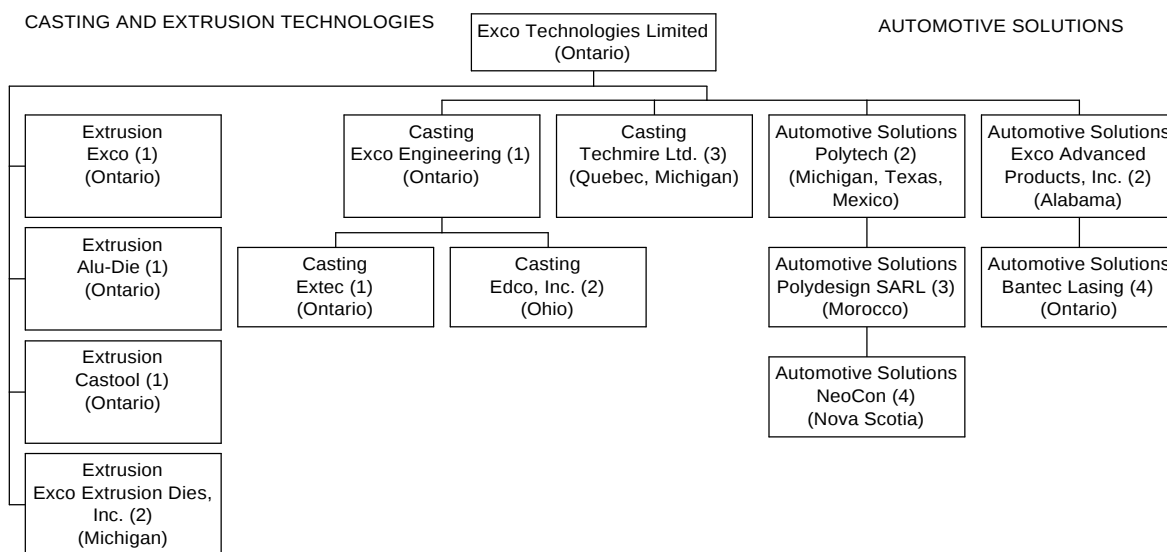
2003 ANNUAL INFORMATION FORM

November 8, 2003

THE COMPANY

Exco Technologies Limited (“Exco” or the “Company”) was formed by articles of amalgamation dated July 28, 1986 under the *Business Corporations Act* (Ontario) amalgamating Exco Holdings Inc. and two other holding companies with Extrusion Machine Co. Limited (“Extrusion”) and Qualitool Inc. Extrusion was founded by H.H. Robbins, the father of the current President of the Company, and has carried on business since 1952 under the trade name Exco. Exco carries on business through fourteen operating entities at thirteen locations as indicated on the organization chart below. Exco is traded on the Toronto Stock Exchange under the symbol XTC. The Company’s registered and principal office is at 130 Spy Court, 2nd Floor, Markham, Ontario, L3R 5H6.

Exco is a global supplier of innovative technologies servicing the die-cast, extrusion and automotive industries. Through its fourteen strategic locations, Exco employs 2,050 people and services a diverse and broad customer base. Each operation constitutes an autonomous profit centre within the Company, but draws upon Exco’s pool of expertise and technology. During fiscal 2003, Exco purchased NeoCon International Inc. and Bancroft Lasing Technologies Inc., both of which operate in the Automotive Solutions group. The diagram below designates the business of each operation i.e. Extrusion and Casting Technologies and Automotive Solutions, and where the operation is located.



1. Division of Exco Technologies Limited.
2. Indirect wholly-owned subsidiary of Exco Technologies Limited. The Company also indirectly wholly-owns, where applicable, all non-voting securities.
3. Wholly-owned subsidiary of Exco Technologies Limited.
4. Division of Exco Automotive Solutions Canada Inc. which is a wholly owned subsidiary of Exco Technologies Limited

SELECTED FINANCIAL INFORMATION
1999-2003
(in thousands except share and per share amounts)

The following table sets out certain selected financial information for the fiscal years ending September 30:

	2003	2002	2001	2000	1999
Sales	\$230,555	\$213,141	\$184,133	\$118,070	\$118,295
Net Income	16,682	16,816	10,985	10,310	12,036
Diluted Earnings per Share	0.40	0.42	0.27	0.26	0.30
Total Assets	216,485	204,425	197,949	176,080	114,494
Notes and Loans Payable (Long-Term)	1,825	856	970	1,022	641
Cash Dividends	1,508	0	0	0	0
Average Number of Shares Outstanding	40,003	39,333	39,600	39,876	39,406

The Company adopted 3 accounting policy changes as recommended by the Canadian Institute of Chartered Accountants over this five-year period. In 2001, the Company implemented the treasury method of calculating diluted earnings and cash flow per share, and in 2002, the Company discontinued amortizing goodwill. The prior year figures have been restated reflecting the use of the treasury method, however, the accounting policy change for the non-amortization of goodwill has been applied prospectively. Therefore, net income and earnings per share are higher by \$996 and \$0.05 respectively, for the year ended September 30, 2002 as compared to net income and earnings per share that would have been recorded before the change in accounting policy. Although the prior year has not been restated, net income and earnings per share for the year ended September 30, 2001 would have been higher by \$943 and \$0.05 respectively had the change in accounting policy been applied retroactively. Effective October 1, 2003 the Company elected to follow the fair value based method of accounting for stock-based compensation in accordance with recommendations of the Canadian Institute of Chartered Accountants concerning Stock-Based compensation and Other Stock-Based Payments to options granted after October 1, 2001. This change in accounting policy has been applied retroactively to the prior year and Fiscal 2002 has been restated. The retroactive impact of adopting the new recommendation includes a reduction in retained earnings and an addition to contributed surplus of \$643 at September 30, 2003.

Since 1987, the Company has had no preferred shares issued or outstanding. The Company initiated paying quarterly cash dividends on its common shares in the amount of \$0.0125 per share effective the second quarter of fiscal 2003.

On February 19, 2003 the Company paid a stock dividend of one additional share for each share held to shareholders of record on February 12, 2003. The stock dividend had the same effect as a 2 for 1 stock split and increased the Company's outstanding common shares at the payment date from 20,068,136 to 40,136,272.

The following table sets out certain financial information for each of the eight fiscal quarters up to and including the fiscal year ended September 30, 2003:

	Sept/03	June /03	Mar/03	Dec/02	Sept/02	June/02	Mar/02	Dec/01
Sales	61,937	58,054	55,933	54,631	57,393	54,192	55,338	46,218
Net Income	4,819	3,578	4,790	3,495	5,243	5,219	3,950	2,404
Fully Diluted Earnings Per Share	0.12	0.08	0.11	0.09	0.13	0.13	0.10	0.06

There were no extraordinary items during this period. Fluctuations in quarterly earnings are the result of the volume, nature and mix of product shipped during each quarterly period. Techmire was acquired in late December 2000. Neocon International was acquired October 1, 2002 and Bantech Lasing was acquired February 3, 2003. Accordingly, the Company's operating results above include Techmire, Neocon International and Bantech Lasing commencing the dates of acquisition.

It has not been Exco's policy to pay cash dividends, however, the Company, in 2003, began payment of quarterly dividends of \$0.0125 per common share and expects to continue this practise for the next fiscal year.

The Common Shares of Exco Technologies Limited are traded on the Toronto Stock Exchange under the symbol XTC.

EXTRUSION AND CASTING TECHNOLOGY THE INDUSTRY

Exco operates two related tooling and equipment businesses, namely: (i) extrusion technology, which involves the design and manufacture of extrusion dies and peripheral equipment and tooling used in the manufacture of aluminium extrusions and (ii) casting technology, which comprises the design and manufacture of moulds and equipment for aluminium, magnesium and zinc die castings. This segment represented 62% of Exco's revenue in fiscal 2003.

Extrusion Technology (Exco, Alu-Die, Exco Michigan, Castool)

Structure

The Company manufactures a range of tooling products used by its customers in the aluminum extrusion industry. Aluminum extrusion dies are the most significant product area, complemented by other products, allowing the Company to offer an aluminum extrusion system.

Aluminium extrusion dies are made of round discs of high nickel chrome alloy tool steel which are machined by a combination of turning, drilling, milling and electric discharge machining ("EDM") and subsequently heat treated to a hardened state. Typical extrusion dies range in diameter from eight inches to twenty-two inches, in thickness from one to ten inches and in weight from 50 to 1,000 pounds. The Company has the capability to make dies up to diameters of 34" but products of this size do not form a significant part of the business.

Aluminium extrusion dies are used in the production of aluminium extrusions. In this process, a preheated aluminium billet is forced through an aperture in the end of a cylinder causing the metal to assume the shape of the extrusion die.

Each extrusion die must be individually designed. As in any design, a combination of science and art is employed. The design and manufacture of extrusion dies has become increasingly complex as extruders require thinner wall thickness and finer tolerances.

The majority of extrusion dies are custom-designed, with the balance being standard or repeat shapes. Orders are received on a daily basis from the aluminium extruders, as their products are usually delivered on short notice. In turn, extrusion toolmakers must respond with the design and delivery of dies within one to three weeks of being ordered.

Extrusion tooling is produced by the Exco division located in Markham, Ontario, the Alu-Die division located in Newmarket, Ontario, the Castool division located in Scarborough, Ontario and by the Company's subsidiary, Exco Michigan, located in Chesterfield, Michigan. These divisions employ approximately 290 people. They design and manufacture aluminium and copper extrusion dies, and supply them to aluminium and copper extruders in North America, Central and South America, the Far East and Europe. Significant customers include Indalex, Bon L, Hydro BV and Alcoa (Kawneer). Exco has been involved in designing and supplying extrusion dies for over 50 years.

Manufacturing Methods

Aluminium extrusion dies are designed and manufactured with the aid of computer-aided design/computer-aided manufacturing ("CAD/CAM") and computer numerical control ("CNC") machining centres and EDM, particularly wire EDM.

EDM is the controlled vaporizing or disintegration of the die steel utilizing electrical spark. Conventional EDM uses a precision machined spark generator to control the ultimate finished shape, whereas wire EDM uses a travelling wire whose path is CNC controlled. The

advent of this technology has made it possible to produce more complex shapes and achieve finer tolerances. As a result, extrusion tooling is at the forefront of metalworking technology.

These developments, which involve significant capital costs and require highly trained staff, have made it increasingly difficult for new companies to enter and compete in the extrusion die manufacturing industry.

Customers and the Market

Extrusion tooling customers include primary aluminium producers as well as several independent extruders who in turn supply aluminium extrusions to custom fabrication companies or to their own captive fabrication divisions. Aluminium extrusions are used in an increasing number of applications. The most significant application is as a building material, specifically for window framing and architectural facings of buildings. However, the complexity and configuration of possible extrusions is virtually infinite. Applications of complex extruded components are used in the computer, electronic, automotive and aerospace industries. Since the individual die cost is a relatively insignificant part of the final extrusion cost, there continues to be a strong demand for extrusion dies.

The Company estimates that the extrusion tooling market in North America is approximately \$U.S. 175 million annually. Exco believes that it is currently the dominant supplier in the Canadian extrusion tooling market and that it accounts for approximately 15% of sales in the United States market. Despite its market share, the Company believes that it is the largest producer of extrusion dies in North America. Exco Extrusion Dies, Inc., located in Michigan, was acquired to provide a base from which the Company can advance its penetration of the U.S. market. Sales to the United States are growing due to a focused marketing effort and the Company believes there is significant opportunity to expand its presence in this market.

The North American extrusion tooling industry is comprised of a few mid-sized players and thirty to forty very small operations. These businesses are all privately owned. Exco believes that the North American market will undergo consolidation over the next few years in response to an increasing demand for quality, faster delivery and very competitive pricing which require a significant investment in technology. Exco continues to make the investment it believes is necessary to remain a dominant supplier in this market. Given Exco's size and access to capital markets, Exco management believes that it is in a better position than its competitors to prosper under these changing conditions.

The market in Central and South America is also significant and should continue to grow as those countries develop their infrastructure and economies. Exports to the United States, Central and South America, Europe, and the Far East collectively represent about 65% of sales of the Company's extrusion technology business.

The Company believes that its best marketing tools are its engineering capability and its broad reputation for quality and reliability. Marketing is handled on a divisional basis as the Company has no staff dedicated exclusively to sales. Corporate policy is for sales contact to be

maintained through the divisional manager and each division's engineering department. The Company employs sales agents in the Far East, Central and South America.

Casting Technology (Exco Engineering, Extec, Elex, Edco, Techmire)

Structure

The Company manufactures both moulds and die-casting equipment. Moulds produced by Exco are used to produce aluminium and magnesium die-castings. The die-castings are produced by forcing molten aluminium or magnesium into the mould under extremely high pressure, with the resultant die-casting precisely reflecting the detailed shape of the mould.

The moulds are made of high nickel chrome alloy tool steel and are produced through a combination of machining techniques including turning, milling, boring, drilling, tapping and EDM. They are heat treated to a hardened state.

Moulds produced range in size from several cubic feet to several hundred cubic feet and from approximately one ton to 75 tons in weight. These moulds may be used to produce such products as automotive parts, consumer appliances and industrial products.

Participants in the mould-making sector are diverse and generally small owner-operated businesses. Business is derived by quoting in response to customer invitation.

Moulds are produced at the Company's Exco Engineering division in Newmarket, Ontario, the Extec division in Markham, Ontario, and Edco located in Toledo, Ohio. These divisions employ approximately 236 people.

The Exco Engineering division is located in a 135,000 square foot facility. It has machines with travels up to 22 feet and lift capacities of up to 70 tons. Exco Engineering supplies some of the largest and most complex moulds produced in the world. It has developed and applied many new techniques to this industry. Exco is able to accurately machine mould surfaces, thereby reducing cost and the need for specially produced spare parts. Moulds supplied by Exco Engineering are used primarily in the automotive industry to produce transmission case castings and, more recently, engine blocks.

Extec was created in late fiscal 1993 to build mid-sized aluminium die cast moulds. Like Exco Engineering, these moulds are used primarily in the automotive industry, however, the castings produced by these moulds are usually smaller, for products such as transfer cases and front engine covers. Extec uses the same technologies as those employed at Exco Engineering. The plant is located in a 25,000 square foot facility in Markham, Ontario.

Elex vacated its 20,000 square foot facility in Markham and moved into Exco Engineering's facility. It provides EDM services primarily to Exco Engineering and Extec.

Edco was acquired early in fiscal 1995. It is located in a 48,000 square foot facility in Toledo, Ohio. Edco builds and repairs die cast moulds primarily for the automotive industry.

During fiscal 2001, the Company purchased Techmire Ltd ("Techmire"). Exco's 2001 financial results include nine months of operating results of Techmire. Techmire designs and manufactures multi-slide die casting machines for precision zinc components used in the electronic, automotive, telecommunications and consumer products industries. During fiscal 2002, Techmire completed the research and development process for magnesium die-casting machines and introduced these machines to the market. Several machines have been sold and are operating in Asia. The Company is optimistic with regard to the market potential of these machines. Techmire is based in Montreal, Quebec and its primary facility is approximately 38,000 square feet and employs approximately 100 people.

Manufacturing Methods

As the moulds required by customers have become larger and more complex, the methods of design and manufacture have also become more complex. The moulds are produced by a combination of milling, boring, drilling, turning, tapping, EDM and polishing. CNC machining and CAD/CAM have been extensively applied to these processes resulting in more precisely finished moulds with improved tolerances.

CAD/CAM equipment and CNC machinery have brought the mould making industry to the leading edge of technology. The high capital costs, the requirement for special facilities and the need for a skilled workforce inherent in utilizing advanced technology and equipment are constraints for all companies in the business, particularly newly established companies.

Exco operates its own 3,500 ton die-casting machine in its Newmarket plant to test customer products. In addition to verifying dies as they are built, the operating experience and data acquired during this testing process is used to resolve production problems for its customers.

Exco's engineers often work closely with the Company's customers during the initial design of the die-cast product. Exco's engineers are not only responsible for design but also are an integral part of the manufacturing processes. They have an ongoing input into manufacturing by means of advising and proposing modes of manufacture and equipment employed. Exco's engineering capability is employed as a successful marketing tool.

Exco's strategy is to employ the latest technology in quality assurance with the assistance of CNC co-ordinate measuring equipment, which has been interfaced with the Company's in-house CAD/CAM capability. This interfacing permits a closed loop production cycle in which the components can be initially detailed, using data and specifications supplied by the customer, on the computer, utilizing CAD, and subsequently manufactured and inspected by CNC in conjunction with the CAM capability.

Customers and the Market

The primary customers of the mould-making sector are the major automakers. As well as doing their own die casting, the automakers purchase some of their requirements from independent custom die casters. Aluminium die cast moulds are also used in the production of non-automotive products.

The main application of die casting in the automobile industry is in the manufacture of engine and transmission components such as transmission housings, engine blocks, water pumps, oil pumps, instrument panels and differential housings. With the trend to improving fuel economy, inspired initially by escalating energy costs, aluminium, particularly die cast aluminium, is continuing to be the choice of designers. As a result, aluminium is being used to manufacture an increasing number of automobile components. In addition, recent years have witnessed a migration to magnesium die-casting, which is even lighter weight than aluminium. The Company is also servicing this market and is positioned to grow as this migration continues.

The complexity and intricacy of the moulds have increased as designers incorporate more features into the die cast components. Dies have become larger and heavier as multiple components have been redesigned into single complex castings. It is possible with this moulding process to control tolerances with a high degree of precision.

As quality requirements have increased, the die making and designing process has become increasingly complex and sophisticated. Production time for moulds ranges from 12 to 48 weeks.

The Company estimates that the transmission and engine mould making market in North America is approximately \$200 million annually. However, as mentioned previously, the market for other large die-cast components such as engine blocks is increasing as aluminium replaces other materials. The Company believes that it is the largest manufacturer of die-cast moulds in North America. Its competitors are all private companies.

Exco believes that the European market represents a significant opportunity for it currently. In fact, in fiscal 2003, the Company completed engine block moulds to be supplied to Daimler-Chrysler in Stuttgart, Germany.

Die-casting machines produced by Techmire are sold globally. In 2003, 80% of Techmire's sales were outside North America, 17% to the United States and 3% within Canada. Manufacturers of zinc die-cast components purchase the machines supporting a number of industries including automotive, electronics, telecommunications and consumer products. In the electronics and telecommunications industries, there is significant interest in Techmire's recently developed magnesium die-cast machine. Magnesium is attractive in these industries because it is light, strong and has radio frequency shielding properties.

Human Resources

The Casting and Extrusion Technology segment has approximately 625 employees, 25% of which are design engineers and technicians.

None of these employees are subject to a collective bargaining agreement and Exco believes employee relations are good. Exco provides rewards to these employees through a combination of financial benefits and personal recognition.

Exco encourages further education of these employees and is an active participant in apprenticeship programmes. In addition, the Company co-operates with and supports several local community colleges.

The Company has a Deferred Profit Sharing Plan ("DPSP") for most employees of the Company based on a distribution of 5% of pre-tax profits to participants according to years of service and salary level. The full amount of an individual's award is invested according to the individual's election from an offered pool of managed investment products and Company common shares. All funds and Company stock invested in the DPSP is purchased, held and managed by a third party trustee. Purchases of Company stock, to the extent required by the DPSP, are made on the open market through the facilities on the Toronto Stock Exchange by the trustee. Exco also has an Employee Stock Purchase Plan. As a result, all present employees who have been with the Company for at least six months are shareholders.

Management believes that the personal and financial rewards offered to employees have resulted in a very stable and highly skilled work force, which, in this segment, includes a significant majority who are engineers, toolmakers and machinists. In addition, it is the Company's belief that separate operating divisions lead to better employee relations as management is able to work individually with employees on a daily basis.

AUTOMOTIVE SOLUTIONS

Exco operates five businesses in the Automotive Solutions segment; Polytech, Polydesign SARL, NeoCon International (acquired after year-end, on October 1, 2002), Bantech Lasing (acquired on February 3, 2003) and Exco Advanced Products (formerly TecSyn PMP). Polytech and Polydesign are leading, world-class providers of flexible restraint and storage solutions for the global automotive market. NeoCon, acquired subsequent to year-end, manufactures and designs rigid cargo management products for the OEMs. Bantech Lasing is a supplier of plastic moulded, painted, laser etched components and assemblies to the automotive industry. Exco Advanced Products is in the early development stage and currently manufactures advanced ceramic and metal products.

Polytech and Polydesign

Structure

Polytech and Polydesign have three principal products, flexible storage systems, flexible restraint systems and plastic injection moulded consoles and gearshift boots. Flexible storage systems are found in trunks, seat backs, door panels, visors, centre consoles and any area of a vehicle where convenient accessible storage can be provided.

Flexible restraint systems are designed and tested as safety restraining devices. Accordingly, they are highly engineered and technically demanding. They are positioned in the vehicle between the passenger compartment and cargo area, typically in sport utility vehicles, vans and station wagons. They prevent baggage from moving from the cargo area to the passenger compartment and becoming dangerous projectiles in a collision.

Polytech's products are designed and engineered at its offices in Troy, Michigan, manufactured in Matamoros Mexico and then shipped to its warehouse in Brownsville Texas for distribution. Polytech employs approximately 1,003 people.

Polydesign commenced production in 2002. Its products are designed and engineered in Europe and manufactured at its facility in Tangier, Morocco. Products are then shipped directly to Europe. Tangier is in a free trade zone with the European Economic Union. Accordingly, products can be shipped duty-free to member countries. Polydesign employs 150 people.

Manufacturing Methods

Polytech's manufacturing is carried out in a 100,000 square foot facility in Matamoros, Mexico, located in close proximity to Polytech's warehouse in Brownsville, Texas. Using polypropylene yarn, computer controlled braiders, weavers and knitters are used to manufacture the bungee, webbing and netting which are subsequently sewn into restraint and storage systems.

Polytech also manufactures the plastic attachment hardware using plastic injection moulding presses. This vertical integration, i.e. manufacture of materials and components required in the end products, allows Polytech to control its material costs and quality.

Polydesign completed construction of a new 85,000 square foot custom-designed manufacturing facility in April 2002. It employs the same manufacturing processes, except plastic injection moulding, as those carried out by Polytech and described above.

Customers and the Market

Flexible storage systems were first introduced into the market in the mid-1980's. Polytech developed the netting for those first applications more than a decade ago. Polytech's products can be found in approximately 300 different automotive models on the roads today.

The primary customers for Polytech's products are the North American and certain foreign automobile manufacturers ("OEMs") or the OEM's Tier 1 suppliers.

Currently, Polytech supplies 23 OEMs and more than 50 Tier One suppliers in 14 countries around the world.

The Company believes that it is the dominant supplier in North America for flexible restraint and storage systems, with approximately 70% of the market. However, the market continues to grow particularly in the restraint system and cargo bag product area.

In addition, recently, Polytech has secured contracts to manufacture plastic injection moulded consoles and gear shift boots. This product broadening further expands Polytech's automotive interior product line and potential market.

Polydesign was established to penetrate the European market. Prior to the establishment of Polydesign, the European market was supplied by Polytech from Mexico. Given the size of the potential market, warehousing, shipping and duty charges, Exco determined that a facility closer to the European market was necessary. Tangier, Morocco was chosen because of its proximity to Europe, its free trade agreement with the European Economic Community, the skills of its people, competitiveness of wage rates relative to Europe and the stability of its government.

Exco believes that the size of the European market is as large or larger than the North American market. Given the advantages offered by the Tangier, Morocco location and the manufacturing skills of Exco in this product line, Exco is optimistic with respect to Polydesign's future prospects.

Human Resources

Polytech's manufacturing operations are carried out in Matamoras, Mexico. There are currently 850 unionised employees and 153 salaried employees at this location. The hourly employees are represented by the Sindicato De Jornaleros Y Obreros Industriales De La Industria Maquiladora. The monetary provisions of the collective agreement expire in January 2004. The Company expects the negotiated settlement to be in line with its plans. It is required in Mexico for employees of organizations of this size to be represented by a national union.

Polydesign, operating from Tangier, Morocco, employs 150 people, of which 115 are hourly and 35 are salaried. The work force is very stable and is not unionized. The nature of Polydesign's operations, working with textiles, is a common trade of the Moroccan people and, accordingly, the work force is well suited to Polydesign's operations.

NeoCon

NeoCon was purchased on October 1, 2002. As such its financial results are included throughout the entire 12 months of the Company's Fiscal 2003 financial statements.

Structure

NeoCon manufactures and designs plastic thermoformed automotive cargo management systems. NeoCon has three product categories: cargo management systems, interior convenience products, and flooring and protective systems. The cargo management system focuses on organization, protection and flexibility to divide space within the open cargo area of sport utility vehicles, vans and trucks, as well as open trunk spaces in cars.

Interior convenience products include door pockets and consoles. These products have features such as pre-formed and lockable compartments, highly engineered materials (non PVC), and styles and grains to complement vehicle interiors.

Flooring and protective systems provide a custom cargo area fit, low rise retaining walls for containing fluids, and flexible and friction enhanced materials that are easy to clean.

NeoCon's products are designed, engineered, and produced at its full service facility in Dartmouth, Nova Scotia. NeoCon employs approximately 85 people.

Manufacturing Methods

NeoCon's manufacturing is carried out in a 90,000 square foot facility. Product design and engineering use state of the art CAD systems, which fully support solid modeled parts and assemblies. The primary processing includes heavy gauge thermoforming with secondary assembly of injection and blow moulded components as well as other unique OEM compression moulded panels and assorted hardware.

Customers and the Market

NeoCon was founded in 1993 in response to the growth of sport utility vehicles in the North American automotive market. The primary customers for NeoCon's products are North American OEMs, of which a high proportion are foreign domestics.

Exco believes that NeoCon is the only North American manufacturer currently supplying the OEMs with rigid cargo management systems.

NeoCon's product line complements the flexible storage products offered by Polytech and Polydesign and should further strengthen the Automotive Solutions segment. The Company believes that the consumer trend to conveniently organize and store items in vehicles will result in further growth in the market.

Bantech Lasing

Bantech Lasing was purchased on February 3, 2003. As such its financial results are included in the last three quarters of the Company's Fiscal 2003 financial statements.

Structure

Bantech is a manufacturer of painted, precision moulded, laser etched plastic components and assemblies for automotive interiors. The components are primarily electronic switch buttons situated on the automobile's instrument panel, steering wheel and door trim.

These products are initially painted and then etched by laser with a desired configuration or pattern. Once assembled to an electronic switch and light bulb the etched configuration or pattern is illuminated from behind, thereby clearly rendering the back lit configuration or pattern visible to the automobile occupant during day or night.

Bantech's products are engineered and produced at its full service facility in London, Ontario. Bantech employs approximately 70 people.

Manufacturing Methods

Bantech's manufacturing facility is 45,000 square feet. Bantech designs both product tooling and process tooling. Product and tooling design employ advanced CAD systems. Injection moulded parts and process fixtures are purchased from suppliers. Bantech paints the parts with either solvent or water base paint. Buttons are cured by convection oven and laser etched with the desired pattern.

Customers and the Market

Bantech was founded in 1999 in response to the growth in the use of 'back-lit' buttons in the passenger compartment of automobiles. Back-lit buttons have desirable ascetic qualities which conventional 'pad printed' buttons do not have. The primary customers for Bantech's products are suppliers to the North American OEM's. The Company believes that the market for this product will continue to grow as it has in European automotive industry where it is now the established product type.

Exco Advanced Products

Structure

Exco Advanced Products designs and manufactures advanced material products with a 46,800 square foot manufacturing plant located in Huntsville, Alabama. Its proprietary cold isostatic compaction process employs patented technology to produce powdered material components. This technology allows for faster processing and has many applications in automotive and other hi-tech industries.

This business is currently in the development phase and accordingly has a staff of only 11 people.

HISTORY OF THE COMPANY

Background

The Company commenced business in 1952 when Herbert Henry Robbins founded Extrusion Machine Co. Limited as a machine shop, and shortly thereafter became a custom manufacturer of aluminium extrusion dies for Canadian aluminium extruders. Over the years, the Company has evolved from a “family style” machine shop into a sophisticated tooling company.

During the 1960's, divisions were established in England, France, Germany and Australia expressly for the production of aluminium extrusion dies for the developing extrusion industry in those areas. Following the death of H.H. Robbins in 1975, his son Brian Robbins was appointed President of the Company.

As a result of a strategic decision to develop a strong technological base (through the acquisition of advanced technology and machinery) to maximize growth, the Company's foreign interests were sold during the late 1970's and early 1980's. The sale allowed the Company to focus its investment and management efforts in its Canadian operations. During the 1980's the Canadian operation expanded and the concept of profit centres and divisionalization was initiated. The Company's product base grew through the application of the Company's existing and acquired technology to other related industries. The Company's activities expanded to include the design and manufacture of components for military hardware (aircraft, vehicular and marine) and civilian aircraft, intricate components for nuclear reactors, very large moulds for automotive aluminium die casting and the distribution and processing of tool steels and mould makers' supplies.

In 1986, the Company sold common shares to the public through an initial public offering. Subsequently, the Company continued to expand in its established market niches.

Several years ago, the Company withdrew from a non-core tool steel distribution business and closed a small division in 1993, which supplied naval hardware to Unisys for the AEGIS defence program.

The growth of the Company resulted in the commissioning of a new plant in Newmarket, Ontario to house Exco Engineering. In 1997 and 1998, this facility was expanded by 75% (the last phase was completed in the first quarter of 1998). This plant, now 135,000 sq. ft., is more than three times the size of the facility it replaced. As well, it has greater crane capacity and is equipped with larger and more sophisticated machine tools. Included in the facility is an in-house aluminium foundry, which is equipped with a large capacity die casting machine, which is used to sample and verify new dies as they are built. This machine, which can run dies of various sizes, provides a further service to existing customers and enables the export of verified dies to customers.

Acquisitions

Since 1994, Exco has made a number of important acquisitions. In July 1994, Exco purchased an extrusion tooling facility located in Markham, Ontario from Alcan Aluminium Limited. This purchase provided the Company with additional capacity in the extrusion tooling sector and proprietary technology. The purchase price was \$700 and was paid from Exco's cash resources.

In the first quarter of fiscal 1995, the Company completed the purchase of Edco, Inc. ("Edco"), located in Toledo, Ohio. Edco manufactures and repairs transmission case moulds, employs 58 skilled employees and is strategically located for servicing the market for these products. The purchase price was \$2,700 and was financed by the issuance of 425,602 (adjusted for stock dividend) Exco common shares to the vendor and cash of \$380. In addition, Edco's debt totalling \$1,300 was assumed.

In the first quarter of fiscal 1997, the Company purchased Nova Tool & Die, Inc. since renamed Exco Extrusion Dies, Inc. ("Exco Michigan"). Exco Michigan manufactures extrusion tooling. In November 1999, Exco Michigan relocated to a new 35,000 square foot facility. The Company believes that Exco Michigan will provide an important platform from which Exco can expand its extrusion tooling business in the United States. The purchase price was \$1,500 and was financed by a private placement of 207,653 common shares to the vendor. As part of the purchase, Exco Michigan's operating lines and term debt totalling \$1,400 were assumed.

In September 2000, the Company purchased TecSyn International Inc. ("TecSyn"). Prior to purchase by Exco, TecSyn was a public company traded on the Toronto Stock Exchange. TecSyn manufactures automotive restraint, storage and other automotive interior components. The purchase price was \$50,100 and was financed with a combination of existing cash resources and the Company's operating lines. This acquisition introduces the Automotive Solutions segment to the Company's operations. The details of net assets acquired are disclosed in Note 2 to the Company's consolidated financial statements included in its 2000 and 2001 annual report.

Pricewaterhouse Coopers LLP ("PWC") issued a valuation and fairness opinion dated June 26, 2000 of the fair market value of 100% of the issued and outstanding shares of TecSyn. Subject to the scope, assumptions, restrictions and certain qualifications, PWC estimated the fair market value to be in the range of \$45,500 to \$52,600 or \$2.53 to \$2.92 per share. Exco paid \$2.70 per share or \$48,600 (excludes transaction costs).

Mr. Brian Robbins, the President and Chief Executive Officer of Exco, was a non-management Director and Chairman of the Board of TecSyn at the time of Exco's offer. Mr. Robbins held 486,104 common shares of TecSyn, representing 2.7% of TecSyn's outstanding shares at the time of the offer.

In December 2000, the Company purchased Techmire. Prior to purchase by Exco, Techmire was a public company traded on the Toronto Stock Exchange. Techmire designs and manufactures multi-slide die-casting machines for high precision components and services a variety of industries. The purchase price (net of cash acquired) was \$14,800 and was financed

using the Company's operating lines. The details of the net assets acquired are disclosed in Note 2 to the Company's consolidated financial statements included in its 2001 and 2002 annual report.

With respect to Exco's offer to Techmire's shareholders, National Bank Financial Inc. ("NBF") issued a fairness opinion dated November 15, 2000. The opinion concluded that, subject to certain assumptions and limitations, the offer (\$3.85 per common share) was fair, from a financial point of view, to the minority shareholders of Techmire.

Subsequent to Exco's fiscal 2002 year-end, on October 1, 2002, the Company purchased 100% of the outstanding shares of NeoCon International Inc. ("NeoCon"), a private company. NeoCon designs and manufactures plastic thermoformed automotive cargo management systems. These systems are supplied to the original equipment manufacturers and are primarily used in the trunk of passenger cars and the cargo area of SUVs and CUVs.

The purchase price of the common shares, including transaction costs of \$496, was \$11,087. In addition, the Company assumed debt, net of cash, of \$4,205. The debt assumed includes \$1,839, which is interest free. This transaction was financed using the Company's operating lines and by the issuance of 65,000 Exco common shares at \$12.00 per share (\$780).

On February 3, 2003, the Company purchased 100% of the outstanding shares of Bancroft Lasing Technologies Limited and certain debt held by shareholders of Bantech. Bantech, founded in 1999, specializes in the production of painted, precision moulded, laser etched plastic parts for automotive interiors. Bantech utilizes a relatively new process that produces 'back-lit' parts.

The purchase price of Bantech, including transaction costs of \$189, was \$2,189. In addition, the Company assumed debt, net of cash, of \$2,371. This transaction was financed by the issuance of 265,746 (post-stock dividend) shares valued at \$2,000 (\$7.54 per share). The acquisition has been accounted for using the purchase method and the results of operations are included in the Company's consolidated financial statements from February 3, 2003.

Organization

Each of Exco's plants is operated as an autonomous profit centre and is focussed on either the Casting and Extrusion Technology segment or the Automotive Solutions segment. The Company's head office consists of five persons who have responsibility for the collection of financial data, budgetary controls, corporate philosophy and policy.

The profit centre basis enables the Company to reward individual managers and employees for results generated directly by their performance. The maintenance of focussed divisions enables the Company to respond quickly to customer requirements and encourages innovation. As well, the independence of each plant allows Exco to react quickly to new business opportunities. This organizational structure allows decision-making and cost control to occur at the operational level.

Sales and Marketing

The distribution of Exco's 2003 sales of \$230,555 by segment is as follows:

Casting and Extrusion Technology	\$142,003
Automotive Solutions.....	<u>\$ 88,552</u>
	\$230,555

Total sales outside Canada, primarily to the United States, accounted for approximately 84% of the Company's sales with approximately 16% of the Company's sales being outside North America. Exco's markets are well defined and sales are developed through target marketing. During fiscal 2003, sales to Daimler-Chrysler accounted for approximately 17% (2002 – 16%) of total sales.

Industry Sector	Divisional Name and Address	Square Footage	Leased/Owned
Facilities Casting & Extrusion Technology	Exco 130 Spy Court Markham, Ontario	44,000	Owned
	Castool 21 State Crown Blvd. Scarborough, Ontario	37,100	Owned
	Alu-Die 1215 Kerrisdale Blvd. Newmarket, Ontario	45,000	Owned
	Exco Michigan 56617 North Bay Drive Chesterfield, Michigan	35,000	Owned
	Exco Engineering 1314 Ringwell Drive Newmarket, Ontario	135,000	Owned
	Techmire 7521 and 7535 M.B. Jodoin Ville D'Anjou Montreal, Quebec	31,022	Leased
	Techmire 8067 Alfred Ville D'Anjou Montreal, Quebec	2,875	Leased
	Techmire 27211 Northline Road Taylor, Michigan	4,800	Leased
	Elex 141 McPherson Street Markham, Ontario	20,000	Leased
	Extec 60 Spy Court Markham, Ontario	25,000	Owned
	Edco, Inc. 5244 Enterprise Blvd. Toledo, Ohio	48,000	Owned

Automotive Solutions	Polytech 631 East Big Beaver Rd. Suite 207 Troy, Michigan	10,000	Leased
	Polytech A.V. Uniones No. 1700 Fracc Ind. Del Norte H. Matamoras, Tamps Mexico	100,000	Leased
	Polytech 200 Texas Avenue Brownsville, Texas	20,000	Leased
	Exco Advanced Products Inc. 4950 Gilmer Drive Huntsville, Alabama	46,800	Owned
	Polydesign SARL Tangier Zone Franche Boukhalef Lot 1813 Tangier, Morocco 90000	75,000	Owned
	NeoCon International 35 Akerley Boulevard Dartmouth, Nova Scotia (acquired October 1, 2002)	90,000	Owned
	Bantech Lasing 4575 Blaikie Rd., London, Ontario N6L 1P8 (acquired February 3, 2003)	47,500	Leased

MANAGEMENTS' DISCUSSION AND ANALYSIS OF OPERATING RESULTS AND FINANCIAL CONDITION

Year Ended September 30, 2003 compared to Year Ended September 30, 2002

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following is management's discussion and analysis of operations and financial position and should be read in conjunction with the Consolidated Financial Statements. It is intended to provide additional information on the Company's performance, financial position and outlook.

Overview

Exco achieved record-breaking financial results, despite the economic uncertainty, which prevailed throughout the year. These achievements included:

- Record sales of \$230.6 million;
- Record net income of \$16.7 million;
- Solid diluted earnings per share of \$0.40 and
- Solid cash flow from operations of \$32.3 million.

In addition to Exco's outstanding financial performance, the following significant accomplishments and events occurred:

- Record sales of \$230.6 million.
- NeoCon Acquisition – NeoCon's rigid cargo management system broadens the Company's automotive interior product line and is complementary to the flexible storage systems already offered. NeoCon's success is evident, reflecting sales growth in excess of 20% in fiscal 2003.
- Bantech Acquisition - Bantech specializes in the production of painted laser-etched plastic parts for automotive interiors. Bantech's capabilities diversify the Company's automotive interior product offering and provide an opportunity for further growth.
- The Company wins prototype die-cast mould contracts for certain new transmissions and engines. These orders are particularly important, as they are an indication of the automakers' desire to make more fuel-efficient vehicles. This trend should result in additional mould contracts and an improvement in capacity utilization and profit in the Company's large die-cast mould business.

Operating Results

The following table sets out certain financial information for each of the eight fiscal quarters up to and including the fiscal year ended September 30, 2003:

\$ thousands except per share amounts

2003	Sept/03	June/03	Mar/03	Dec/02	Total
Sales	\$61,937	\$58,054	\$55,933	\$54,631	\$230,555
Net Income	\$ 4,819	3,578	4,790	3,495	16,682
Earnings Per Share					
Basic	\$ 0.13	\$ 0.09	\$ 0.11	\$ 0.09	\$ 0.42
Diluted	\$ 0.12	\$ 0.08	\$ 0.11	\$ 0.09	\$ 0.40

\$ thousands except per share amounts

2002	Sept/02	June/02	Mar/02	Dec/01	Total
Sales	\$57,393	\$54,192	\$55,338	\$46,218	\$213,141
Net Income	\$ 5,243	\$ 5,219	\$ 3,950	\$ 2,404	\$ 16,816
Earnings Per Share					
Basic	\$ 0.13	\$ 0.14	\$ 0.10	\$ 0.06	\$ 0.43
Diluted	\$ 0.13	\$ 0.13	\$ 0.10	\$ 0.06	\$ 0.42

The fluctuations in quarterly earnings were largely a result of differences in volume and product mix. During fiscal 2003, Neocon International and Bantech Lasing were acquired (respectively on October 1, 2002 and February 3, 2003). NeoCon's earnings and revenue were included for twelve months in 2003 and not included in the prior periods. Bantech Lasing's losses and revenue were included for the last 3 quarters of fiscal 2003 and not in the prior periods. As well, during the second half of the year, net income was affected by start-up losses incurred at Bantech and the effect of translating the profits of the Company's U.S. subsidiaries. Bantech, acquired in February 2003, is in the early stages of production. Profits translated to Canadian dollars are lower as a result of the strengthening of the Canadian dollar in relation to the U.S. dollar.

For the year ended September 30, 2003, total sales increased by 8% over the prior year. Casting and Extrusion Technology sales decreased by half of one percent while Automotive Solutions sales grew by 26%.

The increase in die-cast machine sales demonstrates our growing strength in the Asian market. As well, the development of the Company's new magnesium die-cast machine was completed in fiscal 2002. In addition to the sale of zinc die-cast machines, many of these magnesium were sold in fiscal 2003, further enhancing the growth of this business.

The decline in die-cast mould sales is a result of the dramatic changes underway in the North American powertrain market. Over the last several years, this business was supported by sale of replacement moulds for those that were worn out. The decline in replacement moulds sales reflects customer expectations of changes to powertrain. Automakers typically reduce orders for replacement moulds when redesigned moulds for new powertrain components are forthcoming. However, as previously highlighted, the Company was awarded important mould contracts for certain new transmissions and engines. The Company anticipates that over the next several years, as automakers' plans are finalized, the sales of our die-cast moulds will increase.

The Automotive Solutions segment reported sales of \$88.6 million for the year, an increase of 26% over fiscal 2002. This increase in revenue is primarily attributable to the acquisition of NeoCon at the beginning of the fiscal year, which contributed an additional \$17.3 million, and Bantech, which contributed a modest \$2.4 million. Excluding the effect of the acquisitions, sales denominated in U.S. dollars grew by approximately 5%, but were offset by the effect of the appreciating Canadian dollar. The growth in these U.S. dollar sales occurred despite lower automotive production volumes and "decontenting", a situation where automakers remove certain components from vehicles to reduce cost. Segment income increased to \$13.2 million as compared to \$11.7 million in fiscal 2002.

The gross margin was 35%, down modestly from 36% in fiscal 2002 as a result of start-up losses at Bantech and lower capacity utilization in the die-cast mould business and the Moroccan facility. Losses at Bantech are expected to decline in fiscal 2004 and, as capacity utilization increases, gross margin should improve.

Selling, general and administrative costs were \$36.8 million in fiscal 2003 (15.9% of sales) as compared to \$33.8 million (15.9% of sales) in the prior year. This dollar increase reflects the addition of NeoCon at the beginning of the year. In fiscal 2004, these expenses are expected to increase in line with anticipated revenues and the full year inclusion of Bantech.

Depreciation and amortization expense were \$14.7 million (6.3% of sales) as compared to \$14.4 million (6.8% of sales) in the prior year. Although depreciation expense in the Casting and Extrusion Technology segment declined as a result of the maturing of assets, this was offset by the increased expenses associated with the acquisitions of NeoCon and Bantech. The Company expects depreciation expense to be lower in 2004.

Interest expense was \$1.8 million as compared to \$1.3 million in fiscal 2002. This increase is attributed to the costs associated with financing the NeoCon and Bantech acquisitions and higher interest rates during the year. In fiscal 2004, the Company expects cash from operations will exceed net capital expenditures. As a result, assuming no significant change in interest rates, the Company expects the expense to decline in fiscal 2004.

The Company's effective income tax rate was 37.9% compared to 38.4% in 2002. Small individual changes to several factors affected the overall decline. For 2004, the Company expects the rate to decline further, reflecting improving profitability in areas where losses are not currently benefited for tax purposes.

During the fiscal year the Canadian dollar appreciated approximately 15%. As a result of foreign currency hedges and U.S. dollar debt, the impact of this appreciation on the Company's operations was not significant. However, the translation of profits earned from the Company's U.S. operations was negatively affected reducing net income by approximately \$900 thousand or \$0.02 per share.

Financial Resources, Liquidity and Capital Resources

Cash flow from operations, before changes in non-cash working capital, was \$32.3 million as compared to \$32.0 million in 2002. Non-cash working capital increased by \$9.9 million, reflecting growth in the business, a reduction in customer advance payments and higher income tax instalments relative to earned income.

The investment in fixed assets totaled \$9.3 million as compared to \$16.5 million in the Automotive Solutions segment and was \$7.4 million in the Casting and Extrusion Technology segment. These investments related primarily to upgrades and the replacement of existing equipment, ensuring the Company continued to benefit from the employment of the most efficient technology. Total expenditures for the Company were budgeted to be much higher at \$15 million and included potential investments to increase capacity. In light of existing market conditions, the level of capital expenditures was reduced.

The Company's financial position remains strong despite these investments, and, at year-end, the total debt to equity ratio was 0.21:1, with borrowings of \$30.4 million. For the past several years, the Company has satisfied the majority of its requirements by using its operating lines rather than term debt. Because of the low and declining interest rate environment and its ability to repay debt quickly from free cash flow, this practice has been very beneficial. However, the Company reassesses this practice on a regular basis.

The Company has lines of credit totalling \$63.1 million of which \$35 million was unused and available at year-end. The Company expects that in fiscal 2004 its operating cash flow will exceed anticipated capital expenditures and accordingly, the lines of credit will be more than sufficient to meet the Company's operating requirements.

During the second quarter, the Company commenced payment of a quarterly dividend at the rate of \$0.05 per share annually. During fiscal 2003, three quarterly payments were made totaling \$1.5 million. The Company has demonstrated strong cash flow and growth to the point where payment of cash dividends is warranted.

For fiscal 2004, the Company plans to invest \$19 million, of which \$10.7 million will be utilized to increase capacity. The balance will be used to either replace or upgrade existing equipment. The most significant investment in capacity relates to a new facility for the Techmire operation. The need for a larger facility is a direct result of Techmire's success in the Asian market and the development of its new magnesium die-casting machine.

During the year, the Company acquired two companies. On October 1, 2002, the Company purchased NeoCon for \$14.6 million inclusive of debt assumed and transaction costs.

The acquisition was financed through the Company's operating lines and by the issuance of 130,000 common shares to NeoCon's founder at a price of \$6.00 per share (\$780 thousand). The debt assumed included \$1.7 million, which was interest free. On February 3, 2003, the Company purchased Bantech for \$4.6 million inclusive of debt assumed and transaction costs. The acquisition was financed by the issuance of 265,746 common shares at \$7.54 per share. The number and price of the common shares issued in these acquisitions have each been adjusted to reflect the 2 for 1 stock dividend issued in February 2003. The share consideration paid to the former shareholders of both NeoCon and Bantech is not reflected on the statement of cash flows. The statement of cash flows reflects only the cash consideration paid.

Over and above the obligations disclosed in the Company's balance sheet, Exco also enters into operating lease arrangements from time to time. Although Exco owns the majority of its manufacturing facilities and equipment, under certain circumstances it chooses to lease. The expense associated with these obligations is recorded in the Company's income statement, and the commitment for future lease payments is disclosed in note 10 to the Consolidated Financial Statements. Although note 10 shows the obligation diminishing in future years, the Company anticipates renewing many of these leases and, accordingly, the Company's future payment obligations are expected to be higher than shown.

Critical Accounting Policies

The preparation of the Company's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, as well as the reported amount of revenue and expenses during the reporting period. The most critical accounting principle upon which the Company's financial status depends is its revenue recognition policy. The Company recognizes revenue upon product completion. Completion for large die-cast moulds and die-cast machines is defined as completion of manufacturing of the mould or machine. For extrusion and other tooling and Automotive Solutions segment products, completion is defined as shipment to customers.

Risks and Uncertainties

The economic environment within which Exco operates directly affects its results. In 2003, Exco's Automotive Solutions segment will represent approximately 38% of revenue. Therefore, the level of automotive production and Exco's ability to continue to win new production contracts will have a direct impact on Exco's future operating results. Exco believes that its approach of focusing on automotive interiors and offering low-cost efficient manufacturing is the key to achieving continued growth.

In addition to internal growth, Exco has also focused on acquisitions. In fiscal 2003, the acquisitions of NeoCon and Bantech confirm this strategy. However, despite Exco's best efforts, acquisitions can present unanticipated risks. NeoCon was an established profitable business with a growth profile and has continued to demonstrate profitable growth in its first year under Exco ownership. Bantech was a start-up operation and to be successful, it must build a profitable

revenue base and refine its manufacturing operations.

The Casting and Extrusion Technology segment is a capital goods business. Accordingly, both the economic climate and business confidence affect the demand for Exco's products. In this environment, the Company believes that its broad product line, geographic diversification and leading technology will continue to provide momentum for growth.

The cost of products is also a key factor in determining long-term success. The market for Exco's products has expanded offshore to developing countries where Exco faces competing technologies. As a result, Exco continues to review manufacturing arrangements and sourcing alternatives in order to further reduce the cost of its products.

The Company's Canadian operations negotiate sales contracts with customers in both Canadian and U.S. dollars. Exco also purchases material in both currencies. Together, U.S. dollar sales and U.S. dollar purchases provide a natural hedge for the Company's Canadian operations. However, the Company enters into contracts to sell U.S. dollars in the event of weakness in the Canadian dollar to further reduce currency risk. Note 10 to the consolidated financial statements sets out information concerning these contracts. During fiscal 2003, the Canadian dollar appreciated 15% and since year-end further appreciation has occurred. In order to remain competitive, the Company is committed to undertaking initiatives to reduce costs.

For fiscal 2004, we estimate that our Canadian operations will be exposed to fluctuation in the value of the Canadian dollar relative to the U.S. dollar on approximately U.S. \$23 million. This figure represents the estimated net exposure calculated as U.S. dollar revenue less U.S. dollar expenses and U.S. dollar forward foreign exchange contracts. For example, if the Canadian dollar strengthens or weakens by 1%, pre-tax profit would decrease or increase respectively by \$230 thousand.

Exco's U.S. operations earn profits in U.S. dollars. Although a stronger Canadian dollar results in lower Canadian dollar profit translation, it does not affect the competitiveness of these operations in the North American market as their revenue and costs are primarily in U.S. dollars. Although Exco's Automotive Solutions segment has manufacturing facilities in Mexico and Morocco, these operations incur some operating expenses, primarily labour, in their local currency. Sales contracts and major purchases, such as material and equipment, are negotiated in U.S. dollars and Euros for Mexico and Morocco, respectively. Significant long-term fluctuations in the relative value of the local currencies against the U.S. dollar and Euro have the potential to affect Exco's operating results.

Exco's Automotive Solutions segment has manufacturing facilities in Mexico and Morocco. These operations incur some operating expenses, primarily labour, in their local currency. Sales contracts and major purchases, such as material and equipment, are negotiated in U.S. dollars and Euros for Mexico and Morocco respectively. Significant long-term fluctuations in the relative value of the local currencies against the U.S. dollar and Euro have the potential to affect Exco's operating results.

Outlook

Casting and Extrusion Technology

The growth of Exco's casting technology business is fuelled by changes to automotive powertrain, which in turn creates the need for new moulds. During fiscal 2003, Exco received

mould orders for new six-speed transmissions. Over the next several years, it is anticipated that automakers will launch up to fifteen new transmissions. Exco's involvement in the early stages of these prototype transmission programs significantly improves our opportunity to be the producer for choice. This is demonstrated by the fact that Exco has already received an initial production mould order from a customer.

The importance of this fundamental industry change to Exco cannot be overstated. We anticipated this change several years ago and proactively increased capacity. Accordingly, the expected increase in revenue should have a positive impact on Exco's future earnings. We also have expectations that new aluminum and magnesium die-cast components will replace existing components manufactured from steel and other materials. Aluminum and magnesium die-cast components provide automakers with weight savings and fewer manufacturing operations. We believe that this transition should result in further growth for Exco's casting technology business.

In fiscal 2002, Exco developed a multiple-slide magnesium die-cast machine that operates much faster and can produce castings that are thinner than conventional die-castings. The attributes of magnesium and Exco's proprietary die-casting technology make these machines particularly attractive for the electronics industry. In fiscal 2003, full-scale marketing of this machine commenced and a number of machines were sold. Given our early success, we began a research and development project in fiscal 2003 to apply this technology to aluminum die-casting and will continue these efforts through 2004. If successful, the potential market will be capital goods market that performed poorly throughout the year. We fully expect equipment sales to further improve upon market recovery.

In fiscal 2003, sales of our extrusion tooling products were unchanged from the previous year's level, despite a softer market. Exco's extrusion tooling customers continue to consolidate, which is a positive trend for us, as larger customers prefer to work with sophisticated and experienced suppliers such as Exco. This consolidation trend further drove Exco's market share growth in the year. Although we are the largest North American supplier, we estimate that our share in the United States is less than 15%. Accordingly, Exco expects growth in this business to continue in conjunction with the anticipated economic recovery in North America.

Automotive Solutions

With the acquisition of TecSyn, through our Polytech division, Exco began supplying interior automotive components in September 2000. Building on the strength of this acquisition, a facility was built in Morocco to supply the European market. Combined with the acquisitions

of NeoCon and Bantech, our revenue base increased from approximately \$45 million in September 2000 to \$88.6 million in 2003. This represents growth of 97% in just three years and 38% of Exco's consolidated sales.

Exco expects continued growth from this segment. The Moroccan facility operated throughout 2003, its first full year. This facility, accredited by several global automotive companies, is now able to quote and supply product to the market. Based upon current business levels, it is expected to be profitable in fiscal 2004. Outstanding quotations in excess of \$100 million further confirm its potential. In fact, this facility has a capacity of \$48 million based upon existing equipment, and further capacity can be created with relatively small investment.

NeoCon, acquired at the beginning of the fiscal year, achieved revenue growth of 23% in 2003. We believe that the consumer trend to conveniently organize and store items in vehicles will result in continued growth. Exco's original automotive components business, Polytech, expanded its product offering beyond flexible storage and restraint items to include plastic interior components. As a result, significant new business was secured. However, lower automotive production volumes and "decontenting", as discussed earlier, tempered Polytech's growth in fiscal 2003. It is worth noting however, that since Polytech's acquisition in September 2000, it has achieved 42% revenue growth. For 2004, North American vehicle production is expected to be similar to 2003, reaching approximately 16 million units. We believe that "decontenting" has subsided and anticipate greater stability in the market in 2004.

Overall, this segment offers significant potential. The core North American flexible restraint and storage business will continue to expand its product offering. Coupled with the growth potential of the European market and the success of NeoCon's complementary rigid storage systems, all indicators are pointing to a promising future.

Conclusion

Our focus on maintaining technological leadership, achieving the dominant market position and being the low-cost producer are factors that should contribute to our continued success. Further, our strong financial position allows us to capitalize on strategic opportunities and, at the same time, ensures stability and flexibility as required. Exco is indeed well positioned to meet the challenges and opportunities that lie ahead.

Information in the previous discussion relating to projected growth, changing market conditions, improvements in productivity and future results constitutes forward-looking statements. Readers are cautioned not to place undue reliance on forward-looking statements as there can be no assurance that the plans, intentions or expectations upon which such statements are based will occur. Forward-looking statements include known and unknown risks, uncertainties, assumptions and other factors which may cause actual results, performance or achievement to be materially different from any future results, performance or achievements expressed or implied by such statements. These risks, uncertainties and assumptions include, among other things: industry cyclicalities; global economic conditions, causing decreases in automobile production volumes and demand for capital goods; price reduction pressures; pressure to absorb certain fixed costs; dependence on major customers; technological changes; fluctuations in currency exchange and interest rates; employee work stoppages; dependence on key

employees; the competitive nature of the automotive and capital goods industries; product supply and demand; and other risks, uncertainties and assumptions as described in the Company's 2003 Annual Information Form and, from time to time, in other reports and filings made by the Company with securities regulatory authorities.

While the Company believes that the expectations represented by such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. Readers are cautioned that the forgoing list of important factors is not exhaustive. The Company disclaims any obligations to update any such factors or publicly announce the result of any revisions to any of the forward-looking statements contained herein to reflect future events or developments.

DIRECTORS AND OFFICERS

As at September 30, 2003 the Directors and Officers of the Company were as follows:

Name	Period of Service	Common Shares Owned or Controlled
Brian A. Robbins, Director ² Aurora, Ontario President and Chief Executive Officer Exco Technologies Limited	January 1972 to date	8,990,800
Helmut Hofmann, Director ² Unionville, Ontario Chairman of the Board, Exco Chairman, Heroux-Devtek Corporation	January 1991 to date	130,000
Geoffrey Hyland, Director ¹ Alton, Ontario President and Chief Executive Officer ShawCor Ltd.	January 2001 to date	116,400
Richard McGraw, Director ² Toronto, Ontario President Lochan Ora Group of Companies	January 1992 to date	146,600
Brian Steck, Director ¹ Aurora, Ontario President St. Andrews Financial Corporation	January 2001 to date	10,000

Name	Period of Service	Common Shares Owned or Controlled
Ralph Zarboni, Director ¹ Toronto, Ontario Chairman and Chief Executive Officer The EM Group	January 1999 to date	40,000
Scott E. Bond Toronto, Ontario Vice-President, Finance and Chief Financial Officer	January 1994 to January 31, 2004	96,900
Gabriel Piccinin Unionville, Ontario President, Exco Extrusion Dies	November 1998 to November 20, 2003	944,544
Lawrence C. Robbins Newmarket, Ontario President, Alu-Die	October 1967 to November 20, 2003	739,670
Paul Robbins Markham, Ontario Vice-President	May 1975 to November 20, 2003	2,245,773
Jan M. Tesar Richmond Hill, Ontario President, Die Cast Tooling	October 1986 to November 20, 2003	421,042
Bonnie Cartwright Markham, Ontario Vice-President, Business Development	November 1981 to date	38,854

1. Member of the Audit Committee
2. Member of the Compensation Committee

As at September 30, 2003 the directors and officers of the Company as a group beneficially owned, directly or indirectly, or exercised control or direction over, approximately 35% of the common shares of the Company.

RISK FACTORS

The Company is subject to certain factors, which may adversely affect the performance of its business.

Technological Changes

The Company carries on business in an industry in which rapid technological change may render obsolete the products designed and manufactured and the processes used by it. The Company maintains its competitive position in the market place by conducting research and development, using advanced production techniques and investing in the most technologically advanced machinery.

Dependence on Major Customers

During fiscal 2003, Daimler-Chrysler Corporation accounted for approximately 17% of total sales. Exco has, however, diversified its customer and product bases in recent years to reduce its dependence on any single customer.

Key Employees

The success of the Company is heavily dependent on the quality of certain of its key professional staff and its ability to attract and hold such employees. Failure to continue the Company's past performance in this respect could have a significant negative impact upon the Company's growth and profitability. In order to attract and retain key professional staff, the Company has sought to provide employees with challenging work and a variety of opportunities for advancement through growth and expansion of the Company's business, and through participation in stock options, the deferred profit sharing plan and incentive bonuses.

Currency Exposure

Fluctuations and relative currency values, in particular, fluctuations in the value of the Canadian dollar against the U.S. dollar, may adversely affect the Company's results of operations. Exco monitors its net exposure to movements in the relative value of the Canadian and U.S. dollar and employs hedging programs to minimize the risk associated with fluctuations. Exco's Automotive Solutions segment has manufacturing facilities in Mexico and Morocco. These operations incur some operating expenses, primarily labour, in their local currency. Sales contracts and major purchases, such as material and equipment, are negotiated in U.S. dollars and Euros for Mexico and Morocco, respectively. Significant long-term fluctuations in the relative value of the local currencies against the U.S. dollar and Euro have the potential to affect Exco's operating results.

Automobile Production

Exco's Automotive Solutions segment is directly affected by the levels of North American and European production volumes. Vehicle production levels may be affected by many factors such as the general economy, trade agreements, interest rates, fuel prices and labour agreements.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, and the principal holders of Exco's securities, options to purchase securities and interests of insiders in material transactions, as applicable, is contained in the most recent information circular of Exco prepared in connection with the annual meeting of shareholders held on January 28, 2004. Additional financial information is provided in Exco's comparative Financial

Statements contained in the Company's 2003 Annual Report and in its quarterly reports for the periods ended December 31, 2002, March 31, 2003 and June 30, 2003.

The Company will also provide to any person upon request to the Vice-President, Finance and Chief Financial Officer of the Company:

- (a) when Exco's securities are in the course of distribution pursuant to a short form prospectus or when a preliminary short form prospectus has been filed in respect of a distribution of Exco's securities,
 - (i) one copy of the Company's Annual Information Form, together with one copy of any document, or the pertinent pages of any document, incorporated by reference in the Annual Information Form;
 - (ii) one copy of the comparative financial statements of the Company for its most recently completed financial year together with the accompanying report of the auditors and one copy of any interim financial statements of the Company subsequent to the financial statements for its most recently completed financial year;
 - (iii) one copy of the Company's information circular in respect of its most recent annual meeting of shareholders that involved the election of directors or one copy of any annual filing prepared in lieu of that information circular, as appropriate, and
 - (iv) one copy of any other documents that are incorporated by reference into the preliminary short form prospectus or the short form prospectus and are not required to be provided under (i) to (iii) above; or
- (b) at any other time, one copy of any other documents referred to in (a)(i), (ii) and (iii) above, provided the Company may require payment of a reasonable charge if the request is made by a person who is not a shareholder.