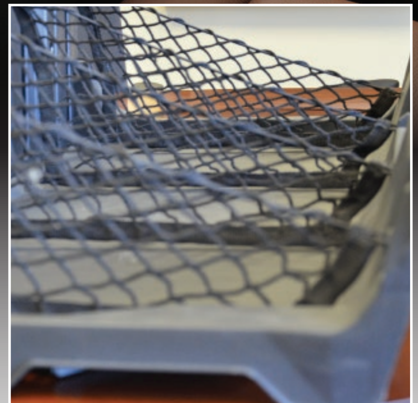
Technologies Limited

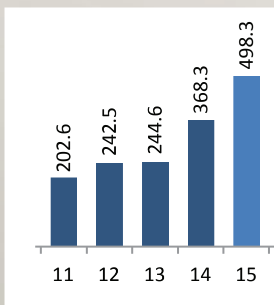
DRIVING VALUE



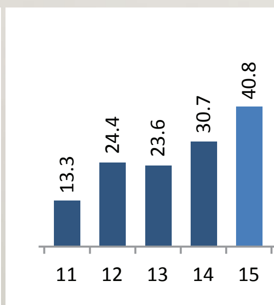
2015 ANNUAL REPORT

Technologies Limited

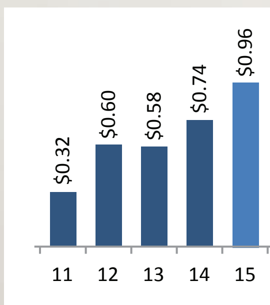
SALES
($ millions)



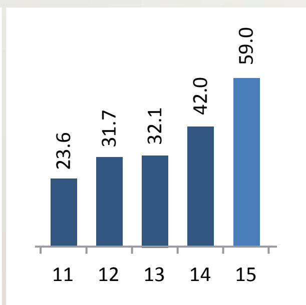
NET INCOME
($ millions)



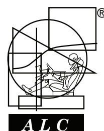
BASIC EARNINGS PER SHARE



CASH FLOW FROM OPERATING ACTIVITIES*
($ millions)



*Before net change in non-cash working capital.



By almost any measure, fiscal 2015 was the best year in Exco's history. Aided by a full twelve months of sale from Automotive Leather Company (ALC), which was acquired on March 1, 2014, as well as strong growth across the Automotive Solutions and Casting and Extrusion segments of our business, consolidated sales increased $130.0 million or 35 percent to a record $498.3 million. Consolidated net income reached a record $40.8 million or $0.96 per share compared to $30.7 million or $0.74 per share in fiscal 2014. Exco's addition to the S&P/TSX Small Cap Index in September is further validation of our extraordinary accomplishments this year.

These results represent the latest in several years of improving financial and operating performance. In the past five years, consolidated sales and consolidated net income have grown at compound annual growth rates of 25 percent and 32 percent, respectively. Nonetheless, it's the future that matters most to investors. And what many of you ask is: "How will Exco continue to prosper amidst possible peak vehicle production in North America and intense competition in the relatively mature European and North American automotive markets?" The answer is that irrespective of industry production volumes, we will continue to focus on driving value for our customers.

In our fast-growing Automobile Solutions segment, our customers want high-quality, lightweight interior trim components at the lowest possible cost. That's why we have shifted our productive capacity to low-cost, free trade jurisdictions in closer proximity to our customers' operations over the years, and developed new products and services that leverage our competitive strengths. More recently, our customers have been seeking more upscale trim components to satisfy increasingly discriminating buyers in both luxury and mid-market brands. The acquisition of ALC exemplified our ongoing strategy of taking advantage of such trends. Among the benefits this strategy has brought to Exco are: a major new category in leather content that is expected to experience steady growth in all vehicle segments; new product relationships with German luxury car makers and other Tier 1 suppliers; low-cost production facilities in Eastern Europe that complement our plants in Morocco and Mexico; and, the potential to cross-sell product offerings between our plants within the Automotive Solutions segment.

The future is similarly bright for the Casting and Extrusion segment, which makes moulds and consumable components used for die casting and extrusion of aluminum parts for automotive and industrial/construction applications. Our greatest competitive advantage in this business is exceptional mould and die design. We are recognized worldwide for our ability to help customers improve operating efficiency, increase machine uptime and produce exceptionally high quality parts. In the past few years, our large mould business has benefitted from ever more stringent fuel efficiency and emission reduction standards, which have driven the development of increasingly advanced engines and transmissions by OEMs and their Tier 1 suppliers and spurred the introduction of many new vehicles. We expect these trends to continue. In North America, proposed CAFE requirements will raise the fuel efficiency standard to 54.5 miles per US gallon by 2025, with incremental improvements required every year starting in 2017. In Europe, phased emission targets for automobile fleets will reach 95 grams of CO2 per kilometre by 2020, down from 127 grams of CO2 per kilometre in 2013. This imperative has only intensified with recent regulatory scrutiny of 'real road' emissions of vehicles – especially diesel engines.

The quest for better fuel efficiency and lower emissions is also driving a powerful transition from steel to lighter weight aluminum alloys in the production of non-powertrain structural components. In 2014 we began

to capitalize on this development with commercial production of our first moulds for chassis cross members and engine cradles. This business has the potential to surpass our traditional tooling business for engine block and transmission housings as the use of aluminum in automobile production continues to grow. A recent study by Ducker Worldwide indicates the average car or light truck produced in North America in 2014 contained 350 pounds of aluminum, of which 19 pounds were aluminum extrusions. In 2025, aluminum content is forecast to increase to 547 pounds, with extruded components accounting for 42 pounds per vehicle.

The prospects for our Castool business are also strong, bolstered by a steadfast focus on the performance of the entire injection system of our customers' die cast machines and extrusion presses. This strategy has yielded unprecedented quality, performance and value for our customers and given us a strong competitive advantage over traditional component suppliers. From the purchase of Allper AG in 2010 to the opening of our new production facility in Thailand, we have successfully positioned Castool to meet the demands of a growing list of customers in Europe and Asia.

We are similarly focused on driving value for shareholders, as reflected in Exco's traditionally prudent approach to financial management and strong balance sheet. Overall cash provided by operating activities remained strong at $41.7 million at year-end, up from $40.4 million last year. The Company also remains net bank debt-free despite $20.0 in capital expenditures, $17.7 million of investment in non-cash working capital to support the growth of our business and $9.7 million in dividends. We ended the year with a net cash position of $24.5 million, compared to $7.8 million at the end of fiscal 2014.

While fiscal 2015 was a remarkable year for Exco, it was not without its issues. Despite our record results Exco experienced losses at our South Africa/Lesotho operations as the ramp up issues at the Lesotho operation delayed the transfer of production and ultimately the closure of our South African operation by more than a year. We were also impacted by start-up losses at our two greenfield operations in Brazil and Thailand. They both started commercial production in June 2014.

We however remain confident that our best years are on the road ahead. The situation in South Africa is being rectified and losses in Brazil and Thailand will abate as those operations develop. The North American automotive sector continues to be supported by strong fundamentals and Europe is recovering at a gradual but steady pace. Modest interest rate increases, should they occur, are not expected to fundamentally dampen demand. Against this backdrop, plans by OEMs to redesign, refresh and introduce new vehicles and powertrain systems bode well for Exco's prospects, as do the plans of Japanese, South Korean and German automakers to expand production in North America.

I would like to close by extending a sincere thank you to all of Exco's 5,302 talented and dedicated employees. With your continued support, I am confident we will continue to drive value for our customers, and investors, in the year ahead.

Brian A. Robbins
President and CEO

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This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") should be read in conjunction with the consolidated financial statements and related notes for the year ended September 30, 2015. This MD&A has been prepared as of December 2, 2015.

Additional information on Exco, including copies of its continuous disclosure materials such as its Annual Information Form, is available on its website at www.excocorp.com or through the SEDAR website at www.sedar.com .

In this MD&A, reference is made to EBITDA and adjusted net income and adjusted earnings per share, which are not measures of financial performance under International Financial Reporting Standards ("IFRS"). Exco calculates EBITDA as earnings before interest, taxes, depreciation and amortization. EBITDA is used by management, from time to time, to facilitate period-to-period operating comparisons and we believe some investors and analysts use them as well. This measure, as calculated by Exco, may not be comparable to similarly titled measures used by other companies.

CAUTIONARY STATEMENT

Information in this document relating to projected 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 found mainly in the Outlook section but also elsewhere throughout this document. 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, weakening raw material prices, continuing economic recovery, currency fluctuations which may in fact not occur, 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 new operations in Brazil and Thailand achieve 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. For a more extensive discussion of Exco's risks and uncertainties see the 'Risks and Uncertainties' section in this Annual Report, our Annual Information Form ("AIF") and other reports and securities filings made by the Company. This information is available at www.sedar.com.

While Exco believes that the expectations expressed by such forward-looking statements are reasonable, we cannot assure that they will be correct. In evaluating forward-looking information and statements, readers should carefully consider the various factors which could cause actual results or events to differ materially from those indicated in the forward-looking information and statements. Readers are cautioned that the foregoing list of important factors is not exhaustive. Furthermore, the Company will update its disclosure upon publication of each fiscal quarter's financial results and otherwise disclaims any obligations to update publicly or otherwise revise any such factors or any of the forward-looking information or statements contained herein to reflect subsequent information, events or developments, changes in risk factors or otherwise.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CORE BUSINESSES

Exco is a global designer, developer and manufacturer of dies, moulds, components and assemblies, and consumable equipment for the die-cast, extrusion and automotive industries. The Company reports in two business segments.

The Casting and Extrusion segment designs, develops and manufactures die-casting and extrusion tooling and consumable parts for both aluminum die-casting and aluminum extrusion machines. Operations are based in North America, South America and Thailand and serve automotive and industrial markets around the world. Exco is a leader in most of these markets. In die-casting and extrusion tooling markets, Exco is further entrenching itself by reducing lead times and manufacturing costs through design and process enhancements. In the die-cast tooling group a major equipment capital project is underway that should increase capacity and reduce lead times without increasing the plant size or significantly growing factory overhead. In the machine consumables market, Exco is leveraging its long tradition as a reliable, high-quality supplier of consumable components for the injection system of die-cast machines and aluminum extrusion presses by evaluating, coordinating and ultimately maximizing customers' overall equipment performance and longevity. The Canadian, European, South American and United States markets are Exco's primary focus for die-cast moulds, extrusion dies and machine consumable parts, and with the greenfield facility in Thailand Asia is also now a growing target market for Exco.

The Automotive Solutions segment designs, develops and manufactures automotive interior trim components and assemblies primarily for passenger and light truck vehicles. The Polytech and Polydesign businesses manufacture synthetic net and other cargo restraint products, injection-moulded components, shift/ brake boots, related console components and assemblies. Polydesign is also a manufacturer of injection moulded interior trim and instrument panel components, seat covers, head rests and other cut and sew products. Automotive Leather Company is a manufacturer of leather/fabric seat covers for automobile interiors. Neocon is a supplier of soft plastic trunk trays, rigid plastic trunk organizer systems, floor mats and bumper covers. Automotive Solutions facilities are located in Canada, the United States, Mexico, Bulgaria, Morocco, South Africa and Lesotho supplying the North American, European and Asian automotive markets.

VISION AND STRATEGY

For the past few years, Exco has pursued several key strategies designed to achieve sustainable revenue and earnings growth. These include: (1) strengthening our technological leadership and competitive position in our chosen markets through automation and technology, (2) minimizing our cost structure, (3) shifting our productive capacity to low-cost jurisdictions in closer proximity to our customers' operations, (4) diversifying our revenue base with new products and services that leverage our competitive strengths, and (5) capitalizing on growth opportunities in selected developing markets.

The performance of the North American automotive industry continued to improve in fiscal 2015, with most OEMs and tier one suppliers having strong sales and credit ratings. Production of light vehicles continued to increase, driven by strong economic demand and widespread introduction of new vehicle models. Automobile manufacturers continue to invest in the development and production of more innovative and fuel-efficient powertrains in response to consumer demand, as well as U.S. government-mandated Corporate Average Fuel Economy ("CAFE") standards that require fleet average fuel economy of 54.5 miles per gallon by 2025. In Europe comparable legislation requiring co2 emissions to be reduced from 2013 levels of 127g/km to 95g/km by 2021is also driving innovation and improvement in powertrain design. These developments continue to bode well for our large mould business creating promising new opportunities for growth. During fiscal 2015, Exco successfully extended its technological leadership into the production of die-cast moulds for light-weight structural parts that use an advanced aluminum alloy called silafont. To date, Exco has shipped numerous silafont moulds and has orders for various additional programs. This business unit has also landed orders for nine and ten speed transmission cases and numerous four and three cylinder engine block programs which are at the vanguard of OEM efforts to improve vehicle fuel efficiency.

The balance of Exco's Casting and Extrusion segment also performed well amid steady demand in automotive and industrial markets. Our Castool business continues to grow in North America and overseas. Surging global demand for these products has prompted Castool to build a production facility in Asia to more efficiently meet this demand. Our extrusion die businesses are also positioned to meet increasing demand occasioned by the imposition of anti-dumping duties against Chinese imports into Canada and the US on aluminum extrusions and by the general migration to light-weight aluminum components on automobiles. In fact, our decision to establish ourselves in Colombia and Texas has proven prescient as strong demand for extrusion dies in Canada and the US has enabled us to transfer our South American business from Extrusion Canada (Markham) to Extrusion Colombia. Extrusion Texas has also helped Extrusion USA with surging demand for extrusion dies in the US market.

Higher vehicle production volumes also propelled sales and profit in the Automotive Solutions interior trim segment as our North American units, Neocon and Polytech, kept pace with strong order flow in North America. Furthermore, a higher proportion of the vehicles produced are refreshed or completely new models. This enables us to increase our content per vehicle and also replace older programs which have been 'costed down' over the years with new programs reflecting current costs and better margins. The cost of raw material has also softened in keeping with commodities generally, however, this cost benefit to the segment is offset by 'cost down' pressure from customers. Sales and profit at Polydesign also improved dramatically as the lingering recession in Europe seems to be receding and new program launches kicked in during the year.

While the North American automobile industry is well positioned for steady growth, our opinion continues to be that prospects for the larger economy here, and in Europe, are nonetheless limited by several structural trends. These include: a steadily aging population, modest economic growth, and historically high levels of consumer and government debt. As a result, it is likely that the US and the Euro zone economies will, over the long term, underperform the economies of most developing countries – particularly, in Latin and South America and Southeast Asia. Admittedly emerging economies are currently under pressure. Brazil is a case in point. However, over the long term we believe the underlying structural trends will reassert themselves.

In recognition of these long term trends, Exco reaffirms its commitment to establishing a larger presence in these markets to plant the seeds of revenue and earnings growth for future years. Our focus has been traditionally on relatively low-risk opportunities in markets that are already familiar to us, and which leverage our technological leadership and existing product and service capabilities – such as South America and Asia.

Exco has exported to these emerging markets for many years and we are familiar with the customers and the general business climate. We have also operated several large plants in low-cost jurisdictions such as Mexico and Morocco

for many years with exceptional performance and financial results. The increasingly sophisticated customers in these emerging markets are looking for superior quality, innovative product solutions and the benefit of local sourcing, product development and service. By manufacturing locally, we also significantly reduce transportation costs and mitigate the effect of unfavorable currency trends.

This is the rationale for our greenfield facilities in Brazil and Thailand. In November 2012, we announced the construction of a new extrusion die production facility near Sao Paulo, Brazil. It has been producing since June 2014. While the economy in Brazil is in recession we continue to ramp up business, albeit at a slow pace, and hone our skills and capabilities thus positioning ourselves for the recovery when it eventually takes place. In January 2013, we also announced construction of a new Castool facility in Thailand to better serve Castool's current export customers and take advantage of lower production and shipping costs to Asian and European customers. This facility has been producing since July 2014 and despite relative softness in China as of late this plant too is building a solid operational base for coming growth.

Notwithstanding Exco's investment in developing markets, we also continue to look for selective acquisitions that will bolster our position and enhance profitability in North America and Europe. In January 2013, we acquired an extrusion die manufacturer located in Wylie Texas which services the south-central region of the United States. The acquisition has given us a strong presence in a distinct and growing geographic market segment where proximity to customers is a key element for success. It has also allowed us to absorb overflow business from our Extrusion USA plant in Michigan – so much so that in 2015 we expanded this operation with a new and larger facility to commence production in 2016.

On March 1, 2014 we also purchased Automotive Leather Company which specializes in the manufacture and export of luxury leather interior trim components to the middle and luxury automotive sector. The primary customer is BMW and its tier one supplier Faurecia although other German OEMs and their tiers are also customers. This acquisition gives us a facility in Eastern Europe, to which European automotive manufacturing has migrated, and a central European technical and service centre from which we can better serve our European customers. Operations in Southern Africa are less compelling. Exco is currently in the process of closing its operations in South Africa. Management will then focus on production efficiencies at the Lesotho operation and determine the prospects for long term new business opportunities in that region.

Looking ahead, light vehicle production in North America is projected to remain robust in 2016 despite the gradual rate of growth in the larger global economy. Market fundamentals also remain strong with low interest rates and affordable consumer credit in both North America and Europe. There is still significant demand for new automobiles as the average age of cars on the road in the USA continues to climb. At the same time, increasingly stringent mileage and co2 emission requirements are expected to keep fuelling the steady pace of new model and global platform introductions in both North America and Europe in the year ahead. These developments will continue to benefit both our Casting and Extrusion and Automotive Solutions segments.

2015 RESULTS

Consolidated Results - Sales

Annual sales totalled $498.3 million compared to $368.3 million last year – an increase of $130.0 million or 35% over last year. Included in the current year was full year sales in the amount of $148.3 million from ALC compared to seven months sales in the amount of $83.9 million last year. Excluding sales from ALC, annual sales totalled $350.0 million – an increase of $65.6 million or 23% over last year. Consolidated sales also benefited from increased activity at our two greenfield facilities. Extrusion Brazil and Castool Thailand both commenced

commercial production in the summer of 2014 and accordingly experienced full year sales in 2015 of $5.1 million compared to $758 thousand last year. For further detail see 'Segment Sales – Casting and Extrusion Segment' below. In addition, over the year, the US dollar has appreciated 19% ($1.12 versus $1.335) against the Canadian dollar contributing $31.1 million in additional sales to the current year. Despite the fact that the Euro closed the fiscal year higher ($1.50) against the Canadian dollar compared to the rate at the start of the year ($1.42) – during the year it depreciated (average rate in 2015 was $1.41 compared to $1.47 for 2014) thus decreasing sales in Europe by approximately $5.7 million.

Selected Annual Information

The following table sets out selected financial data relating to the Company's years ended September 30, 2015 and 2014. This financial data should be read in conjunction with the Company's audited consolidated financial statements for these years:

(in $ millions except per share amounts)	**2015**	2014
Sales	**$498.3**	$368.3
Net income for the year	**$40.8**	$30.7
Earnings per share from net income		
Basic	**$0.96**	$0.74
Diluted	**$0.96**	$0.73
Total assets	**$342.8**	$290.6
Cash dividend paid per share	**$0.23**	$0.195
EBITDA	**$77.0**	$53.9

Segment Sales

- *Casting and Extrusion Segment*

Sales for this segment were $195.2 million – an increase of $25.7 million or 15% from the prior year. All business groups in the segment contributed to the sales increase: large mould business sales increased 23%, Castool sales increased 11% and the extrusion tooling group sales increased 10% over the prior year. The sales increase in the large mould group reflects strong North American demand for rebuild/maintenance work on existing mould programs and, to a lesser extent, new moulds on just-launching powertrain and structural part programs. The sales increase in the extrusion tooling group was supported by strong market demand in North America as our customers move extrusion capacity back to North America in response to rising costs in China and anti-dumping duties in Canada and the United States against Chinese imports of most aluminum extrusions. Sales in this group are also up as a result of the commencement of selling activity by Extrusion Brazil in June 2014 ($1.4 million versus $154 thousand last year). Castool sales also reflect continuing strong market conditions in North America, South America and Asia. Sales from Castool Thailand which also commenced production in the last fiscal quarter of 2014 were $3.7 million compared to $604 thousand last year. The appreciation of the US dollar against the Canadian dollar contributed $16.4 million to sales in this segment in the current year. The change of the Euro against the Canadian dollar described in 'Consolidated Results – Sales' above had a negligible impact of $181 thousand on sales in this segment in the current year.

- *Automotive Solutions Segment*

Sales in this segment were $303.1 million – an increase of $104.3 million or 52% from the prior year. Our seat cover business which was acquired in March 2014 contributed $148.3 million to sales in the current year compared to $83.9 million last year. Excluding ALC, sales would have been $154.8 million – an increase of $39.9 million or

35% from the prior year. Polytech and Neocon sales in North America account for the majority of this growth – sustained by strong vehicle unit sales as well as new product launches for refreshed, redesigned and entirely new vehicle models. Polydesign's sales increased over the prior year as the smooth launch of new programs continued at a strong pace and European vehicle unit sales continued to improve modestly. The appreciation of the US dollar against the Canadian dollar caused sales to increase at Polytech and Neocon by a total of $14.6 million this year. Also, the changes in the Euro against the Canadian dollar as described in 'Consolidated Results – Sales' above since the beginning of the year decreased sales from our European operations by $5.5 million.

Cost of Sales

Cost of sales totalled $379.5 million – an increase of $100.6 million or 36% from the prior year. Cost of sales as a percentage of sales remained constant with last year at 76%. As a percentage of sales, direct labor has declined 1% to 9% ($45.5 million) from 10% ($35.9 million) last year. Overhead has also declined 2% to 16% ($77.5 million) from 18% ($65.7 million) last year. These reductions were offset by higher raw material costs which increased 3% to 51% of sales ($256.5 million) compared to 48% of sales ($177.3 million) last year. The raw material increase is primarily due to the full year inclusion of seat cover sales this year compared to seven months inclusion last year. Our seat cover business has high raw material content (approximately 76% of sales) compared to Exco's other businesses (approximately 41% of sales) as seat covers have high leather/fabric content. The fact that cost of sales has remained constant in 2015 despite having a full year of seat cover sales underscores the operating efficiencies taking place in our businesses. Excluding ALC businesses, Exco's cost of sales would have been 68% compared to 70% last year. This reflects two factors. First, Exco experienced stable raw material pricing for Exco's two major input materials – tool grade steel and petroleum/natural gas based resin and plastic products for automotive interior trim applications. Global sourcing of steel in particular has contributed to containment of raw material costs. Secondly, Exco experienced efficient absorption of overhead costs at several of its business units.

Selling, General and Administrative Expenses

Selling, general and administrative expense in the current year increased to $41.6 million from $35.5 million last year. However, as a percentage of sales, it decreased to 8.3% from 9.6% in the prior year. Included in the current year were $4.2 million of selling, general and administrative expense from the full year inclusion of ALC compared to $2.0 million last year with seven months inclusion. In addition, the following items mostly accounted for the remainder of the increase: commissions ($3.0 million versus 2.1 million last year) which increase as sales levels grow, stock option expense ($1.0 million versus $860 thousand) caused by the appreciation of Exco share price during the year, incentive plan expense ($6.5 million versus $5.2 million last year) which generally increase with earnings, travel expense (4.4 million versus $3.4 million last year) reflecting more extensive travel to our greenfield locations in Brazil and Thailand as well as South Africa/Lesotho. Partially offsetting these items were a reduction in severance cost ($900 thousand versus $1.1 million last year).

Depreciation and Amortization

Depreciation expense increased to $10.0 million in the Casting and Extrusion segment from $8.4 million last year due to higher expenditures on machinery and equipment in the large mould business and full year depreciation on our new buildings, machinery and equipment in Thailand and Brazil ($1,945 thousand versus $555 thousand last year). Depreciation in the Automotive Solutions segment increased to $3.5 million from $2.8 million last year due to full year inclusion of ALC machinery and equipment compared to seven months last year. Furthermore, in 2015 amortization of intangible assets related to the fair valuation of the customer relationship with ALC customers was expensed for twelve months ($706 thousand) compared to seven months ($408 thousand) last year. This amortization is expected to continue for 41 months at a monthly non-cash charge of $58 thousand.

Interest

Net interest expense in the current year totalled $939 thousand compared to $715 thousand in the prior year. The increase in the interest expense was mainly caused by the financing of our seat cover business working capital at our operations in Bulgaria and South Africa.

Income Taxes

Exco's effective income tax rate was 33.0% compared to an effective income tax rate of 25.0% in fiscal 2014. Included in the current year's income tax expense was $1.9 million for the write-off of deferred tax assets in South Africa and $694 thousand withholding tax paid on the repatriation of surplus from a subsidiary. Included in the prior year was $220 thousand withholding tax paid on the repatriation of surplus from a subsidiary. Excluding these tax charges, Exco's adjusted effective income tax rate in the current year would have been 28.8% compared to 24.4% in the prior year. The higher adjusted effective income tax rate in the current year was due mainly to higher earnings contribution from higher tax jurisdictions such as the USA and Canada (see note 14 to the 2015 Consolidated Financial Statements) and the impact of losses not being tax-affected in Brazil.

Net Income

- *Consolidated*

The Company reported consolidated net income of $40.8 million or basic and diluted earnings of $0.96 per share compared to consolidated net income of $30.7 million or basic earnings of $0.74 per share and diluted earnings of $0.73 per share last year – an increase of $10.1 million or 33.0%. The increase in consolidated net income was primarily caused by 35% higher sales compared to last year (see 'Consolidated Results – Sales' above). As a percent of sales consolidated net income remained constant at 8.2% compared to 8.3% last year. However the last several years did experience numerous non-operating and/or non-recurring items which are helpful in better understanding the Company's financial results. In the fourth quarter of 2015, the Company wrote-off $1.9 million of deferred tax assets in South Africa consistent with the plan to cease manufacturing in this location. This is reflected as income tax expense for the period. The delayed plant closing in South Africa resulted in excess cost incurred as manufacturing relocated to Bulgaria and Lesotho. As such, the SA division incurred losses of $2.0 million in Q4-2015(Q4-2014 - $1.2 million) and $5.2 million for fiscal 2015 (2014 - $2.37 million). Further, the greenfield operations in Brazil and Thailand incurred start-up losses of $800 thousand in Q4-2015 (Q4-2014 - $370 thousand) and $2.73 million for fiscal 2015 (2014 - $1.47 million).

- *Casting and Extrusion Segment (Operating Earnings)*

Casting and Extrusion operating earnings increased to $32.4 million from $25.0 million in the prior year – an increase of $7.4 million or 30%. This improvement took place in spite of start-up costs at our two greenfield facilities – Extrusion Brazil and Castool Thailand – as outlined in "Net Income" above. Excluding these start-up costs, which we expect to recede over the next year as these facilities reach full commercial production, pretax income in the current year for this segment would have been $35.4 million compared $26.9 million in the prior year – an increase of 32%. Strong sales in this segment as described above in the 'Consolidated Results – Sales' section was supported by a favorable raw material environment – particularly for steel as described in the 'Cost of Sales' section above. The weak Canadian dollar also impacted this segment by increasing the value of US dollar denominated earnings from US operations. Our three plants in Canada also benefited from the weak Canadian dollar by increasing the value of US dollar denominated sales – for greater discussion of foreign exchange see 'Segment Sales – Casting and Extrusion Segment' above.

- *Automotive Solutions Segment (Operating Earnings)*

The Automotive Solutions segment recorded operating earnings of $36.6 million for the year compared to $23.9 million last year – an increase of $12.7 million or 53%. Recent program refreshing and renewal activity as well as strong volumes have enabled our North American businesses - Polytech and Neocon - to better absorb fixed and indirect overhead costs. These businesses have also benefited from stable costs for metal subcomponents, resin sheet and other plastic raw material inputs. Polydesign too continued improving its earnings as new product launches have provided not only better overhead absorption but also higher added value product mix. New product launches at Polydesign have been smooth and earnings are expected to continue their steady and stable improvement. The segment's pretax earnings also benefited modestly from the addition of full year earnings from Mini seat cover program and also launched several new 'non seat cover' programs which Polydesign arranged. In South Africa the Company has experienced delays in moving production to Lesotho thus extending the closure of the South Africa facility and extending losses. The new facility in Lesotho experienced numerous production and quality issues related to local logistics, the fast rate of production growth as well as provisions for anticipated shut down costs. These matters are being addressed (see 'Outlook' below) but have nonetheless occasioned operating losses of $5.2 million during the year – most of which were not tax effected thereby contributing to a higher effective tax rate (see 'Net Income' and 'Income Taxes' above). Excluding these operating losses, which we expect to recede over the next quarter, pretax income in the current year for this segment would have been $42.8 million compared $26.3 million in the prior year – an increase of 63%.

- *Corporate Segment (Operating Expense)*

Corporate expense in the current year amounted to $7.1 million compared to $7.4 million in the prior year. Last year due diligence expense for the ALC acquisition was $526 thousand compared to none this year. Apart from this the corporate segment was effectively flat. However within this segment higher stock option expense ($1.0 million versus $860 thousand), higher incentive plan provision related to higher earnings ($2.1 million versus $1.5 million) and higher salaries ($1.4 million versus $1.0 million last year) was offset by our Canadian operations foreign exchange translation gain of $752 thousand compared to a loss of $222 thousand last year.

EBITDA

This metric has acquired increasing significance as the acquisition of ALC has created significant intangible assets which must be amortized and therefore impact Exco's net income. Amortization, like depreciation, is a non-cash expense and the EBITDA metric isolates the impact of amortization so that the underlying operational performance of the enterprise can be more readily understood. EBITDA in the current year amounted to $77.0 compared to $53.9 million in the prior year – an increase of $23.1 million or 43%. EBITDA as a percentage of sales increased slightly to 15.4% compared to 14.6% last year. This slight improvement in EBITDA margin again is attributable to the Casting and Extrusion segment where EBITDA margin improved to 22.1% from 20.1% last year. The Automotive Solution segment EBITDA margin remained constant at 13.5% compared to 13.7% last year despite the inclusion of twelve months of significantly lower margin seat cover business in 2015 compared to seven months last year. This underscores the underlying operational improvements in our businesses in 2015.

Quarterly Results

The following table sets out financial information for each of the eight fiscal quarters through to the fiscal year ended September 30, 2015:

($ thousands except per share amounts)	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
Sales	$130,984	$121,930	$125,484	$119,897
Net income	$10,293	$9,956	$10,872	$9,638
Earnings per share				
Basic	$0.24	$0.24	$0.26	$0.23
Diluted	$0.24	$0.23	$0.26	$0.23

($ thousands except per share amounts)	September 30, 2014	June 30, 2014	March 31, 2014	December 31, 2013
Sales	$110,938	$110,938	$82,437	$63,945
Net income	$8,123	$8,340	$7,453	$6,740
Earnings per share				
Basic	$0.19	$0.20	$0.18	$0.17
Diluted	$0.19	$0.20	$0.18	$0.16

Exco typically experiences softer sales and profit in the first quarter, which coincides with our customers' plant shutdowns in North America during the Christmas season. Exco also experiences a slowdown in the fourth 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. However, in the current year, Exco's North American customers tended to work through the summer to meet surging demand. The situation this year in Europe continued to generally follow the typical pattern described above.

Fourth Quarter

In the fourth quarter, consolidated sales were $131.0 million – an increase of $20.0 million or 18% from the prior year. The Casting and Extrusion segment recorded higher sales of $52.5 million compared to $46.0 million last year – an increase of 14%. Combined sales from our greenfield facilities in Brazil and Thailand were $1.7 million compared to $721 thousand last year reflecting the ramp up in production which was just getting underway at those facilities during last year's fourth quarter. The Automotive Solutions segment experienced a 21% increase in sales from $64.9 million last year to $78.5 million. Included in the fourth quarter was $36.3 million of sales from ALC. Excluding ALC, the Automotive Solutions segment's sales were $42.2 million – an increase of $11.5 million or 37% over the same quarter last year.

The Company's fourth quarter consolidated net income increased to $10.3 million or earnings of $0.24 per share compared to $8.1 million or earnings of $0.19 per share in the same quarter last year – an increase of 27%. Impacting the fourth quarter earnings this year was the write-off of $1.9 million in deferred tax assets as described in 'Net Income – Consolidated' and 'Income Tax' above. Without this charge income tax would have been $1.9 million lower and earnings would have been $0.05 per share higher ($0.29 per share versus $0.24 per share).

Fourth quarter pretax earnings increased in the Casting and Extrusion segment by $2.7 million or 40% over the same quarter last year as the favorable business environment discussed earlier with respect to the full year results

continued to manifest themselves in the fourth quarter. Fourth quarter pretax earnings also increased in the Automotive Solutions segment by $3.8 million or 59% over the same quarter last year reflecting a continuation of the strong performance experienced throughout the year by all businesses with the exception of our South Africa/Lesotho operations. Pretax losses at South Africa/Lesotho widened to $2.0 million in the fourth quarter compared to $1.2 million last year caused by those reasons set forth in the 'Net Income – Automotive Solutions Segment (Operating Earnings)' section but also by higher quality assurance costs as additional inspectors and rework staff were added to deal with quality issues. The Corporate segment in the fourth quarter was flat at $1.8 million in expense compared to $1.7 million last year. EBITDA in the quarter increased to $21.9 million (16.7% of sales) compared to $15.6 million (14.0% of sales) last year.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL RESOURCES

Cash Flows from Operating Activities

Operating cash flow before net changes in non-cash working capital increased this year to $59.0 million from $42.0 million in fiscal 2014. This increase is primarily the result of a 33% increase in Net Income and a 22% increase in depreciation and amortization caused by: a) full year amortization of ALC intangible assets compared to seven months last year and b) full year depreciation on our greenfield assets compared to six months in 2014. For further detail see the 'Depreciation and Amortization' section above. Stock based compensation which is a non-cash expense linked to the valuation of outstanding stock options and deferred stock units was also up 19% over last year in keeping with Exco's share price increase over that period.

Net change in non-cash working capital was $17.7 million cash used compared to $1.6 million cash used last year. This increase was primarily driven by higher working capital investment associated with the 35% sales growth in 2015 but also reflects a modest lengthening of overall receivable days and slightly faster trade payments partially countered by improved inventory efficiency and tax accruals. Despite the working capital investment, cash provided by operating activities rose two percent to $41.3 million compared to $40.4 million last year.

Cash Flows from Financing Activities

Cash used in financing activities amounted to $21.8 million compared to $5.3 million cash provided in fiscal 2014. The major cause is the significant decrease in bank indebtedness and long term debt during the year. This reflects the Company's emphasis on debt reduction. The issuance of share capital of $900 thousand reflects lower stock options exercised in the current year (221,158) common shares compared to 423,205 common shares last year). The issuance of 1,007,711 shares as part of the consideration for the ALC acquisition last year was a non-cash transaction and therefore did not affect the cash flow from financing activities in 2014. The Company also paid higher dividends in 2015 of $9.7 million compared to $8.1 million last year.

In addition to the obligations disclosed on its consolidated statements of financial position, Exco also enters into operating lease arrangements from time to time. Exco owns 12 of its 18 manufacturing facilities and most of its production equipment but, in 2015, leased a production facility in Texas and six production facilities in South Africa, Lesotho and Bulgaria. It also leases other warehousing and sales offices as necessary and some immaterial logistics and office equipment. The following table summarizes all short-term and long-term commitments Exco has entered.

	Total	< 1 year	1-3 years	4-5 years	Over 5 years
Long-term debts	$528	$119	$223	$186	$-
Operating leases	3,326	1,982	1,339	5	-
Purchase commitments	24,732	24,732	-	-	-
Capital expenditures	6,106	6,106	-	-	-
	$34,692	$32,939	$1,562	$191	$-

∗ Exco leases facilities, automotive, material handling vehicles and other miscellaneous office equipment. It is not Exco's policy to purchase these assets at the expiry of their terms but occasionally it may purchase the assets at the end of the lease terms when the purchase options are favorable. Exco does not expect any material liquidity or capital resource impacts from these possible purchases.

Cash Flows from Investing Activities - Capital Expenditures

Cash used in investing activities in the current year totalled $20.0 million compared to $42.5 million last year. Included in the prior year was $17.3 million cash paid for the acquisition of ALC compared to no such expenditures in 2015. This accounts for the major part of the investing activities reduction. However, capital spending in the current year was lower at $20.0 million compared to $24.7 million last year. Capital spending in the current year included $900 thousand investment to complete the Castool Thailand greenfield facility and $1.1 million investment to complete the Extrusion Brazil greenfield facility and $6.3 million investment in the construction of a new production facility for Extrusion Texas. The balance is general investment in machinery and equipment needed to maintain or upgrade our production capacity.

In fiscal 2016, Exco plans to invest approximately $23.9 million in capital expenditures of which $1.3 million (including machinery and equipment) is to complete the construction of the new production facility for Extrusion Texas to replace the existing leased facility. Approximately $8 million is for a major equipment upgrade in the large mould business adopting state-of-the-art technology which should increase capacity by reducing delivery times without compromising quality. The remainder of the spending will be on machinery and equipment to maintain or upgrade capacity at Exco's existing plants in both segments.

We expect that in fiscal 2016 our cash flow from operations will exceed anticipated capital expenditures and, accordingly, our cash deposits and our credit lines will be more than sufficient to meet our operating and capital requirements.

Financial Position and Cash Balance

Exco's financial position remains strong. Exco's determination to maintain a strong balance sheet with minimal bank debt has served it well throughout the years and has allowed it to take advantage of acquisition opportunities and further organic growth as circumstances permit.

Exco had $24.5 million cash net of bank debt as at September 30, 2015 even after spending $17.7 million on working capital to support sales growth and $20.0 million on capital expenditures. At year end, Exco had operating lines of credit totalling $33.9 million, of which $23.9 million was unused and available. The Company does not presently anticipate the need for long-term bank debt, other than those currently on the consolidated statements of financial position, in its capital structure and does not expect to assume any over the coming year unless an acquisition is made.

Outstanding Share Capital

As at December 2, 2015, the Company had 42,453,607 common shares outstanding. In addition, as at December 2, 2015, the Company had outstanding stock options for the purchase of up to 817,574 common shares.

CRITICAL ACCOUNTING POLICIES

The preparation of Exco's financial statements in conformity with International Financial Reporting Standards 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.

Exco recognizes revenue upon percentage of completion of long-term contracts in the large die-cast moulds business and upon product completion for all other businesses. For short-term contracts in the large die-cast moulds business and all contracts in the extrusion and other tooling products and the Automotive Solutions segment products, completion is defined as shipment to customers.

Management estimates and expenses the fair value of stock-based compensation granted after January 1, 2002. This fair value is amortized to earnings over the remaining vesting period using the Black-Scholes option pricing model. The Company believes that the estimate of stock-based compensation is a "critical accounting estimate" because management is required to make significant forward-looking assumptions including expected stock volatility, the change in expected dividend yields and the expected option term. Currently the compensation expense is recorded in the selling, general and administration category in the consolidated statements of income and comprehensive income.

We evaluate property, plant and equipment and other long-lived assets for impairment whenever indicators of impairment exist. Indicators of impairment include prolonged operating losses or a decision to dispose of, or otherwise change the use of, an existing fixed or other long-lived asset.

We believe that accounting estimates related to goodwill, property, plant and equipment and other long-lived asset impairment assessments are "critical accounting estimates" because: (i) they are subject to a significant measurement uncertainty and are susceptible to changes as management is required to make forward-looking assumptions regarding the impact of improvement plans on current operations, in-sourcing and other new business opportunities, program price and cost assumptions on current and future business, the timing of new program launches and future forecasted production volumes; and (ii) any resulting impairment loss could have a material impact on our consolidated net income and on the amount of assets reported on our consolidated statements of financial position.

RECENT ACCOUNTING CHANGES AND EFFECTIVE DATES

Refer to Note 2 to the consolidated financial statements for information pertaining to the accounting changes and issued accounting pronouncements effective in 2015 and future years.

DISCLOSURE CONTROLS AND PROCEDURES

The Chief Executive Officer, Chief Operating Officer and Chief Financial Officer, together with other members of management, after evaluating the effectiveness of the Company's disclosure controls and procedures, have

concluded that the Company's disclosure controls and procedures are adequate and effective in ensuring that material information relating to the Company and its consolidated subsidiaries would have been known to them.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Chief Executive Officer, the Chief Financial Officer and the Chief Operating Officer, together with other members of management, after having designed internal controls over financial reporting and conducted an evaluation of its effectiveness based on the integrated framework issued by the Committee of Sponsoring Organization of the Treadway Commission to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial reporting in accordance with generally accepted accounting principles, have not identified any changes to the Company's internal control over financial reporting which would materially affect, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

RISKS AND UNCERTAINTIES

Exco's Automotive Solutions segment services automotive component suppliers (and Tier 1 suppliers) around the world. The results of this segment depend on demand for automobiles and the level of automobile production, which can fluctuate significantly with consumer confidence, general economic conditions, the cost and/or availability of consumer credit and gasoline, as well as, the market share of individual OEM customers. Contraction and slowing GDP growth in emerging economies, North America and Europe may also have a dampening effect on consumer demand for automobiles in these regions.

Exco sells to its automotive customers pursuant to purchase orders which typically sets out price per unit but not volumes or fixed terms. These purchase orders may be terminated at any time with limited recourse for compensation or damages and pricing is typically adjusted downward from time to time in the form of 'cost downs'. Termination of purchase orders and 'cost downs' may impact Exco's margin and overall earnings if not contemporaneously offset by new business at better margin or cost reductions. Furthermore, in any given year, any number of programs will be expiring. While Exco is constantly quoting on replacement programs or new programs, there is no assurance that these will be awarded or that if awarded, the pricing and margin will be comparable to those of programs ending.

Exco has in 2011, 2013 and 2014 made four acquisitions (Allper AG, Exco Colombia, Extrusion Texas and Automotive Leather Company) and may make others in the future. Acquisitions inherently involve risk. While Exco has concluded many acquisitions that have been very successful, there have been several disappointing acquisitions which have adversely impacted earnings regardless of the size of the acquisition or the maturity of the business acquired.

The Casting and Extrusion segment is a capital goods business. Interest rates, exchange rates, corporate capital spending, the general economic climate and business confidence affect the demand for Exco's dies, moulds and consumable parts for die-cast and extrusion machines. Abrupt changes in these factors often bring about dramatic changes in demand and pricing. Exco believes that its broad product line, geographic diversification and leadership position in its niche markets mitigate against this risk but some risk remains.

Exco's Canadian operations negotiate sales contracts with customers in both Canadian and U.S. dollars and Euro. We also purchase raw material in these currencies. U.S. dollar and Euro purchases provide a natural hedge against U.S. dollar and Euro sales of Exco's Canadian operations. As for the remaining foreign exchange exposure not naturally hedged, Exco does not enter into forward contracts but prefers to incur U.S. dollar or Euro debt, from time to time as appropriate. Despite these measures, Exco is structurally a net seller of U.S. dollars and, to a lesser extent

Euro, with foreign exchange losses increasing as the U.S. dollar and Euro decline in value against the Canadian dollar. While Exco has made considerable progress in reducing its reliance on U.S. dollar sales, markets which Exco currently services may experience rising competition from imports which have become more competitive as a result of foreign exchange movements.

Exco's U.S. operations earn profits in U.S. dollars. A stronger Canadian dollar results in lower Canadian dollar profit on translation. This does not, however, affect the competitiveness of these operations within the U.S. market or other U.S. dollar-denominated markets. For fiscal 2016, it is estimated that Exco's U.S. operations will be exposed to foreign exchange risk on the translation of pre-tax profit of about US$17.8 million. If the Canadian dollar were to strengthen or weaken by $0.01 in fiscal 2016, it is estimated that pre-tax profit would change by $213 thousand or about $153 thousand after tax. These estimates are based on historical norms and may be materially different in 2016 if customers deviate from their past practices.

During fiscal 2015, the U.S. dollar appreciated about 19% against the Canadian dollar to close the year at $1.335. Although this was favorable to Exco in 2015 there can be no assurance that in future years the exchange rate will not reverse and be unfavorable to Exco. To mitigate this risk we are focused on a number of initiatives. Wherever possible, throughout its Canadian operations, the Company is attempting to sell in Canadian dollars and source inputs and equipment in U.S. dollars, thereby improving its natural hedge. It is very difficult to dislodge the dominance of U.S. dollars as the commercial currency of choice. In addition, pricing in Canadian dollars may make the Company's products uncompetitive and result in lost business. For further discussion of exchange rate impacts see Note 9 to the Consolidated Financial Statements.

For fiscal 2016, we estimate our Canadian operations will be exposed to fluctuation in the value of the Canadian dollar relative to the U.S. dollar on about US$48.2 million of sales compared to an exposure of US$50.1 million in fiscal 2015. These figures represent the estimated net exposure calculated as U.S. dollar revenue less U.S. dollar expenses and forwards. If the Canadian dollar were to strengthen or weaken by $0.01 in fiscal 2016, we estimate pre-tax profit would change by $578 thousand or about $413 thousand after tax. These estimates are based on historical norms and may be materially different in 2016 if customers deviate from their past practices.

In some cases, OEMs can decide to design the Company's products out of the automobile ("de-contented") or reduce the trim level on which the Company's products are installed for either aesthetic, cost or product redesign reasons. While Exco believes its focus on evolving from component supplier to a designer and integrator of small assemblies and sub-assemblies used in automotive and trunk interiors reduces the risk of de-contenting and trimming down decisions; Automotive Solutions products are not critical power train components and may still be de-contented.

OEMs or their tiers may have excess production capacity or collective agreements which preclude efficient capacity reduction. In these cases OEMs and/or their tiers may choose to fill their excess capacity by taking production from their suppliers and manufacturing the parts themselves. This process of 'in-sourcing' may have the impact of reducing the amount of business available to suppliers such as Exco.

Exco has manufacturing facilities in Mexico, Colombia, Brazil, Thailand, Bulgaria, South Africa, Lesotho and Morocco. Some of these operations incur labor costs and often other operating expenses in local currency. In several of these countries, sales contracts and major purchases such as material and equipment are negotiated in U.S. dollars or Euro. In other countries, sales contracts and major purchases are negotiated in local functional currencies as well. Major long-term fluctuations in the value of the local currencies against the U.S. dollar and Euro have the potential to affect Exco's operating results. Exco may enter into forward contracts or 'collar' contracts from time to time in order to protect itself from currency fluctuations. These contracts are derivative instruments which,

depending on their structure, may not qualify for hedge accounting treatment and accordingly may be 'marked to market' each quarter and expensed if necessary. It is difficult to anticipate fluctuations in these local currencies in the event of major economic, fiscal or political instability in these countries.

The cost of manufacturing our products is a critical factor in determining our success over the long term. Manufacturing has generally expanded to developing countries where competing technologies and lower labor-cost structures exist. Exco must compete against companies doing business in these developing countries. Exco has met this challenge by manufacturing some labour-intensive products in Mexico, Thailand, Bulgaria, South Africa, Lesotho and Morocco; however, many of our operations based in Canada and the U.S. must compete with products manufactured in lower-cost environments.

With the acquisition of Extrusion Colombia, Automotive Leather Company the greenfields in Brazil and Thailand and the operation of numerous subsidiaries in US, Europe, Mexico and Morocco, Exco is increasingly conducting business in diverse countries and in diverse functional currencies. Given the size and persistence of global trade imbalances, sovereign debt concerns and political instability, various currencies in which Exco and its subsidiaries carry on business may experience high volatility from time to time. This may materially impact Exco's earnings, retained earnings and the value of its investment in these countries.

A significant portion of Exco's receivables are with automotive customers. These customers have varying degrees of financial strength. These receivables are subject to varying degrees of collectability. The majority of these receivables are with U.S. entities that can avail themselves of Chapter 11 protection from creditors in certain circumstances and avoid payment of the Company's receivables that are over 20 days from the date of the Chapter 11 filing. Exco's receivables may also be with highly leveraged customers that may have recently merged or chosen to leverage their balance sheet for tax purposes or otherwise increase their investment yield. Doing business with such customers typically increases the risk of default and filing for bankruptcy protection. The Company uses its best efforts to collect accounts receivable under 60 days but in some cases the terms may be notably longer and often in other currencies thereby requiring Exco to bear the exchange rate risk. The Company often has the benefit of statutory or common law liens on its products, however, it is not uncommon for significant receivables to be outstanding for considerable periods, particularly in the large mould business.

OUTLOOK

As we look toward the next year we believe the improved state of the North American automotive industry will continue throughout 2016 and should continue to grow at a gradual yet steady pace. Even if U.S. interest rates increase in 2016 they are still expected to remain at relatively low levels by historic standards. Unit sales of light vehicles should continue to benefit from affordable leasing and purchase financing charges. The climbing average age of North American automobiles on the road today continues to be in excess of 11 years and the better mileage of new vehicles also support stronger demand for light vehicles. In the past this has directly benefitted our automotive component business, our large mould business, Castool and, increasingly, our extrusion die business – all of which sells moulds, dies and consumable components/tooling to OEMs and their tiers. Also in 2016 this favorable volume picture should continue to enhance our ability to efficiently absorb overheads.

In Europe, monetary easing has finally fuelled moderate growth throughout the Euro zone. Automobile sales have improved in 2015 and are expected to continue recovering from historic lows. Given that a significant portion of Exco's consolidated sales are to the European market this improving market dynamic bodes well for Exco's European operations. In fiscal 2016 Exco's Bulgarian facilities are expected to run at full capacity with the new Audi program of approximately $35 million launching at the end of that fiscal year. Our Polydesign business unit is

expected to continue launching new programs for a wide array of products. We will continue our focus on diversifying our customer base and improve margins in our European operations.

In the first half of 2016 we expect to continue being impacted by losses at our South Africa operation but transfer of its remaining production to our Bulgarian and Lesotho operations should be complete by the end of January. Management will then focus on production efficiencies at the Lesotho operation and determine the prospects for long term new business opportunities in that region.

Unprecedented number of new assembly plants have been announced for Mexico and southern USA by German, Japanese, South Korean and American OEMs with others seriously considering the same. With our strong presence in these markets we are ideally situated to competitively and effectively supply these new assembly plants with both interior trim and tooling when these new assembly plants begin operations. Our large mould plant in Queretaro Mexico and our Polytech interior trim plant in Matamoros/Brownsville will figure prominently in this regard and we expect to become meaningful suppliers to these new assembly plants. Exco will also be vigilant respecting possible acquisitions that would be beneficial in positioning us to better secure this business.

The need to improve mileage in the US in 2017 and each year thereafter until 2025 when 54.5 mpg is achieved will ensure significant investment by all OEMs in next generation engine and transmission architecture and use of lighter material and components. The reputation of Exco's large mould business as the leading designer and manufacturer of engine block and transmission housing moulds and its capabilities in silafont die casting technology ensures that Exco will benefit from these trends well into the future. In Europe the same trend is discernible as the EU requires significant reductions in carbon emissions by 2021. Interest in this area has only been heightened by recent developments concerning VW's compliance practices and generally the looseness of testing standards.

Our extrusion tooling business is also expected to continue experiencing its current buoyancy. While the U.S. industrial and commercial construction markets are growing much more slowly than the automotive industry, anti-dumping duties in the U.S. and Canada against Chinese imports of aluminum extrusions continues to create the conditions necessary for stronger demand. Our new and larger plant in Wylie Texas will allow us to better meet this growing North American demand. Our tool shops in Colombia, Thailand and Brazil will also continue to grow and capture market share in these markets. Modest start-up costs at our operations in Thailand and Brazil will continue through the year however we expect these operations to generate positive cash flow in the coming year as they develop their manufacturing processes and quality standards.

In the meantime, Exco itself enters 2016 with no net bank debt and cash on hand of $35.0 million after paying $9.7 million in dividends and investing another $20.0 million in greenfields and machinery/equipment to keep us competitive. A weak raw material cost environment should further support our efforts to control costs and maintain margins. We believe that our net debt-free status and greater efficiency will help insulate us from the volatility in the global economy that persistently flares up from time to time.

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Exco Technologies Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Exco Technologies Limited, which comprise the consolidated statements of financial position as at September 30, 2015 and 2014, and the consolidated statements of income and comprehensive income, changes in shareholders' equity and cash flows for the years then ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Exco Technologies Limited as at September 30, 2015 and 2014, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
December 2, 2015

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

	As at September 30, 2015	As at September 30, 2014
ASSETS		
Current		
Cash and short-term deposits	**$34,996**	$31,235
Accounts receivable (note 9)	**98,823**	71,000
Unbilled revenue (note 8)	**17,293**	11,113
Inventories (note 10)	**55,401**	44,930
Prepaid expenses and deposits	**2,397**	2,745
Total current assets	**208,910**	161,023
Property, plant and equipment, net (notes 5 and 17)	**104,251**	96,664
Intangible assets, net (notes 6 and 17)	**3,769**	4,777
Goodwill (notes 6 and 17)	**23,852**	23,892
Deferred tax assets (note 14)	**2,034**	4,276
Total assets	**$342,816**	$290,632
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness (notes 4 and 9)	**$9,973**	$21,283
Trade accounts payable (note 9)	**46,421**	37,301
Accrued payroll liabilities	**9,083**	7,181
Other accrued liabilities	**12,484**	9,529
Derivative instruments (note 9)	**2,486**	658
Provisions (note 7)	**1,810**	1,733
Income taxes payable	**6,559**	1,258
Customer advance payments	**3,013**	894
Long-term debt - current portion (notes 4, 9 and 17)	**119**	615
Total current liabilities	**91,948**	80,452
Long-term debt - long-term portion (notes 4, 9 and 17)	**409**	1,504
Deferred tax liabilities (note 14)	**5,538**	5,930
Total liabilities	**97,895**	87,886
Shareholders' equity		
Share capital (note 3)	**50,060**	48,788
Contributed surplus (note 3)	**3,283**	3,138
Accumulated other comprehensive income (note 3)	**14,369**	4,637
Retained earnings	**177,209**	146,183
Total shareholders' equity	**244,921**	202,746
Total liabilities and shareholders' equity	**$342,816**	$290,632

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

On behalf of the Board:

Brian A. Robbins
Director,
President and
Chief Executive Officer

Laurie T.F. Bennett
Director,
Chairman of
the Board

EXCO TECHNOLOGIES LIMITED
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
$ (000)'s except for income per common share

	Years ended September 30	
	2015	2014
Sales (note 8)	**$498,295**	$368,258
Cost of sales	**379,500**	278,948
Selling, general and administrative expenses (notes 3, 9 and 12(B))	**41,638**	35,454
Depreciation (note 5)	**13,523**	11,247
Amortization (note 6)	**1,621**	1,131
Loss (gain) on disposal of property, plant and equipment (note 5)	**199**	(91)
Interest expense (note 18)	**939**	715
	437,420	327,404
Income before income taxes	**60,875**	40,854
Provision for (recovery of) income taxes (note 14)		
Current	**18,266**	10,941
Deferred	**1,850**	(743)
	20,116	10,198
Net income for the year	**$40,759**	$30,656
Other comprehensive income (loss)		
Items that may be reclassified to net income in subsequent periods:		
Net unrealized loss on derivatives designated as cash flow hedges (notes 3 and 9)	**(1,357)**	(99)
Unrealized gain from foreign currency translation (note 3)	**11,089**	5,021
	9,732	4,922
Comprehensive income	**$50,491**	$35,578
Income per common share		
Basic	**$0.96**	$0.74
Diluted	**$0.96**	$0.73
Weighted average number of common shares outstanding (note 13)		
Basic	**42,285**	41,491
Diluted	**42,615**	41,871

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

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

				Accumulated other comprehensive income (loss)			
	Share capital	**Contributed surplus**	**Retained earnings**	Net unrealized loss on derivatives designated as cash flow hedges	Unrealized gain on foreign currency translation	**Total accumulated other comprehensive income (loss)**	**Total shareholders' equity**
Balance, October 1, 2013	$37,389	$3,368	$123,662	($388)	$103	($285)	$164,134
Net income for the year	-	-	30,656	-	-	-	30,656
Dividends (note 3)	-	-	(8,135)	-	-	-	(8,135)
Stock option expense (note 3)	-	430	-	-	-	-	430
Issuance of share capital (note 3)	11,399	(660)	-	-	-	-	10,739
Other comprehensive (loss) income (note 3)	-	-	-	(99)	5,021	4,922	4,922
Balance, September 30, 2014	48,788	3,138	146,183	(487)	5,124	4,637	202,746
Net income for the year	-	-	40,759	-	-	-	40,759
Dividends (note 3)	-	-	(9,733)	-	-	-	(9,733)
Stock option expense (note 3)	-	521	-	-	-	-	521
Issuance of share capital (note 3)	1,272	(376)	-	-	-	-	896
Other comprehensive (loss) income (note 3)	-	-	-	(1,357)	11,089	9,732	9,732
Balance, September 30, 2015	**$50,060**	**$3,283**	**$177,209**	**($1,844)**	**$16,213**	**$14,369**	**$244,921**

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

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

	Years ended September 30	
	2015	2014
OPERATING ACTIVITIES:		
Net income for the year	**$40,759**	$30,656
Add (deduct) items not involving a current outlay of cash		
Depreciation (note 5)	**13,523**	11,247
Amortization (note 6)	**1,621**	1,131
Stock-based compensation expense (note 3)	**1,023**	860
Deferred income taxes (note 14)	**1,850**	(1,836)
Loss (gain) on disposal of property, plant and equipment	**199**	(91)
	58,975	41,967
Net change in non-cash working capital (note 15)	**(17,740)**	(1,593)
Cash provided by operating activities	**41,235**	40,374
FINANCING ACTIVITIES:		
Increase (decrease) in bank indebtedness	**(11,310)**	12,591
Repayment of long-term debt,net (note 4)	**(1,698)**	(869)
Dividends paid (note 3)	**(9,733)**	(8,135)
Issuance of share capital (note 3)	**896**	1,709
Cash provided by (used in) financing activities	**(21,845)**	5,296
INVESTING ACTIVITIES:		
Business acquisition, net of cash acquired (note 17)	**-**	(17,327)
Purchase of property, plant and equipment (note 5)	**(19,989)**	(24,741)
Purchase of intangible assets (note 6)	**(605)**	(967)
Proceeds on disposal of property, plant and equipment	**587**	534
Cash used in investing activities	**(20,007)**	(42,501)
Effect of exchange rate changes on cash	**4,378**	1,994
Net increase in cash during the year	**3,761**	5,163
Cash and short-term deposits, beginning of year	**31,235**	26,072
Cash and short-term deposits, end of year	**$34,996**	$31,235

The accompanying notes are an integral part of these 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 18 strategic locations in 10 countries, the Company services a diverse and broad customer base. The Company is incorporated and domiciled in Canada. The registered office is located at 130 Spy Court, Markham, Ontario, Canada.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company's significant accounting policies are outlined below:

Statement of compliance
These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The consolidated financial statements and accompanying notes as at and for the year ended September 30, 2015 were authorized for issue by the Board of Directors on December 2, 2015.

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

Functional and presentation currency
Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Canadian dollars, which is the parent company's functional and presentation currency.

Transactions
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rates of exchange at the consolidated statement of financial position dates. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the consolidated statements of income and comprehensive income.

Translation of foreign operations
The results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the consolidated statement of financial position; and
- Income and expenses for each statement of income and comprehensive income are translated at the exchange rates prevailing at the dates of the transactions.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are recorded in other comprehensive income.

When a foreign operation is sold, exchange differences that were recorded in accumulated other comprehensive

income (loss) are recognized in the consolidated statements of income and comprehensive income as part of the gain or loss on sale.

Segment reporting
Management has determined the operating segments based on the information regularly reviewed for the purposes of decision making, allocating resources and assessing performance by the Company's chief operating decision maker. The Company evaluates the financial performance of its operating segments primarily based on net income before interest and income taxes.

Business combinations
Business combinations are accounted for using the acquisition method. The cost of the business combination is measured as the aggregate of the fair values (at the date of exchange) of assets acquired and liabilities incurred or assumed. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, *Business Combinations,* are recognized at their fair values at the acquisition date. Acquisition costs are expensed as incurred.

Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized. If the Company's interest in the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the excess is recognized immediately in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the groups of cash-generating units ("CGU") that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Where goodwill forms part of a CGU and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of under this circumstance is measured based on the relative fair values of the operation disposed of and the portion of the CGU retained.

Revenue recognition
Revenue is recognized when it can be measured reliably, the significant risks and rewards of ownership are transferred to the customer, and it is probable that future economic benefits will flow to the Company. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, sales taxes and duties.

- Revenue from short-term casting contracts, extrusion and other tooling, and Automotive Solutions segment products are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually upon shipment or acceptance by customers.

- Revenue from long-term large die-cast mould contracts are recognized using the percentage of completion method according to IAS 11, *Construction Contracts,* under which:

    - When the outcome of a contract can be reliably estimated, revenue and costs associated with a contract are recognized as revenue and expenses, respectively, by reference to the stage of completion of the contract at the consolidated statement of financial position dates. The stage of completion is determined by the percentage of the costs incurred to date to the total estimated cost.

    - When the outcome of a contract cannot be reliably estimated, revenue is recognized only to the extent of contract costs incurred. When the uncertainties that prevented reliable estimation of the outcome of a

contract no longer exist, contract revenue and expenses are recognized using the percentage of completion method.

- If the expected outcome of a contract is a loss, it is recognized immediately regardless of whether or not work has commenced on the contract.

- For contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings, a gross amount due from customers for contract work is recognized as unbilled revenue − an asset in the consolidated statements of financial position. For all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses), a gross amount due to customers for contract work is recognized as customer advance payments − a liability in the consolidated statements of financial position.

Share-based payments
The Company grants stock options to buy common shares of the Company to officers and employees. The Board of Directors grants such options for periods of up to 10 years, with vesting periods determined at its sole discretion and at prices equal to the average closing market prices for the five days preceding the date on which the options were granted.

The Company follows the fair value based method of accounting for stock-based compensation. The fair value of the options is recognized as compensation expense in selling, general and administrative expenses in the consolidated statements of income and comprehensive income over the vesting period with a corresponding increase to contributed surplus. The contributed surplus balance is reduced as the options are exercised and the amount initially recorded for the options in contributed surplus is credited to share capital, along with the proceeds received on exercise.

On November 18, 2005, the Board adopted a Deferred Share Unit ("DSU") plan for Independent Directors. The DSU plan replaces the past practice of granting eligible directors stock options under the Stock Option Plan. Under the DSU plan, quarterly remuneration of a director is credited to the director's DSU account in the form of deferred share units on the last business day of the quarter. The number of DSUs credited to the director's account is determined by dividing a director's quarterly remuneration by the weighted average price of the common share value traded in the last five business days of the quarter. DSUs are fully vested upon being credited to a director's DSU account. The DSUs will be redeemed by the Company in cash payable 60 days after the Independent Director departs from the Board at the fair market value at the payment date.

Income taxes
Income tax expense consists of current and deferred income taxes. Income tax expense is recognized in the consolidated statements of income and comprehensive income.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to taxes payable with regards to previous years.

Deferred income taxes are recorded using the statement of financial position liability method. Under the statement of financial position liability method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible timing differences can be utilized.

Deferred taxes are charged or credited in the consolidated statements of income and comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred taxes are also dealt with in equity.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that

it is no longer probable that all or part of the deferred income tax asset will be utilized. Unrecognized deferred

income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that the benefit will be recovered.

Other comprehensive income
Other comprehensive income is the change in the Company's net assets that results from translations, events and circumstances from sources other than the Company's shareholders and includes items that would not normally be included in net income, such as foreign currency gains or losses on the translation of the financial statements of foreign operations and foreign exchange gains or losses on the fair valuation of foreign exchange contracts designated as cash flow hedges. The Company's other comprehensive income, components of other comprehensive income and cumulative translation adjustments are presented in the consolidated statements of income and comprehensive income and the consolidated statements of changes in shareholders' equity.

Cash and short-term deposits
Cash and short-term deposits include cash on hand, balances with banks and short-term deposits with maturities at their acquisition date of three months or less.

Property, plant and equipment

(i) *Machinery and equipment*
Machinery and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses. All direct costs related to the acquisition and installation of machinery and equipment are capitalized until the properties to which they are related are capable of carrying out their intended use. Machinery and equipment are depreciated using the diminishing balance method based on their estimated useful lives, which range from 4 to 20 years.

(ii) *Other assets*
Other assets are recorded at cost less accumulated depreciation and accumulated impairment losses and are depreciated using the straight-line method based on estimated useful lives of the assets, which generally range from 3 to 10 years, with the exception of buildings, which have estimated useful lives of 30 years. Land is not depreciated.

Where an item of property, plant and equipment comprises major components with different useful lives, the components are accounted for as separate items of property, plant and equipment.

Expenditures incurred to replace a component of an item of property, plant and equipment that is accounted for separately, including major inspection and overhaul expenditures, are capitalized. Directly attributable expenses incurred for major capital projects are capitalized and no depreciation is recorded until the asset is brought to a working condition for its intended use.

The costs of day-to-day servicing are expensed as incurred. These costs are more commonly referred to as "maintenance and repairs".

The depreciation methods and useful lives are assessed annually or when critical events occur that may affect the useful lives and expected pattern of consumption of economic benefits embodied in the asset.

(iii) *Subsequent costs*
The cost of replacing part of an item within property, plant and equipment is capitalized when the cost is incurred or if it is probable that the future economic benefits will flow to the business unit and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other costs are expensed as incurred.

Intangible assets and goodwill
An intangible asset is defined as being identifiable, able to bring future economic benefits to the Company and controlled by it. Intangible assets are recorded initially at cost and relate primarily to computer software, production

and technology rights and customer relationships. An intangible asset is recognized when it is probable that the expected future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. Intangible assets with finite lives are amortized over their useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Amortization is provided based on the following estimated useful lives using the straight-line method:

- Customer relationship: 5 years
- Computer software and production and technology rights: 2 – 4 years.

Intangible assets acquired in a business acquisition are primarily customer relationship and are initially recorded at fair value and subsequently at cost less amortization and impairment losses. Other intangible assets are comprised of computer software and production and technology rights.

Identifiable intangible assets are recognized separately from goodwill. Goodwill represents the excess of the cost of an acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of the acquisition. Separately recognized goodwill is carried at cost less impairment losses.

Impairment of long-lived assets and goodwill

(i) Impairment of long-lived assets
The Company's property, plant and equipment are reviewed for indicators of impairment at each consolidated statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. Impairment loss is recognized in income or loss for the period. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to reduce the carrying amount of the other assets in the CGU on a pro-rata basis.

The recoverable amount is the greater of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the CGU to which the asset belongs. In determining fair value less costs to sell, recent market transactions are taken into account, if available.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(ii) Impairment of goodwill
Goodwill is allocated to CGU groups for the purpose of impairment testing based on the level at which it is monitored by management. The Company's CGU groups are its two operating segments, Automotive Solutions and Casting and Extrusion. The allocation is made to the CGU groups that are expected to benefit from the business acquisition in which the goodwill arose. Goodwill is tested for impairment annually during the fourth quarter of the year and whenever there is an indicator that the CGU group in which it resides may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each CGU group to which the goodwill relates. Where the recoverable amount of the CGU group is less than its carrying amount, an impairment loss is recognized. Impairment losses relating to goodwill cannot be reversed in future periods. The recoverable amounts of the CGU groups are determined based on the greater of fair value less costs to sell or value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less cost to sell, recent market transactions are taken into account, if

available.

The Company bases its impairment calculation on detailed budgets which are prepared for each of the CGUs and generally cover a period of three years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

Inventories
Inventories, comprising raw materials, work-in-process, finished goods and production supplies, are valued at the lower of cost and net realizable value. Cost is determined substantially on a first-in, first-out basis and an appropriate portion of normal overhead expenditure and labour. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Obsolete, redundant and slow-moving stock is identified and written down. When circumstances that previously caused inventories to be written down below cost no longer exist, the amount of the write-down previously recorded is reversed.

Determination of fair value
The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interests.

A fair value measurement on a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Financial instruments
As defined under IAS 39, *Financial Instruments,* financial assets and liabilities are recognized in the Company's consolidated statements of financial position when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company no longer has the rights to such cash flows, the risks and rewards of ownership or control of the asset. Financial liabilities are derecognized when the obligation under the liability is discharged, cancelled or expired.

Financial instruments recognized in the consolidated statements of financial position comprise cash, trade accounts receivable, trade accounts payable, bank indebtedness, other accrued liabilities, customer advance payments, derivative financial instruments and long-term debt.

Financial instruments are measured at their fair values on initial recognition. After initial recognition, financial instruments are measured at their fair values, except for financial assets classified as held-to-maturity or loans and receivables and other financial liabilities, which are measured at amortized cost using the effective interest rate method.

Changes in fair value are included in the consolidated statements of income and comprehensive income unless the instrument is included in a cash flow hedge. If the instruments are included in a cash flow hedging relationship, which is effective, changes in value are recorded in other comprehensive income. When the hedged forecast transaction occurs, amounts previously recorded in other comprehensive income are recognized in the consolidated statements of income and comprehensive income. Amounts recognized as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognized or when a forecast purchase occurs.

Accounts receivable are initially recognized at the transaction value and subsequently carried at amortized cost less impairment losses. The impairment loss of accounts receivable is based on a review of all outstanding amounts at year end. Bad debts are written off during the period in which they are identified. Accounts payable and customer advance payments are initially recognized at the transaction value and subsequently carried at amortized cost.

The Company uses derivative financial instruments, such as forward foreign currency exchange contracts in the form of put and call option contracts ("Collars"), to hedge cash outflows anticipated to be made in Mexican peso denominated payments against foreign currency fluctuations between U.S. dollars and Mexican pesos. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of the gain or loss on the hedging instrument is recognized directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognized immediately to profit or loss.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognized in other comprehensive income is transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognized in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

Forward foreign exchange contracts are negotiated with JP Morgan Chase with a long-term debt rating of A+ as determined by Standard & Poor's. The Company does not anticipate non-performance by JP Morgan Chase, which is the counterparty to these contracts.

The Company's financial assets and liabilities recorded at fair value in the consolidated statements of financial position have been categorized into three categories based on a fair value hierarchy. Fair value of assets and liabilities included in Level I is determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level II include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level III valuations are based on inputs that are not based on observable market data.

Transaction costs are expensed as incurred for financial instruments classified or designated as a derivative or held for trading. Transaction costs for financial assets classified as available for sale are added to the value of the instruments at the acquisition date. Transaction costs related to other financial liabilities are added to the value of the instrument at the acquisition date and recorded in income using the effective interest rate method.

Provisions

As required under IAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the consolidated statement of financial position dates, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Leases
As required under IAS 17, *Leases*, assets held under finance leases are recognized as assets of the Company at the lower of the fair value at the inception of the lease or the present value of the minimum lease payments. The corresponding amount is recognized as a finance lease liability. The finance lease liability is reduced by lease payments less finance charges, which are expensed as part of interest expense in the consolidated statements of income and comprehensive income. Under operating leases, payments are recognized as an expense over the term of the relevant leases.

Employee future benefits

(i) *Leave pay*
Employee entitlements to annual leave are recognized as they are earned by the employees. A provision, stated at current cost, is made for the estimated liability at year end.

(ii) *Termination benefits*
The Company is subject to Mexican statutory laws and regulations governing employee termination benefits. Employee future benefits include statutorily mandated accrued benefits payable to employees in the event of termination in certain circumstances. Termination benefits are recognized as an expense and an associated liability at the discounted value of the expected future payments.

Critical judgments and use of estimates
The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods.

Significant accounts that require estimates as the basis for determining the stated amounts include accounting for doubtful accounts receivable, unbilled revenue, inventories, property, plant and equipment, contingent liabilities, income taxes, fair value of financial instruments and stock option valuation.

Measurement for doubtful accounts receivable requires management to make estimates and assumptions based on prior experience and assessment of current financial conditions of customers, as well as the general economic environment and industry sectors in which they operate.

Several divisions engage in the construction of custom-order large die-cast moulds. Such activities fall into the scope of IAS 11, *Construction Contracts,* where revenue is recognized using the percentage of completion method. Under this method, at every reporting date, management is required to estimate the expected outcome on all outstanding contracts as well as measurement of their progress achieved towards their completion. The estimation requires management to make certain assumptions and judgments. These assumptions and judgments are continuously reviewed and updated. If different assumptions are used, it is possible that different amounts would be recognized in the consolidated financial statements.

Net realizable value of inventories is dependent upon the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses based on prior experience and assessment of current market conditions.

Depreciation and amortization of property, plant and equipment and intangible assets are dependent upon estimates of useful lives which are determined with the exercise of judgment. The assessment of any impairment of property, plant and equipment and intangible assets is dependent upon estimates of recoverable amounts that take into account factors such as economic and market conditions and the useful lives of assets.

The estimated useful lives of property, plant and equipment and intangible assets are reviewed on an annual basis. Assessing the reasonableness of the estimated useful lives of property, plant and equipment and intangible assets requires judgment and is based on currently available information. Property, plant and equipment and intangible assets are also reviewed for potential impairment on a regular basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Changes in circumstances, such as technological advances and changes to business strategy can result in actual useful lives and future cash flows differing significantly from estimates. The assumptions used, including rates and methodologies, are reviewed on an ongoing basis to ensure they continue to be appropriate. Revisions to the estimated useful lives of property, plant and equipment and intangible assets or future cash flows constitute a change in accounting estimates and are applied prospectively.

Income taxes are determined based on estimates of the Company's current income taxes and estimates of deferred income taxes resulting from temporary differences. Deferred tax assets are assessed to determine the likelihood that they will be realized from future taxable income before they expire.

The valuation of the Company's derivative instruments and certain other financial instruments requires estimation of the fair value of each instrument at the reporting date.

The Company uses the Black-Scholes option pricing model to estimate the fair value of the options granted at the grant date. This model requires the input of a number of assumptions including expected dividend yields, expected stock volatility, expected time until exercise, expected forfeitures, and risk-free interest rates. Although the assumptions used reflect management's best estimates, they involve inherent uncertainties based upon market conditions generally outside the control of the Company. If other assumptions were used, stock-based compensation expense could be significantly impacted.

Impairment of non-financial assets**-** Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of the fair value less costs of disposal and its value in use. The fair value less costs of disposal is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the CGUs, including a sensitivity analysis are disclosed and further explained in note 6.

Accounting standards adopted in the current year

Certain amendments to standards and a new interpretation that were adopted on October 1, 2014 are noted below:

IAS 19 *Employee Benefits*
Defined Benefit Plans: Employee Contributions was issued in November 2013 to amend IAS 19. These amendments simplify the accounting for contributions to defined benefit plans and are effective for annual periods beginning on or after July 1, 2014. The adoption of IAS 19 did not have an impact on the Company's consolidated financial statements.

IAS 32 *Financial Instruments: Presentation*
Amendments to IAS 32 were issued in December 2011 to clarify the existing requirements for offsetting financial assets and financial liabilities. These amendments became effective for annual periods beginning on or after January 1, 2014. The adoption of this standard did not have an impact on the Company's consolidated financial statements.

IAS 36 *Impairment of Assets*
The amendments to IAS 36, Impairment of assets requires the disclosure of information about the recoverable amount of every CGU to which significant goodwill or indefinite-lived intangible assets have been allocated. Under the amendments, recoverable amount is required to be disclosed only when an impairment loss has been recognized or reversed. These amendments are effective for annual periods beginning on or after January 1, 2014. The adoption of these amendments had no material impact on the consolidated financial statements of the Company.

International Financial Reporting Interpretations Committee ("IFRIC") 21 Levies
In May 2013, the IFRS Interpretations Committee (IFRIC), with the approval of the IASB, issued IFRIC 21, Levies. IFRIC provides guidance on when to recognize a liability to pay a levy imposed by government that is accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IFRIC 21 is effective for periods beginning on or after January 1, 2014 and is to be applied retrospectively. The adoption of IFRIC 21 had no impact on the consolidated financial statements of the Company.

Accounting standards issued but not yet applied
The following standards are not yet effective for the year ended September 30, 2015. The Company is in the process of reviewing the standards to determine the impact on the consolidated financial statements.

IFRS 9 *Financial Instruments*
IFRS 9, as issued in 2014, introduces new requirements for the classification and measurement of financial instruments, a new expected loss impairment model that will require more timely recognition of expected credit losses and a substantially reformed model for hedge accounting, with enhanced disclosures about risk management activity. IFRS 9 also removes the volatility in profit or loss that was caused by changes in an entity's own credit risk for liabilities selected to be measured at fair value. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, which will be October 1, 2018 for the Company. Earlier application is permitted.

IFRS 15 *Revenue from Contracts with Customers*
In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers, which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under IFRS 15 revenue is recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognizing revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. On July 22, 2015, the IASB confirmed a one-year deferral of the effective date of the Revenue Standard to January 1, 2018. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements which will be October 1, 2018 for the Company.

3. SHARE CAPITAL

Authorized
The Company's authorized share capital consists of an unlimited number of common shares, an unlimited number of non-voting preference shares issuable in one or more series and 275 special shares. None of these shares have par value.

Issued
The Company has not issued any non-voting preference shares or special shares. Changes to the issued common shares are shown in the following table:

	Common Shares	
	Number of Shares	Stated Value
Issued and outstanding as at October 1, 2013	40,714,833	$37,389
Issued for cash under Stock Option Plan	423,205	1,709
Contributed surplus on stock options exercised	-	660
Issued for ALC acquisition (note 17)	1,007,711	9,030
Issued and outstanding as at September 30, 2014	42,145,749	48,788
Issued for cash under Stock Option Plan	221,158	896
Contributed surplus on stock options exercised	-	376
Issued and outstanding as at September 30, 2015	**42,366,907**	**$50,060**

Accumulated other comprehensive income (loss)
Included in accumulated other comprehensive income (loss) in shareholders' equity are gains and losses arising from the translation of the Company's foreign subsidiaries, net gain and loss on derivatives designated as cash flow hedges and reclassification to income of net gain (loss) on cash flow hedges as summarized in the following table.

	2015	2014
Opening balance, October 1	**$4,637**	($285)
Net unrealized loss on derivatives designated as cash flow hedges (1)	**(1,357)**	(99)
Unrealized gain on currency translation adjustments	**11,089**	5,021
Total other comprehensive income for the year	**9,732**	4,922
Closing balance, September 30	**$14,369**	$4,637

(1) Net of income tax recovery of $471 (2014 - recovery of $34).

Cash dividends
During the year, the Company paid four quarterly cash dividends totaling $9,733 (2014 - $8,135). The dividend rate per quarter increased in the second quarter of the year from $0.05 to $0.06 per common share.

Stock Option Plan
The Company has a Stock Option Plan under which common shares may be acquired by employees and officers of the Company. The following table shows the changes to the number of stock options outstanding during the year:

	2015		2014	
	Number of Options	**Weighted Average Exercise Price**	Number of Options	Weighted Average Exercise Price
Balance, beginning of year	**738,812**	**$5.10**	997,778	$4.20
Granted during the year	**365,000**	**$13.68**	295,000	$7.39
Exercised during the year	**(221,158)**	**$4.06**	(423,205)	$4.04
Expired during the year	**(3,379)**	**$7.15**	(130,761)	$6.85
Balance, end of year	**879,275**	**$8.92**	738,812	$5.10

The following table summarizes information about stock options outstanding and exercisable as at September 30, 2015:

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable	Weighted Average Exercise Price
$1.52 - $5.00	239,203	2.35 years	$3.48	180,407	$3.50
$5.01 - $10.00	275,072	3.85 years	$7.32	37,001	$7.57
$10.01 - $14.58	365,000	5.21 years	$13.68	-	-
$1.52 - $14.58	**879,275**	**4.00 years**	**$8.92**	**217,408**	**$4.19**

The number of common shares available for future issuance of options as at September 30, 2015 is 1,620,338 (2014 - 1,981,958). The number of options outstanding together with those available for future issuance totals 2,499,613 (2014 - 2,720,770) or 5.9% (2014 - 6.5%) of the issued and outstanding common shares. The options are granted for a term of 5 to 10 years and the options vest at 20% at each anniversary date from the date of grant.

Stock-based compensation
Stock-based compensation resulting from applying the Black-Scholes option pricing model to the Company's Stock Option Plan was $521 for the year ended September 30, 2015 (2014 - $430). All stock-based compensation has been recorded in selling, general and administrative expenses. The weighted average assumptions used to measure the fair value of stock options and the weighted average fair value of options granted during the years ended September 30, 2015 and 2014 are as follows:

	2015	2014
Risk free interest rates	**1.00%**	2.79%
Expected dividend yield	**1.67%**	3.28%
Expected volatility	**36.03%**	59.99%
Expected time until exercise	**5.50 years**	5.50 years
Weighted average fair value of the options granted	**$3.86**	$3.16

DSU Plan
The Company has a DSU Plan under which members of the Company's Board of Directors who are not management receive a portion of their annual retainers and fees in the form of DSUs, which are classified as other accrued liabilities. The DSUs vest on the date they are granted and are settled in cash upon termination of Board service. This is a cash settled compensation arrangement.

During the year ended September 30, 2015, the Company granted 6,624 DSUs (2014 - 9,366 DSUs) and redeemed no DSUs. During the year ended September 30, 2015 the Company recorded stock-based compensation expense of $502 (2014 - $430) related to awards under the DSU plan with a corresponding credit to other accrued liabilities. As at September 30, 2015, 101,883 DSUs were outstanding with a carrying value of $1,484 recorded in other accrued liabilities.

Contributed surplus
Contributed surplus consists of accumulated stock option expense less the fair value of the options at the grant date that have been exercised and reclassified to share capital. The following is a continuity schedule of contributed surplus:

	2015	2014
Balance, beginning of year	**$3,138**	$3,368
Stock option expense	**521**	430
Exercise of stock options	**(376)**	(660)
Balance, end of year	**$3,283**	$3,138

Normal course issuer bid
The normal course issuer bid expired October 6, 2014 and was not renewed. During the year, no common shares were repurchased (2014 - nil).

4. BANK INDEBTEDNESS AND LONG-TERM DEBT

	2015	2014
Prime rate in Canada	**2.70%**	3.00%
Prime rate in U.S.A.	**3.25%**	3.25%
Prime rate in Eurozone	**0.05%**	0.05%
Prime rate in South Africa	**9.50%**	9.25%

	Facilities	**Utilizations**	**Unused and Available**
JP Morgan operating lines (Canada, U.S.A. and Europe)	$22,317	$1,079	$21,238
Nedbank operating lines (South Africa)	5,335	4,060	1,275
DSK Bank operating lines (Bulgaria)	5,980	4,616	1,364
Sparkasse Bank operating line (Germany)	262	218	44
	$33,894	**$9,973**	**$23,921**

These operating lines are available in U.S. dollars, Canadian dollars, euros and South African rand at variable rates ranging from prime minus 0.5% to prime plus 0.5%. The Company's North American credit facilities are collateralized by a general security agreement over its North American assets. The Bulgarian credit facilities are collateralized by a security interest over the Company's Bulgarian assets. The South African credit facilities are collateralized by a security interest over the Company's South African current assets.

In addition to the above credit facilities, the Company also has a long-term debt facility of $582, of which $61 is currently utilized, for its capital investment in South Africa at a variable rate of South African prime minus 0.5%. This facility is collateralized by the underlining financed assets.

Further, in the U.S.A. the Company also has a long-term promissory note payable over five years and collateralized by a parcel of land purchased as a factory location. The note bears interest of 6%. The interest and principal are forgivable over a five year period, subject to the Company meeting certain performance criteria for the specific factory location. As at September 30, 2015 there are no unfulfilled conditions or contingencies attached to this loan.

	2015
Long-term debt	$528
Less: current portion	119
Long-term debt - long-term portion	**$409**

5. PROPERTY, PLANT AND EQUIPMENT

	Machinery and equipment	Tools	Buildings	Land	Assets under construction	Total
Cost						
Balance as at September 30, 2013	$140,960	$16,055	$47,817	$8,776	$8,724	$222,332
Additions						
Assets acquired	17,378	2,027	8,171	-	(2,835)	24,741
Assets acquired from business acquisition (note 17)	5,888	558	10	-	-	6,456
Less: disposals	(2,329)	(672)	(16)	-	-	(3,017)
Foreign exchange movement	3,035	396	1,336	200	76	5,043
Balance as at September 30, 2014	164,932	18,364	57,318	8,976	5,965	255,555
Additions						
Assets acquired	2,496	1,474	708	467	14,844	19,989
Reclassification	11,668	1,000	362	-	(13,030)	-
Less: disposals	(4,879)	(878)	(12)	-	(323)	(6,092)
Foreign exchange movement	6,118	1,319	2,111	121	(117)	9,552
Balance as at September 30, 2015	**$180,335**	**$21,279**	**$60,487**	**$9,564**	**$7,339**	**$279,004**

	Machinery and equipment	Tools	Buildings	Land	Assets under construction	Total
Accumulated depreciation and impairment losses						
Balance as at September 30, 2013	$112,483	$12,482	$22,171	$-	$-	$147,136
Depreciation for the year	8,113	1,157	1,977	-	-	11,247
Less: disposals	(2,133)	(437)	(4)	-	-	(2,574)
Foreign exchange movement	2,214	281	587	-	-	3,082
Balance as at September 30, 2014	120,677	13,483	24,731	-	-	158,891
Depreciation for the year	9,510	1,754	2,259	-	-	13,523
Less: disposals	(4,624)	(679)	(2)	-	-	(5,305)
Foreign exchange movement	4,966	1,174	1,504	-	-	7,644
Balance as at September 30, 2015	**$130,529**	**$15,732**	**$28,492**	**$-**	**$-**	**$174,753**
Carrying amounts						
As at September 30, 2014	$44,255	$4,881	$32,587	$8,976	$5,965	$96,664
As at September 30, 2015	**$49,806**	**$5,547**	**$31,995**	**$9,564**	**$7,339**	**$104,251**

As at September 30, 2015, the Company had deposits for machinery and equipment and buildings under construction totalling $7,339 (2014 - $5,965). These assets are not being depreciated because they are under construction and not in use.

6. INTANGIBLE ASSETS AND GOODWILL

	Computer Software and Other	Customer Relationships	Total Intangible Assets	Goodwill
Cost				
Balance as at September 30, 2013	$21,738	$-	$21,738	$308
Additions				
Assets acquired	967	-	967	-
Assets acquired from business acquisition (note 17)	346	3,500	3,846	23,570
Foreign exchange movement	333	-	333	14
Balance as at September 30, 2014	23,384	3,500	26,884	23,892
Additions				
Assets acquired	605	-	605	-
Less: disposals	(40)	-	(40)	-
Foreign exchange movement	263	-	263	(40)
Balance as at September 30, 2015	**$24,212**	**$3,500**	**$27,712**	**$23,852**

	Computer Software and other	Customer Relationships	Total Intangible assets	Goodwill
Accumulated amortization and impairment losses				
Balance as at September 30, 2013	$20,679	$-	$20,679	$-
Amortization for the year	723	408	1,131	-
Foreign exchange movement	297	-	297	-
Balance as at September 30, 2014	21,699	408	22,107	-
Amortization for the year	915	706	1,621	-
Less: disposals	(40)	-	(40)	-
Foreign exchange movement	255	-	255	-
Balance as at September 30, 2015	**$22,829**	**$1,114**	**$23,943**	**$-**
Carrying amounts				
As at September 30, 2014	$1,685	$3,092	$4,777	$23,892
As at September 30, 2015	**$1,383**	**$2,386**	**$3,769**	**$23,852**

Of the total goodwill disclosed above, $23,570 is allocated to the Automotive Solutions segment and the remainder to the Casting and Extrusion segment.

Impairment testing of goodwill

The Company performed the annual impairment test of goodwill allocated to the Automotive Solutions segment as at September 30, 2015. The recoverable amount of the segment has been determined based on a value-in-use calculation using cash flow projections from financial budgets approved by senior management covering a three-year period. Cash flow beyond the three-year period was extrapolated using a 1% growth rate which represents the expected growth in the Canadian economy. The pre-tax discount rate applied to future cash flows was 12%. As a result of the analysis, management determined there was no impairment for this CGU.

Key asumptions to value-in-use calculations
The calculation of the value-in-use for the Automotive Solutions segment are most sensitive to the following assumptions:

-Discount rates
-Growth rate to extrapolate cash flows beyond the budget period

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate is derived from the CGU's weighted average cost of capital, taking into account both debt and equity. The cost of equity is derived from the expected return on investment by the Company's shareholders. The cost of debt is based on the interest-bearing borrowing the Company is obliged to service. Segment-specific risk is incorporated by applying different debt to equity ratios.

Sensitivity to changes in assumptions
Management believes that within reason, possible changes to any of the above key assumptions, recoverable amounts exceed carrying values.

No impairment considerations are noted in respect to the Casting and Extrusion segment.

7. PROVISIONS

The following table outlines the provisions at the dates of the consolidated statements of financial position and changes to the provisions during the reporting periods.

	September 30, 2015	September 30, 2014
Severance	**$1,753**	$1,681
Warranties	**33**	28
Claims and litigation	**24**	24
	$1,810	$1,733

The fair value of the above provisions is management's best estimate based on information available. The ultimate amounts of the payments approximate the provision amounts and the timing of payments is expected to be within the next twelve months. There is no reimbursement expected for any of these provisions.

The movement in the provision accounts is as follows:

	Severance	Warranties	Claims and litigation	Total
Closing balance, September 30, 2013	$402	$261	$22	$685
Additions	1,195	-	-	1,195
Acquired through business acquisition	1,238	-	-	1,238
Utilized	(1,069)	(235)	-	(1,304)
Reversals	(54)	-	-	(54)
Foreign exchange differences	(31)	2	2	(27)
Closing balance, September 30, 2014	$1,681	$28	$24	$1,733
Additions	934	-	-	934
Utilized	(862)	-	-	(862)
Reversals	(36)	-	(5)	(41)
Foreign exchange differences	36	5	5	46
Closing balance, September 30, 2015	**$1,753**	**$33**	**$24**	**$1,810**

8. TOOL CONSTRUCTION CONTRACTS

Contract revenue recognized under the percentage of completion method during the year was $65,259 (2014 - $43,090). For contracts in progress, the following table summarizes the aggregate amount of costs incurred, profits recognized, progress billings from customers for the related contracts and retentions being held to date.

	September 30, 2015	September 30, 2014
Contracts in progress:		
Aggregate amount of costs incurred to date	**$13,984**	$10,323
Add: profits recognized to date	**7,021**	3,565
Gross: unbilled revenue	**21,005**	13,888
Less: progress billings	**(3,712)**	(2,775)
Net unbilled revenue	**$17,293**	$11,113
Due from customers	**$18,508**	$11,393
Due to customers	**($1,215)**	($280)

9. FINANCIAL INSTRUMENTS

The Company classifies its financial instruments as follows:

Cash	Financial assets – held for trading measured at fair value
Trade accounts receivable*	Financial assets – measured at amortized cost
Prepaid expenses and deposits	Financial assets – measured at amortized cost
Trade accounts payable	Financial liabilities – measured at amortized cost
Bank indebtedness	Financial liabilities – measured at amortized cost
Customer advance payments	Financial liabilities – financial liabilities measured at amortized cost
Accrued liabilities	Financial liabilities – financial liabilities measured at amortized cost
Derivative instruments	Financial liabilities – held for trading measured at fair value
Long-term debt	Financial liabilities – measured at amortized cost

**Recorded net of allowance for doubtful accounts.*

Foreign exchange contracts
The Company entered into a series of Collars extending through to September 6, 2018 and designated them as cash flow hedges against Mexican payroll and other local Mexican costs. The total amount of these Collars is 252.0 million Mexican pesos (September 30, 2014 - 252.0 million Mexican pesos). The selling price ranges from 13.78 to 18.33 Mexican pesos to each U.S. dollar. Management estimates that a cumulative loss of $2,486 (September 30, 2014 - loss of $658) would be realized if these Collars were terminated on September 30, 2015. During the year, the estimated fair value loss of $1,357, net of income tax recovery of $471 (2014 - loss of $99 net of income tax recovery of $34) has been included in other comprehensive income and the cumulative loss of $2,486 is recorded in the consolidated statements of financial position under the caption derivative instruments.

Financial risk management
The Company, through its financial assets and liabilities, is exposed to various risks. The following analysis provides a measurement of the risks and how they are managed:

a) Credit risk
Credit risk is the risk of an unexpected loss if a customer or third party fails to meet its contractual obligations. The Company's primary credit risk is its outstanding trade accounts receivable. The carrying amount of its outstanding trade accounts receivable represents the Company's estimate of its maximum credit exposure. The Company

regularly monitors its credit risk exposure and takes steps such as credit approval procedures, establishing credit limits, utilizing credit assessments and monitoring practices to mitigate the likelihood of these exposures from resulting in an actual loss. The carrying amount of the trade accounts receivable disclosed in the consolidated statements of financial position is net of allowance for doubtful accounts, estimated by the Company's management, based on prior experience and assessment of current financial conditions of customers as well as the general economic environment. When a receivable balance is considered uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against operating expenses in the consolidated statements of income and comprehensive income. As at September 30, 2015, the accounts receivable balance (net of allowance for doubtful accounts) is $98,823 (2014 - $71,000) and the Company's five largest trade debtors accounted for 50.1% of the total accounts receivable balance (2014 - 49.5%). As at September 30, 2015, accounts receivable of $976 (2014 - $711) are insured against default.

The following table presents a breakdown of the Company's accounts receivable balances:

	September 30, 2015	September 30, 2014
Trade accounts receivable	**$94,421**	$67,154
Employee receivable	**183**	155
Sales tax receivable	**4,081**	4,058
Other	**710**	78
Less: allowance for doubtful accounts	**(572)**	(445)
Total accounts receivable, net	**$98,823**	$71,000

The aging of trade accounts receivable balances is as follows:

	September 30, 2015	September 30, 2014
Not past due	**$81,425**	$47,368
Past due 1-30 days	**9,924**	13,552
Past due 31-60 days	**1,343**	3,345
Past due 61-90 days	**574**	1,288
Past due over 90 days	**1,155**	1,601
Less: allowance for doubtful accounts	**(572)**	(445)
Total trade accounts receivable, net	**$93,849**	$66,709

The movement in the allowance for doubtful accounts is as follows:

	September 30, 2015	September 30, 2014
Opening balance	**$445**	$439
Additions	**214**	317
Utilized	**(49)**	(232)
Reversal	**(66)**	(96)
Exchange differences	**28**	17
Closing balance	**$572**	$445

b) Liquidity risk

Liquidity risk refers to the possibility that the Company may not be able to meet its financial obligations as they come due. The Company manages its liquidity risk by minimizing its financial leverage and arranging credit facilities in order to ensure sufficient funds are available to meet its financial obligations. This is achieved by continuously monitoring cash flows from its operating, investing and financing activities. The Company does not

carry excess credit facilities due to the stand-by costs charged by its lenders. As at September 30, 2015, the Company has a net cash balance of $24,495 (2014 - $7,833) and unused credit facilities of $23,921 (2014 - $29,651).

In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. The following tables summarize the Company's significant commitments on an undiscounted basis and corresponding maturities:

		September 30, 2015		
	Total	**< 1 year**	**1-3 years**	**over 3 years**
Bank indebtedness	**$9,973**	**$9,973**	**$-**	**$-**
Trade accounts payable	**46,421**	**46,421**	**-**	**-**
Long-term debt	**528**	**119**	**409**	**-**
Operating leases	**3,326**	**1,982**	**1,339**	**5**
Capital expenditures	**6,106**	**6,106**	**-**	**-**
	$66,354	**$64,601**	**$1,748**	**$5**

		September 30, 2014		
	Total	< 1 year	1-3 years	over 3 years
Bank indebtedness	$21,283	$21,283	$-	$-
Trade accounts payable	37,301	37,301	-	-
Long-term debt	2,332	720	1,309	303
Operating leases	4,812	1,981	2,620	211
Capital expenditures	5,349	5,349	-	-
	$71,077	$66,634	$3,929	$514

c) Foreign Exchange risk

The Company's functional and reporting currency is the Canadian dollar. It operates in Canada with subsidiaries located in the United States, Mexico, Colombia, Brazil, Thailand, Germany, Bulgaria, Morocco, South Africa and Lesotho. It is exposed to foreign exchange transaction and translation risk through its operating activities. Unfavourable changes in the exchange rates may affect the operating results and shareholders' equity of the Company. In order to mitigate the foreign currency exposure, the Company reduces part of its foreign exchange risk by sourcing a significant portion of its manufacturing inputs in the currency that its sales are denominated in. In addition to the above natural hedge, the Company also uses Collars to hedge cash outflows for the Mexican payroll and other local Mexican costs. These Collars are designated as cash flow hedges. The resulting gain or loss on the valuation of these financial instruments is recognized in the consolidated statements of income and comprehensive income. The Company does not mitigate the translation risk exposure of its foreign operations due to the fact that these investments are considered to be long term in nature.

With all other variables held constant, the following tables outline the Company's annual foreign exchange exposure at one percent fluctuation between various currencies compared with the average annual exchange rate.

	1 % Fluctuation USD vs. CAD	1 % Fluctuation EUR vs. CAD	1 % Fluctuation MXP vs. CAD
Income before income taxes	+/-1037	+/-60	+/-2
Other comprehensive income	+/-745	+/-543	+/-37

	1 % Fluctuation COP vs. CAD	1 % Fluctuation BRL vs. CAD	1 % Fluctuation ZAR vs. CAD
Income before income taxes	+/-1	+/-13	+/-992
Other comprehensive income	+/-50	+/-209	+/-1271

d) Interest rate risk

The Company's exposure to interest rate risk relates to its net cash position, variable rate credit facilities and variable rate long-term debt. The Company mitigates its interest rate risk exposure by reducing or eliminating its overall debt position. As at September 30, 2015, the Company has a net cash position of $24,495 (2014 - $7,833), and therefore, its interest rate risk exposure is insignificant.

e) Fair value

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 year ended September 30, 2015 there were no transfers between Level 1 and Level 2 fair value measurements.

The fair value of bank indebtedness and long term debt were determined using the discounted cash flow method, a generally accepted valuation technique. The discounted factor is based on market rates for debt with similar terms and remaining maturities and based on the Company's credit risk. The Company has no plans to prepay these instruments prior to maturity. The valuation is determined using Level 2 inputs, which are observable inputs or inputs which can be corroborated by observable market data for substantially the full term of the asset or liability.

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

	September 30, 2015		September 30, 2014	
	Carrying Amount of Asset (Liability)	**Fair Value of Asset (Liability)**	Carrying Amount of Asset (Liability)	Fair Value of Asset (Liability)
Cash	**$34,996**	**$34,996**	$31,235	$31,235
Trade accounts receivable	**98,823**	**98,823**	71,000	71,000
Prepaid expenses and deposits	**2,397**	**2,397**	2,745	2,745
Trade accounts payable	**(46,421)**	**(46,421)**	(37,301)	(37,301)
Bank indebtedness	**($9,973)**	**($9,973)**	($21,283)	($21,283)
Customer advance payments	**(3,013)**	**(3,013)**	(894)	(894)
Accrued liabilities	**(21,567)**	**(21,567)**	(16,710)	(16,710)
Derivative instruments	**($2,486)**	**($2,486)**	($658)	($658)
Long-term debt	**($528)**	**($528)**	($2,119)	($2,119)

10. INVENTORIES

	September 30, 2015	September 30, 2014
Raw materials	**$31,479**	$25,506
Work in process	**10,295**	8,079
Finished goods	**14,219**	12,311
Production supplies	**1,832**	1,180
Less: obsolescence provision	**(2,424)**	(2,146)
	$55,401	$44,930

The movement in the obsolescence provision accounts is as follows:

	September 30, 2015	September 30, 2014
Opening balance	**$2,146**	$1,698
Additions	**786**	1,087
Utilized	**(596)**	(698)
Reversals	**(64)**	(13)
Exchange differences	**152**	72
Closing balance	**$2,424**	$2,146

During the year, inventories of $256,454 (2014 - $177,320) were expensed, of which $722 was from the write-downs of inventories (2014 - $515), net of $64 reversal of write-downs (2014 - $13).

11. CAPITAL MANAGEMENT

The Company defines capital as net debt and shareholders' equity. As at September 30, 2015, total managed capital was $244,921 (2014 - $202,746), consisting of net debt of nil (2014 - nil) and shareholders' equity of $244,921 (2014 - $202,746).

The Company's objectives when managing capital are to:

- utilize short-term funding sources to manage its working capital requirements and fund capital expenditures required to execute its operating and strategic plans; and

- maintain low overall debt levels relative to shareholders' equity with a strong bias for short-term debt in order to minimize the cost of capital and allow maximum flexibility to respond to current and future industry, market and economic risks and opportunities.

The following ratios are used by the Company to monitor its capital:

	September 30, 2015	September 30, 2014
Net debt to equity ratio	**0.00:1**	0.00:1
Current ratio	**2.12:1**	2.19:1

The following table details the net debt calculation used in the net debt to equity ratio as at the periods ended as indicated:

	September 30, 2015	September 30, 2014
Bank indebtedness	**$10,501**	$23,402
Less: cash and short-term deposits	**(34,996)**	(31,235)
Net debt	**nil**	nil

The current ratio is calculated by dividing current assets (excluding cash and short term deposits) by current liabilities (excluding bank indebtedness).

Based on the current funds available and the expected cash flow from operations, management believes that the Company has sufficient funds to meet its liquidity requirements.

The Company is not subject to any capital requirement imposed by regulators; however, the Company must adhere to certain financial covenants related to the terms of its bank credit facility. As at September 30, 2015, the Company was in compliance with the required financial covenants.

12. OTHER INFORMATION

A. SEGMENTED INFORMATION

Business segments
The Company operates in two business segments: Casting and Extrusion Technology ("Casting and Extrusion") and Automotive Solutions. The accounting policies followed in the operating segments are consistent with those outlined in note 2 to the consolidated financial statements.

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

The Automotive Solutions segment produces automotive interior components and assemblies primarily for seating, cargo storage and restraint for sale to automotive manufacturers and Tier 1 suppliers (suppliers to automakers).

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

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

				2015
	Casting and Extrusion	**Automotive Solutions**	**Corporate**	**Total**
Sales	**$204,144**	**$303,825**	**$-**	**$507,969**
Intercompany sales	**(8,992)**	**(682)**	**-**	**(9,674)**
Net sales	**195,152**	**303,143**	**-**	**498,295**
Depreciation	**10,020**	**3,481**	**22**	**13,523**
Amortization	**726**	**895**	**-**	**1,621**
Segment income (loss) before interest and income taxes	**32,398**	**36,550**	**(7,134)**	**61,814**
Net interest expense				**(939)**
Income before income taxes				**60,875**
Property, plant and equipment additions	**18,181**	**1,758**	**50**	**19,989**
Property, plant and equipment, net	**83,784**	**19,374**	**1,093**	**104,251**
Intangible asset additions	**573**	**32**	**-**	**605**
Intangible assets, net	**1,201**	**2,568**	**-**	**3,769**
Goodwill, net	**282**	**23,570**	**-**	**23,852**
Total assets	**188,825**	**152,645**	**1,346**	**342,816**
Total liabilities	**$25,817**	**$60,424**	**$11,654**	**$97,895**

				2014
	Casting and Extrusion	Automotive Solutions	Corporate	Total
Sales	$172,468	$217,424	$-	$389,892
Intercompany sales	(3,022)	(18,612)	-	(21,634)
Net sales	169,446	198,812	-	368,258
Depreciation	8,412	2,806	29	11,247
Amortization	607	524	-	1,131
Segment income (loss) before interest and income taxes	25,043	23,919	(7,393)	41,569
Net interest expense				(715)
Income before income taxes				40,854
Property, plant and equipment additions	23,445	1,222	74	24,741
Property, plant and equipment acquired through business acquisition	-	6,456	-	6,456
Property, plant and equipment, net	75,365	20,136	1,163	96,664
Intangible asset additions	909	58	-	967
Intangible assets acquired through business acquisition	-	3,846	-	3,846
Intangible assets, net	1,355	3,422	-	4,777
Goodwill acquired through business acquisition	-	23,570	-	23,570
Goodwill, net	322	23,570	-	23,892
Total assets	162,936	125,690	2,006	290,632
Total liabilities	$28,411	$53,814	$5,661	$87,886

Geographic and customer information

Sales	**2015**	2014
Canada	**$21,221**	$26,668
United States	**243,886**	184,670
Europe	**190,624**	127,708
Mexico	**24,883**	12,660
South America	**6,368**	6,273
Asia	**6,400**	773
Other	**4,913**	9,506
	$498,295	$368,258

In 2015, the Company's largest customer was from the Automotive Solutions segment (2014 - the Company's largest customer was from the Automotive Solutions segment). The total billings to this customer accounted for 21% (2014 - 16%) of total sales. The account receivable pertaining to this customer was $12,322 at year end (2014 - $6,195). The allocation of sales to the geographic categories is based upon the customer location where the product is shipped.

Property, plant and equipment, net	**September 30, 2015**	September 30, 2014
Canada	**$36,536**	$38,879
United States	**29,288**	16,639
Mexico	**5,501**	5,231
South America	**11,370**	14,810
Thailand	**10,063**	8,666
Europe	**3,968**	4,431
Morocco	**6,699**	6,893
South Africa	**826**	1,115
	$104,251	$96,664

Property, plant and equipment are attributed to the country in which they are located.

Intangible assets, net	**September 30, 2015**	September 30, 2014
Canada	**$697**	$609
United States	**246**	385
Mexico	**47**	63
South America	**127**	263
Thailand	**105**	72
Europe	**2,468**	3,231
Morocco	**18**	20
South Africa	**61**	134
	$3,769	$4,777

B. RESTRUCTURING COST

During the year, the Company recorded severance expense of $898 (2014 - $1,141) in selling, general and administrative expenses on the consolidated statements of income and comprehensive income relating to staffing reductions throughout its operations.

C. EMPLOYEE FUTURE BENEFITS

The Company accrues employee future benefits for all of its Mexican employees. These benefits consist of a one-time payment equivalent to 12 days of wages for each year of service (at the employee's most recent salary, but not to exceed twice the legal minimum wage), payable to all employees with 15 or more years of service, as well as to certain employees terminated involuntarily prior to vesting of their seniority premium benefit. Under Mexican labour laws, the Company also provides statutorily mandated severance benefits to its employees terminated under certain circumstances. Such benefits consist of a one-time payment of three months' wages upon involuntary termination without just cause.

The liability associated with the seniority and termination benefits is calculated as the present value of expected future payments and amounted to $465 as at September 30, 2015 (2014 - $198) and is recorded under the caption other accrued liabilities on the consolidated statements of financial position. In determining the expected future payments, assumptions regarding employee turnover rates, inflation, minimum wage increases and expected salary levels are required and are subject to review and change.

D. COMPENSATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors and other members of key management personnel during the years ended September 30, 2015 and 2014 were as follows:

	September 30, 2015	September 30, 2014
Salaries and cash incentives (i)	**$4,668**	$3,585
Directors' fees	**316**	320
Share-based payments (ii)	**326**	283
	$5,310	$4,188

i) Key management personnel were not paid post-employment benefits, termination benefits, or other long-term benefits during the years ended September 30, 2015 and 2014.
ii) Share-based payments are director share units and stock option fair value granted to directors and key management personnel.

E. RELATED PARTY TRANSACTION

During the current year, Mr. Brian Robbins, President and CEO of the Company, acquired assets from Exco at the exchange amount of $134 (2014 - $215) at the time of the transaction. The amount due was paid in full.

13. INCOME PER COMMON SHARE

Income per common share is calculated using net income and the monthly weighted average number of common shares outstanding of 42,284,538 (2014 - 41,490,609). Any potential common shares whose effect is anti-dilutive have not been reflected in the calculation of diluted income per share. There was a dilution effect of 330,088 shares from the outstanding stock options on diluted weighted average number of common shares outstanding for 2015 (2014 - 380,029).

14. INCOME TAXES

		2015
Income before income taxes	**$60,875**	**100.0%**
Income tax expense at Canadian statutory rates	**16,515**	**27.13%**
Manufacturing and processing deduction	**(262)**	**(0.43%)**
Foreign rate differential	**1,230**	**2.02%**
Non-taxable income net of non-deductible expenses	**(1,531)**	**(2.52%)**
Withholding tax on dividend	**694**	**1.14%**
Losses not tax effected	**2,848**	**4.68%**
Other	**622**	**1.02%**
Reported income tax expense	**$20,116**	**33.04%**

		2014
Income before income taxes	$40,854	100.0%
Income tax expense at Canadian statutory rates	11,084	27.1%
Manufacturing and processing deduction	(427)	(1.0%)
Foreign rate differential	(1,271)	(3.1%)
Items not deductible for income tax purposes	291	0.7%
Withholding tax on dividend	220	0.5%
Other	301	0.8%
Reported income tax expense	$10,198	25.0%

The major components of income tax expense are as follows:

	2015	2014
Current income tax expense		
Based on taxable income for the year	**$17,572**	$10,721
Withholding tax on dividend	**694**	220
	18,266	10,941
Deferred income tax expense (recovery)		
Origination, reversal of temporary differences and losses not recognized	**1,850**	(743)
Reported income tax expense	**$20,116**	$10,198

Deferred income tax movements in the consolidated statements of income and comprehensive income are as follows:

	2015	2014
Assets		
Tax benefit of loss carry forward	**$769**	($1,114)
Items not currently deductible for income tax purposes	**442**	227
Unrealized foreign exchange losses	**(782)**	(137)
Liabilities		
Unrealized foreign exchange gains	**-**	-
Unbilled revenue	**1,637**	-
Tax depreciation in excess of book depreciation	**(216)**	281
Net deferred income tax recovery	**$1,850**	($743)

Net cash outflow during the year for income taxes amounted to $11,546 (2014 - $8,521).

Deferred income tax assets and liabilities consist of the following temporary differences:

	2015	2014
Deferred tax assets		
Tax benefit of loss carry forward	**$1,261**	$3,258
Items not currently deductible for income tax purposes	**773**	608
Unrealized foreign exchange losses	**-**	410
	2,034	4,276
Deferred tax liabilities		
Tax depreciation in excess of book depreciation	**(3,060)**	(3,265)
Unrealized revenue and foreign exchange	**(477)**	-
Investment in subsidiaries	**(2,001)**	(2,665)
	(5,538)	(5,930)
Net deferred income tax liabilities	**($3,504)**	($1,654)

15. CONSOLIDATED STATEMENTS OF CASH FLOW

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

	2015	2014
Accounts receivable	**($25,941)**	$422
Unbilled revenue	**(5,904)**	(1,885)
Inventories	**(9,598)**	(8,274)
Prepaid expenses and deposits	**3,847**	301
Trade accounts payable	**8,490**	3,544
Accrued payroll and taxes	**1,678**	394
Other accrued liabilities	**2,212**	1,974
Provisions	**77**	(933)
Customer advance payments	**2,029**	(248)
Income taxes payable	**5,274**	3,003
Long-term debt – current portion	**96**	109
	($17,740)	($1,593)

16. CONTINGENT LIABILITIES

In the ordinary course of business, the Company may be contingently liable for litigation and claims with customers, suppliers and former employees. On an ongoing basis, the Company assesses the likelihood of any adverse judgments or outcomes to these matters as well as potential ranges of probable costs and losses, and a determination of the provision required, if any, for these contingencies is made after analysis of each individual issue. Other than amounts already provided for in the consolidated financial statements, there are no material contingent liabilities as at September 30, 2015 (2014 - nil).

17. 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 March 1, 2014, the Company acquired all of the shares of Automotive Leather Company Group (Pty) Limited ("ALC"), a private company organized under the laws of South Africa for a total consideration of $26,373, of which $17,343 was in cash and $9,030 was in Exco's common shares, which were fair valued at the market price at the closing date. ALC specializes in the manufacture and export of luxury leather interior trim components to the middle and luxury automotive sectors. The primary customers are BMW and its tiers, although other German Original Equipment Manufacturers ("OEMs") and their tiers are also customers. The acquisition will enable Exco to supply the German OEMs in Europe and other parts of the world. It will also provide the Company with production facilities in Eastern Europe from which it will be able to supply the European automotive market with its other interior trim products.

The final purchase price was allocated to the identifiable assets acquired and liabilities assumed based on the fair value of the total consideration as follows:

Cash	$16
Trade accounts receivable and other	18,053
Inventories	12,231
Property, plant and equipment	6,456
Intangible assets	3,846
Goodwill	23,570
Bank indebtedness	(8,692)
Trade accounts payable, accrued liabilities and other	(24,153)
Deferred tax liabilities	(2,073)
Long-term debt	(2,881)
	$26,373

Due diligence and closing costs for the ALC acquisition amounted to $526 and were expensed under selling, general and administrative expenses on the consolidated statements of income and comprehensive income.

The fair value of the trade accounts receivable equals the gross amount of the trade accounts receivable less allowance for bad debts and amounts to $17,520. The net contractual amount is collectible.

The goodwill of $23,570 is allocated to the entire Automotive Solutions segment. None of the goodwill recognized is expected to be deductible for income tax purposes.

The impacts of ALC on the Company's consolidated statements of income and comprehensive income for the year ended September 30, 2014 are as follows:

	2014
Reported consolidated sales	$368,258
ALC's sales	(83,941)
Consolidated sales excluding ALC	284,317
Reported consolidated pretax income	$40,854
ALC's pre-tax income	(278)
Consolidated pre-tax income excluding ALC	$40,576

If ALC was acquired on October 1, 2013, the impacts of ALC on the Company's consolidated statements of income and comprehensive income for the year ended pro-forma September 30, 2014 would be as follows:

	2014
Consolidated sales excluding ALC	$284,317
ALC's 12-month sales	141,711
Consolidated sales including ALC's 12-month sales	**$426,028**
Consolidated pretax income excluding ALC	$40,576
ALC's 12-month pretax income	1,356
Consolidated pretax income including ALC's 12-month pretax income	**$41,932**

18. INTEREST EXPENSE (INCOME)

The following table outlines the interest expense (income) incurred during the year:

	September 30, 2015	September 30, 2014
Interest expense on bank indebtedness and long-term debt	**$1,031**	$803
Interest income on deposits	**(92)**	(88)
Net interest expense	**$939**	$715

CORPORATE INFORMATION

Board of Directors

Laurie T.F. Bennett, CPA, CA
Corporate Director

Edward H. Kernaghan, MSc
Executive Vice President
Kernaghan & Partners Ltd.

Nicole A. Kirk, BA, MBA
Corporate Director

Robert B. Magee, PEng
Chairman
Woodbridge Group

Philip B. Matthews, MA, CPA, CA
Corporate Director

Brian A. Robbins, PEng
President and CEO of the Company

Peter van Schaik
Founder and Chairman
Van Rob Inc.

Corporate Officers

Brian A. Robbins, PEng
President and CEO

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

Drew Knight, CPA, CA
Chief Financial Officer & VP Finance
Secretary

Transfer Agent and Registrar

TMX Equity Transfer Services
200 University Avenue, Suite 300
Toronto, Ontario M5H 4H1
Phone: 416.361.0152
www.equitytransfer.com

Auditors

Ernst & Young LLP
Chartered Professional Accountants
Licensed Public Accountants

Stock Listing

Toronto Stock Exchange (XTC)

Corporate Office

Exco Technologies Limited
130 Spy Court, 2nd Floor
Markham, Ontario L3R 5H6
Phone: 905.477.3065
www.excocorp.com

2015 Annual Meeting

The 2015 Annual Meeting for the Shareholders will be held at EXCO at 130 Spy Court, 2nd Floor, Markham, Ontario on Wednesday, February 3, 2016, at 4:30 pm.

Technologies Limited

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