ShawCor Ltd.
Management's Discussion and Analysis of Financial Condition and Results of Operations

The following Management's Discussion and Analysis ("MD&A"), is a discussion of the consolidated financial position and results of operations of ShawCor Ltd. ("ShawCor" or "the Company") for the three months ended March 31, 2012 and 2011 and should be read together with ShawCor's interim unaudited consolidated financial statements and accompanying notes for the same periods and the MD&A included in the Company's 2011 Annual Report. All dollar amounts in this MD&A are in thousands of Canadian dollars except per share amounts or unless otherwise stated.

This MD&A and the interim unaudited Consolidated Financial Statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which are also generally accepted accounting principles ("GAAP") for publicly accountable enterprises in Canada. This MD&A contains forward looking information and reference should be made to section 11 hereof.

1.0 Executive Overview

ShawCor is a growth oriented, global energy services company serving the Pipeline and Pipe Services and the Petrochemical and Industrial segments of the energy industry. The Company operates seven divisions with over seventy manufacturing, sales and service facilities located around the world. The Company is publicly traded on the Toronto Stock Exchange ("TSX").

1.1 Core Businesses

ShawCor provides a broad range of products and services, which include high quality pipe coating services, flexible composite pipe, onshore and offshore pipeline corrosion and thermal protection, state-of-the-art ultrasonic and radiographic inspection services, tubular management services, heat-shrinkable polymer tubing and control and instrumentation wire and cable.

The Company and its predecessors have designed, engineered, marketed and sold these products and services worldwide for over 50 years. ShawCor has made substantial investments in research and development ("R&D") initiatives and earned strong customer loyalty based on a history of project execution success.

The Company operates in a highly competitive international business environment with its success attributed to its strategic global locations, its extensive portfolio of proprietary technologies and its commitment to the use of industry-leading business processes and programs. ShawCor is the world's largest applicator of pipeline coatings for the oil and gas industry for both onshore and offshore pipelines.

The primary driver of demand for the Company's products and services is the level of energy industry investment in pipeline infrastructure for hydrocarbon development and transportation around the globe. This investment, in turn, is driven by global levels of economic activity and the resulting growth in hydrocarbon demand, the impact of resource depletion on the supply of hydrocarbons and the financial position of the major energy companies. The relationship between global hydrocarbon demand and supply and the level of energy industry investment in infrastructure tends to be cyclical.

As at March 31, 2012, the Company operated its seven divisions through two reportable operating segments: Pipeline and Pipe Services; and Petrochemical and Industrial.

Pipeline and Pipe Services

The Pipeline and Pipe Services segment is the largest segment of the Company and accounted for 88% of consolidated revenue for the three months ended March 31, 2012. This segment includes the Bredero Shaw, Canusa–CPS, Shaw Pipeline Services, Flexpipe Systems and Guardian divisions.

- Bredero Shaw's product offerings include specialized internal anticorrosion and flow efficiency pipe coating systems, insulation coating systems, weight coating systems and custom coating and field joint application services for onshore and offshore pipelines.

- Canusa–CPS manufactures heat-shrinkable sleeves, adhesives, sealants and liquid coatings for corrosion protection on onshore and offshore pipelines.

- Shaw Pipeline Services provides ultrasonic and radiographic pipeline girth weld inspection services to pipeline operators and construction contractors worldwide for both onshore and offshore pipelines.

- Flexpipe Systems manufactures spoolable composite pipe systems used for oil and gas gathering, water disposal, carbon dioxide injection pipelines and other applications requiring corrosion resistance and high pressure capabilities.

- Guardian provides a complete range of tubular management services including inventory management systems, mobile inspection, in-plant inspection and the refurbishment and rethreading of drill pipe, production tubing and casing.

Petrochemical and Industrial

The Petrochemical and Industrial segment, which includes the DSG-Canusa and ShawFlex divisions, accounted for 12% of consolidated revenue for the three months ended March 31, 2012. Operations within this segment utilize polymer and adhesive technology that were developed for the Pipeline and Pipe Services segment and are now being applied to applications in Petrochemical and Industrial markets.

- DSG-Canusa is a global manufacturer of heat-shrinkable products including thin, medium and heavy-walled tubing, sleeves and molded products as well as heat-shrink accessories and equipment.

- ShawFlex is a manufacturer of wire and cable for control, instrumentation, thermocouple, power, marine and robotics applications.

2.0 Financial Highlights

2.1 Selected First Quarter Financial Information

(in thousands of Canadian dollars)		Three Months ended March 31,		
		2012		2011
Revenue	**$**	**312,268**	$	279,466
Cost of goods sold		**193,774**		174,412
Gross profit		**118,494**		105,054
Selling, general and administrative expenses		**71,976**		61,646
Research and development expenses		**3,105**		2,917
Foreign exchange losses (gains)		**845**		(1,348)
Amortization of property, plant and equipment		**9,905**		9,998
Amortization of intangible assets		**1,808**		1,742
Income from Operations		**30,855**		30,099
(Gain) loss on investment in associate		**(1,268)**		1,439
Finance costs, net		**413**		1,013
Income before income taxes and non-controlling interest		**31,710**		27,647
Income taxes		**7,550**		7,162
Non-controlling interest		**886**		–
Net Income (attributable to shareholders of the Company)	**$**	**23,274**	$	20,485
Net Income (attributable to shareholders of the Company)	**$**	**23,274**	$	20,485
Add:				
Non-controlling interest		**886**		–
Income taxes		**7,550**		7,162
Finance costs, net		**413**		1,013
(Gain) loss on investment in associate		**(1,268)**		1,439
Amortization of property, plant, equipment and intangible assets		**11,713**		11,740
EBITDA[(a)]	**$**	**42,568**	$	41,839
Per Share Information				
Net Income				
Basic (Classes A and B)	**$**	**0.33**	$	0.29
Diluted (Classes A and B)	**$**	**0.33**	$	0.29

(a) Earnings before interest, income taxes, depreciation and amortization ("EBITDA") is a non-GAAP measure and should not be considered as an alternative to net income or any other measure of performance under GAAP. Non-GAAP measures do not have standardized meanings under IFRS. The Company's method of calculating these measures may differ from other entities and as a result may not necessarily be comparable to measures used by other entities. Refer to section 9 - Reconciliation of non-GAAP measures, for additional information with respect to non-GAAP measures used by the Company.

(in thousands of Canadian dollars)		**March 31, 2012**		December 31, 2011
Total Assets	**$**	**1,682,244**	$	1,223,265
Total Non-Current Liabilities	**$**	**383,188**	$	110,445

Revenue

Consolidated revenue increased by $32.8 million, or 12%, from $279.5 million during the first quarter of 2011 to $312.3 million during the first quarter of 2012, due to increases of $28.4 million, or 12 %, in the Pipeline and Pipe Services segment and $4.4 million, or 13 %, in the Petrochemical and Industrial segment.

Income from Operations

Operating Income increased by $0.8 million, from $30.1 million during the first quarter of 2011 to $30.9 million during the first quarter of 2012. Gross profit increased by $13.4 million but was partially offset by an increase in selling, general and administration expenses ("SG&A") of $10.3 million and a foreign exchange loss of $0.8 million recorded in the first quarter of 2012 compared to a foreign exchange gain of $1.3 million in the first quarter of 2011.

Higher revenue, as explained above, generated increased gross profit which resulted in a modest improvement in the gross profit margin.

SG&A expenses increased by $10.3 million compared with the first quarter of 2011 with two factors accounting for the increase. First, SG&A expenses were higher year over year due to an increase in salaries and other personnel related costs of $7.9 million as a result of the acquisition of CSI and other additions to support anticipated growth. Secondly, restructuring charges amounting to $1.9 million for the Leith, Scotland and Kembla Grange, Australia facilities were recorded in the first quarter of 2012.

Net Income

Net income increased by $3.7 million from $20.5 million for the first quarter of 2011 to $24.2 million for the first quarter of 2012, primarily due to the $0.8 million increase in income from operations as explained above, a reduction in finance costs of $0.6 million and a gain on the investment in associate of $1.3 million during the first quarter of 2012 versus a loss of $1.4 million during the first quarter of 2011.

2.2 Foreign Exchange Impact

The following table sets forth the significant currencies in which the Company operates and the average foreign exchange rates for these currencies versus Canadian dollars, for the following periods:

	Three months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
U.S. dollar	**1.0069**	1.0255	0.9865
Euro	**1.3194**	1.3727	1.3647
British Pounds	**1.5740**	1.6035	1.5903

The following table sets forth the impact on revenues, income from operations and net income, compared with the noted prior period, as a result of foreign exchange fluctuations on the translation of foreign currency operations.

(in thousands of Canadian dollars)	**Q1-2012 versus Q1-2011**	Q1-2012 versus Q4-2011
Revenue	$ **1,487**	$ (4,102)
Income from operations	**618**	(909)
Net income	**400**	(627)

In addition to the translation impact noted above, the Company recorded a foreign exchange loss of $0.8 million in the first quarter of 2012 compared to a gain of $1.3 million for the comparable period in the prior year, as a result of the impact of changes in foreign exchange rates on monetary assets and liabilities and short term foreign currency intercompany loans within the group, net of hedging activities.

3.0 Results from Operations

3.1 Business Developments for the Period

Investment in Socotherm S.p.A.

On July 2, 2010, the Company made an equity investment in Fineglade Limited (Ireland) (“Fineglade”) in the amount of U.S.$24.7 million (CDN$25.7 million at the then current exchange rate) to form an investor group with two private equity firms, 4D Global Energy Investments of Paris, France, and Sophia Capital of Buenos Aires, Argentina, with the Company holding a 40% interest in the investor group. Fineglade was formed to complete a share capital investment in Socotherm S.p.A ("Socotherm") and has resulted in Fineglade attaining a 95% ownership interest in Socotherm. The Company also entered into a shareholders' agreement with the other shareholders of Fineglade that provides the Company with significant influence over the strategic operating, investing and financing activities of Fineglade, without having joint control. During the fourth quarter of 2010, the Company made an incremental investment in Fineglade of U.S.$5.1 million ($5.2 million at the then current exchange rate) as its pro rata share of a secured bridge loan provided by Fineglade to Socotherm, and a further investment in Socotherm of U.S.$3.3 million ($3.4 million at the then current exchange rate) to discharge additional liabilities. On October 29, 2010, the court of Vicenza issued a homologation decree that approved the share capital investment, and the acquisition between the investor group and Socotherm was subsequently completed.

During the year ended December 31, 2011, the Company invested an additional U.S.$10.7 million ($10.5 million at the then current exchange rate) in Fineglade as its pro rata share of a potential future capital increase by Fineglade in Socotherm. For the year ended December 31, 2011, the Company incurred an investment loss on its investment in Fineglade in the amount of $10.1 million. In addition, the Company recorded its pro-rata share of Fineglade's other comprehensive loss in the amount of $3.1 million for the year ended December 31, 2011.

In connection with the investment in Fineglade, the Company also entered into a financial instruments agreement that may result in the Company increasing its ownership in Fineglade after January 1, 2013. The net fair value of the financial instruments as at March 31, 2012 was $2.7 million (December 31, 2011 – $2.5 million) and this long-term liability has been classified under long-term derivative financial instruments, a financial liability through profit and loss, on the consolidated balance sheet.

During the third quarter of 2011, the Company advanced a loan to Fineglade in the amount of U.S.$8.5 million ($8.2 million at the then current exchange rate) with a maturity date of December 31, 2013. The interest rate on this loan is reset on a quarterly basis at the three month LIBOR rate plus 2.0%. During the fourth quarter of 2011, the Company advanced a loan to Fineglade in the amount of U.S.$2.0 million ($2.1 million at the then current exchange rate), payable on demand and bearing an upfront fee of 2%. The interest on this loan is fixed at 4% of the principal amount.

On April 18, 2012, 4D Global Energy Investments sold its 30% interest in Fineglade to Sophia Capital. Fineglade Limited, which currently holds 96% of the outstanding shares of Socotherm S.P.A., is now owned 40% by the Company and 60% by Sophia Capital. The Company and Sophia Capital also agreed on certain arrangements that will govern Fineglade, pursuant to which the Company has provided a €45 million secured loan to Sophia Capital due in 2013. Under these new arrangements, Socotherm will have a five person Board of Directors, two of which will be nominated by the Company. The Company and Sophia Capital have also entered into a put and call agreement whereby, commencing in 2013 and continuing for three years, Sophia Capital could require the Company to purchase Sophia Capital's 60% interest in Fineglade and the Company could require Sophia Capital to sell such interest to the Company at a formula price based, in part, on events transpiring throughout the remainder of this year.

Significant Business Contracts

In October, 2011, the Company was awarded a contract with a value in excess of US$40.0 million from Subsea 7 to provide flow assurance pipeline coatings for subsea projects in the Norwegian sector of the North Sea. The work, consisting of coating in excess of 110 km of 6" to 16" pipe, will be executed at the Bredero Shaw pipe coating facility in Orkanger, Norway.

In October and November, 2011, the Company was awarded two contracts to provide pipeline coatings and related products and services for the Wheatstone project, from Chevron Australia Pty. Ltd., with a combined value in excess of US$170 million. The contracts involve coating approximately 300 km of 10" to 44" diameter pipe that will be protected with fusion bonded epoxy or three layer anticorrosion coatings, Thermotite® polypropylene insulation coating, SureFlo™ internal coatings and HeviCote® concrete weight coating. In addition, the Company has also received a contract for anode procurement and installation as well as custom coating. The contracts will be executed at the Bredero Shaw facilities in Kabil, Indonesia; Kuantan, Malaysia and Orkanger, Norway. Work will commence during the second quarter of 2012.

In November, 2011, the Company was awarded the Barzan pipeline project in the Qatari sector of the Arabian Gulf from Hyundai Heavy Industries, with a value in excess of US$45 million, to provide corrosion protection and concrete weight coating. The contract will be executed at Bredero Shaw's facility in Ras Al Khaimah in the United Arab Emirates and will involve coating of 292 km of up to 24" pipe with fusion bonded epoxy anticorrosion coating and HeviCote® concrete weight coating. Work on this project commenced in the first quarter of 2012.

In January, 2012, the Company was awarded a significant contract from Technip USA to provide concrete weight coatings, anode installation and other related services for a Latin American pipeline project, consisting of approximately 100 km of 36" pipe to be installed offshore for the transportation of natural gas. Bredero Shaw will mobilize two Compression Coat Technology (CCT) concrete weight coating plants to La Brea, Trinidad for this project. Operations are scheduled to commence during the second quarter of 2012.

In February, 2012, the Company was awarded the Ichthys LNG project by Mitsui & Co., with a value in excess of US$400 million, to provide pipeline coatings and related products and services for the gas export pipeline. The Ichthys LNG project is a joint venture between INPEX and Total. The contract involves coating 889 km of 42" pipe that will be protected with Asphalt Enamel coating, SureFlo™ internal coating and HeviCote® concrete weight coating. In addition, Bredero Shaw has received a contract for anode procurement and installation as well as custom coating. The Company will execute the work starting in the third quarter of 2012 at Bredero Shaw's facilities in Kabil, Indonesia and Kuantan, Malaysia.

In March, 2012, the Company was awarded the Ruby Gas Field Development Project, which has a value in excess of US$30 million from PEARLOIL (Sebuku) Limited, a wholly-owned subsidiary of Pearl Energy, which is the Southeast Asia operating arm of Mubadala Oil & Gas, a business unit of Mubadala Development Company, to provide pipeline coatings and related products and services. The Ruby Field Development export pipeline will connect the offshore gas field to a dedicated receiving terminal in North Bontang, East Kalimantan, Indonesia and a tie-in pipeline will connect the receiving terminal to Total's onshore facilities at Senipah in East Kalimantan.

Renewal of Normal Course Issuer Bid ("NCIB")

On November 30, 2011, the Company received approval from the TSX to renew its NCIB for an additional one year period expiring on November 30, 2012. Under the terms of the renewal, the Company is authorized to acquire, through the facilities of the TSX, up to 3,000,000 of the then issued and outstanding Class A Subordinate Voting Shares (the "Class A Shares") and up to 100,000 of the then issued and outstanding Class B Multiple Voting Shares (the "Class B Shares"). These two amounts comprised approximately 5.81% and 9.36% of the public float outstanding as at December 31, 2011 for Class A Shares and Class B Shares, respectively. Daily purchases are limited to 27,449 Class A Shares and 1,000 Class B Shares, other than for block purchase exemptions. All Class A Shares and Class B Shares purchased under the NCIB will be cancelled. Please refer to section 5.8 – Outstanding Share Capital, for additional information with respect to the Company's Class A Shares and Class B Shares.

3.2 Consolidated Information

Revenue

The following table sets forth revenue by reportable operating segment for the following periods:

(in thousands of Canadian dollars)	Three months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Pipeline and Pipe Services	**$ 274,897**	$ 305,808	$ 246,469
Petrochemical and Industrial	**37,753**	36,537	33,361
Elimination	**(382)**	(565)	(364)
	$ 312,268	$ 341,780	$ 279,466

First Quarter 2012 versus First Quarter 2011

Consolidated revenue increased by $32.8 million, or 12%, from $279.5 million during the first quarter of 2011 to $312.3 million during the first quarter of 2012, due to increases of $28.4 million, or 12 %, in the Pipeline and Pipe Services segment and $4.4 million, or 13 %, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment was higher in the first quarter of 2012 than in the first quarter of 2011, mainly because of increased activity in North America and Latin America, and was partially offset by lower revenue in EMAR and Asia Pacific. See section 3.3.1 – *Pipeline and Pipe Services segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment was higher in the first quarter of 2012 than in the first quarter of 2011, mainly because of an increase of 27% in North American revenues. See section 3.3.2 – *Petrochemical and Industrial segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

First Quarter 2012 versus Fourth Quarter 2011

Consolidated revenue decreased by $29.5 million, or 9%, from $341.8 million during the fourth quarter of 2011 to $312.3 million during the first quarter of 2012, due to a decrease of $30.9 million in the Pipeline and Pipe Services segment, partially offset by an increase of $1.2 million in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment in the first quarter of 2012 was $30.9 million lower than in the fourth quarter of 2011, primarily due to lower revenue in EMAR, North America and Latin America, partially offset by higher revenue in Asia Pacific. See section 3.3.1 – *Pipeline and Pipe Services segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment increased by $1.2 million during the first quarter of 2012 compared to the fourth quarter of 2011, primarily due to higher activity levels in EMAR. See section 3.3.2 – *Petrochemical and Industrial segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Income from Operations

The following table sets forth income from operations (″Operating Income″) and Operating Margin for the following periods:

(in thousands of Canadian dollars, except percentages)	Three months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Operating Income	**$ 30,855**	$ 31,748	$ 30,099
Operating Margin[(a)]	**9.9%**	9.3%	10.7%

(a) Operating Margin is defined as Operating Income divided by revenue.

First Quarter 2012 versus First Quarter 2011

Operating Income increased by $0.8 million, from $30.1 million during the first quarter of 2011 to $30.9 million during the first quarter of 2012. Gross profit increased by $13.4 million but was partially offset by an increase in selling, general and administration expenses (“SG&A”) of $10.3 million and a foreign exchange loss of $0.8 million recorded in the first quarter of 2012 compared to a foreign exchange gain of $1.3 million in the first quarter of 2011.

Higher revenue, as explained above, generated increased gross profit which resulted in a modest improvement in the gross profit margin.

SG&A expenses increased by $10.3 million compared with the first quarter of 2011 with two factors accounting for the increase. First, SG&A expenses were higher year over year due to an increase in salaries and other personnel related costs of $7.9 million as a result of the acquisition of CSI and other additions to support anticipated growth. Secondly, restructuring charges amounting to $1.9 million for the Leith, Scotland and Kembla Grange, Australia facilities were recorded in the first quarter of 2012.

First Quarter 2012 versus Fourth Quarter 2011

Operating Income decreased by $0.9 million from the fourth quarter of 2011 to $30.9 million during the first quarter of 2012, with gross profit decreasing by $12.8 million on lower revenues, as explained above, partially offset by a decrease in SG&A expenses of $5.8 million and the fact that a $5.2 million impairment loss on property, plant and equipment was recorded in the fourth quarter of 2011.

The decrease in gross profit resulted from lower revenue of $29.5 million, as explained above, coupled with a slightly lower gross profit margin of 0.5 percentage points due to product mix and costs relating to the ramp up of activity in Asia Pacific.

SG&A expenses decreased by $5.8 million compared with the fourth quarter of 2011. SG&A expenses were lower as the fourth quarter of 2011 included certain one-time increases in pension expenses, decommissioning liabilities and inventory obsolescence totaling $7.7 million. This was partially offset by $1.9 million in restructuring charges for the Leith, Scotland and Kembla Grange, Australia facilities recorded in the first quarter of 2012.

Finance Costs, net

The following table sets forth the components of finance costs, net for the following periods:

(in thousands of Canadian dollars)	Three months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Interest income on short-term deposits	**$ (92)**	$ (293)	$ (196)
Interest expense, other	**505**	1,447	865
Interest expense on long-term debt	**–**	–	344
Finance costs, net	**$ 413**	$ 1,154	$ 1,013

First Quarter 2012 versus First Quarter 2011

The finance costs, net balance decreased by $0.6 million to $0.4 million during the first quarter of 2012 from $1.0 million during the first quarter of 2011 as a result of lower accretion expense on certain non-current liabilities and lower interest expense from the repayment of long-term debt.

First Quarter 2012 versus Fourth Quarter 2011

The finance costs, net balance in the first quarter of 2012 decreased by $0.7 million to $0.4 million from $1.2 million in the fourth quarter of 2011 due to lower accretion expense on certain non-current liabilities, partially offset by lower interest income.

Income taxes

First Quarter 2012 versus First Quarter 2011

The Company recorded an income tax expense of $7.6 million (24% of income before income taxes) in the first quarter of 2012, compared to an income tax expense of $7.2 million (26% of income before income taxes) in the first quarter of 2011. The effective income tax rate in the first quarter was lower than the Company's expected effective income tax rate of 27%, as a significant portion of the Company’s taxable income in the first quarter of 2011 was earned in jurisdictions where the expected tax rate is 25% or less.

First Quarter 2012 versus Fourth Quarter 2011

The Company recorded an income tax expense of $7.6 million (24% of income before income taxes) in the first quarter of 2012, compared to an income tax expense of $5.0 million (17% of income before income taxes) in the fourth quarter of 2011. The effective income tax rate in the fourth quarter of 2011 was much lower than the first quarter of 2012 as the fourth quarter of 2011 included a reduction to the prior year provision resulting from the favourable settlement of certain items in dispute with tax authorities.

3.3 Segment Information

3.3.1 Pipeline and Pipe Services Segment

The following table sets forth, by geographic location, the revenue, Operating Income and Operating Margin for the Pipeline and Pipe Services segment for the following periods:

(in thousands of Canadian dollars, except percentage amounts)	Three months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
North America	**$ 154,315**	$ 161,437	$ 115,189
Latin America	**14,934**	18,448	3,475
EMAR	**58,429**	80,935	68,189
Asia Pacific	**47,219**	44,988	59,616
Total Revenue	**$ 274,897**	$ 305,808	$ 246,469
Operating Income	**$ 37,547**	$ 34,704	$ 34,661
Operating Margin	**13.7%**	11.4%	14.1%

First Quarter 2012 versus First Quarter 2011

Revenue in the first quarter of 2012 was $274.9 million, an increase of $28.4 million, or 12%, over the first quarter of 2011. This was driven by significant improvements in North America and Latin America, partially offset by reductions in large project activity in Asia Pacific and EMAR:

- In North America, revenue increased by $39.1 million, or 34%, as a result of a doubling of flexible composite pipe sales, significantly increased activity in small diameter pipe coating volumes, the addition of revenue from the CSI acquisition and increased market share in tubular management services. These increases were partially offset by lower large diameter activity in Canada and pipe weld inspection volumes in the US.

- Revenue in Latin America increased $11.5 million as a result of the P-55 Risers project in Brazil and increased Petroleos Mexicanos ("PEMEX") activity in Mexico.

- EMAR revenue decreased by $9.8 million, or 14%, due to lower revenue at the Leith, Scotland facility partially offset by the commencement of the Barzan project at Ras Al Khaimah, UAE and increased project activity in Orkanger, Norway.

- In Asia Pacific, revenue decreased $12.4 million, or 21%, from the first quarter of 2011, mainly due to a reduction in major project activity compared with the prior year, when the South Mahakam project in Kabil, Indonesia, the Yamal Europe Gas Pipeline and PNG LNG projects in Kuantan, Malaysia and the EPIC QSN project in Kembla Grange, Australia had all been in full production.

Operating Income in the first quarter of 2012 was $37.5 million compared to $34.7 million in the first quarter of 2011, an increase of $2.8 million, or 10%, primarily due to the increase in revenue as explained above, partially offset by an increase in SG&A expenses as explained in section 2.2 above.

First Quarter 2012 versus Fourth Quarter 2011

Revenue was $274.9 million in the first quarter of 2012, a decrease of $30.8 million, or 10%, from $305.8 million in the fourth quarter of 2011. Activity levels in EMAR, North America and Latin America were lower in the first quarter of 2012 compared to the fourth quarter of 2011, partially offset by an increase in Asia Pacific revenue:

- Revenue in North America decreased by $7.1 million, or 4%, due to the decline in large diameter projects, partially offset by the increase in production of the Jack St. Malo project, increased US small diameter pipe coating, increased sales of flexible composite pipe, and higher revenues for tubular management services in Western Canada and in the US.

- In Latin America, revenue was lower by $3.5 million, or 19%, due to the lower level of PEMEX activity in Mexico compared to the fourth quarter of 2011.

- EMAR revenue decreased by $22.5 million, or 27.8%, primarily due to the completion of the Total Laggan and Gundrun Sigun projects at the Leith, Scotland facility in the fourth quarter of 2011 and lower weld pipe inspection revenues, partially offset by the commencement of the Barzan project in RAK.

- Revenue in Asia Pacific increased by $2.2 million, or 5%, in the first quarter of 2012, due to the start of production of the M9 project partially offset by lower activity at the Kuantan, Malaysia and Kembla Grange, Australia facilities.

Operating Income in the first quarter of 2012 was $37.5 million compared to $34.7 million in the fourth quarter of 2011, an increase of $2.8 million, or 8%, with the operating margin improving by 2.3 percentage points to 13.7%. The increase in operating income is primarily due to a decrease in SG&A expenses, as explained in section 2.2, and the fact that an impairment charge for property, plant and equipment of $5.2 million was recorded in the fourth quarter of 2011.

3.3.2 Petrochemical and Industrial Segment

The following table sets forth, by geographic location, the revenue, Operating Income and Operating Margin for the Petrochemical and Industrial segment for the following periods:

(in thousands of Canadian dollars, except percentage amounts)	Three months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
North America	**$ 22,593**	$ 23,467	$ 17,807
EMAR	**14,374**	12,380	14,818
Asia Pacific	**786**	690	736
Total Revenue	**$ 37,753**	$ 36,537	$ 33,361
Operating Income	**$ 5,041**	$ 6,702	$ 3,525
Operating Margin	**13.4%**	18.3%	10.6%

First Quarter 2012 versus First Quarter 2011

Revenue increased in the first quarter by $4.4 million, or 13%, to $37.8 million compared to the first quarter of 2011 due to increased revenue in the wire and cable business in the electrical and oil sands markets combined with increased heat shrinkable product shipments in North America.

Operating Income of $5.0 million in the first quarter of 2012 increased by $1.5 million or 43%, compared to $3.5 million in the first quarter of 2011. The increase was primarily due to the higher revenue as explained above and an increase in operating margin by 2.8 percentage points due to improved overhead absorption from better facility utilization.

First Quarter 2012 versus Fourth Quarter 2011

In the first quarter of 2012, revenue totaled $37.8 million compared to $36.5 million in the fourth quarter of 2011, an increase of $1.3 million, or 3.3%. The increase was driven by higher revenue in the EMAR automotive market, partially offset by lower revenues in the wire and cable business compared to the fourth quarter of 2011.

Operating Income in the first quarter of 2012 was $5.0 million compared to $6.7 million in the fourth quarter of 2011 as the operating margin was lower by 4.9 percentage points, primarily due to lower gross profit margins driven by changes in product mix in both the wire and cable and heat shrink businesses.

3.3.3 Financial and Corporate

Financial and corporate costs include corporate expenses not allocated to the operating segments and other non-operating items, including foreign exchange gains and losses on foreign currency denominated cash and working capital balances. The corporate division of the Company only earns revenue that is considered incidental to the activities of the Company. As a result, it does not meet the definition of a reportable operating segment as defined under IFRS.

The following table sets forth the Company's unallocated financial and corporate expenses, before foreign exchange gains and losses, for the following periods:

(in thousands of Canadian dollars)	Three months ended		
	March 31, 2012	December 31, 2011	March 31, 2011
Loss from operations	**$ (10,888)**	$ (9,114)	$ (9,435)

First Quarter 2012 versus First Quarter 2011

Financial and corporate costs increased by $1.5 million from $9.4 million during the first quarter of 2011 to $10.9 million during the first quarter of 2012, mainly due to higher personnel related expenses and higher management incentive compensation expenses in 2012 as compared to 2011.

First Quarter 2012 versus Fourth Quarter 2011

Financial and corporate costs increased by $1.8 million from the fourth quarter of 2011 to $10.9 million in the first quarter of 2012, primarily due to higher management incentive compensation expenses in the first quarter 2012 as compared to the fourth quarter 2011.

4.0 Liquidity and Capitalization

The following table sets forth the Company's cash flows by activity and cash balance for the following periods:

(in thousands of Canadian dollars)	Three Months Ended March 31	
	2012	2011
Net income for the period	**$ 24,160**	$ 20,485
Non-cash items	**9,469**	20,633
Settlement of decommissioning obligations	**(249)**	–
Settlement of other provisions	**(144)**	(350)
Increase in non-current deferred revenue	**284,363**	–
Change in employee future benefits	**702**	–
Change in non-cash working capital and foreign exchange	**149,701**	(27,262)
Cash provided by operating activities	**468,002**	13,506
Cash used in investing activities	**(129,359)**	(21,141)
Cash used in financing activities	**(15,074)**	(3,991)
Foreign exchange gain (loss) on foreign cash and cash equivalents	**(110)**	(2,412)
Net change in cash and cash equivalents	**323,459**	(14,038)
Cash and cash equivalents at beginning of period	**56,731**	155,998
Cash and cash equivalents at end of period	**$ 380,190**	$ 141,960

4.1 Cash Provided by Operating Activities

First Quarter 2012 versus First Quarter 2011

Cash provided by operating activities increased by $454.5 million from $13.5 million in the first quarter of 2011 to $468.0 million in the first quarter of 2012. The increase was primarily due to an increase in non-current deferred revenue of $284.4 million, an increase in non-cash working capital and foreign exchange of $177.0 million, an increase in net income for the period of $3.7 million, partially offset by a reduction in non-cash items of $11.2 million. The increase in non-current deferred revenue was related to certain customer advances being received on long-term contracts. Under these contracts, the customer advances will be repaid through the provision of pipe coating services over the term of these contracts. The increase in non-cash working capital and foreign exchange was primarily due to an increase in the current portion of deferred revenue of $171.9 million in the quarter. Net income increased due to higher revenue and operating income as discussed in section 3.2 - Consolidated Information. Non-cash items decreased mainly as a result of a lower deferred tax recovery of $5.8 million and a gain on long term investment of $1.3 million in the first quarter of 2012 compared to a loss of $1.4 million in the first quarter of 2011.

4.2 Cash Used in Investing Activities

First Quarter 2012 versus First Quarter 2011

Cash used in investing activities increased by $108.2 million from $21.1 million during the first quarter of 2011 to $129.4 million during the first quarter of 2012, mainly due to the investment of $119.9 million in short-term investments during the first quarter of 2012 compared to nil during the first quarter of 2011, partially offset by a reduction of $9.1 million over the same period for investment in an associate made in the first quarter of 2011.

4.3 Cash Used in Financing Activities

First Quarter 2012 versus First Quarter 2011

Cash used in financing activities increased by $11.1 million from $4.0 million during the first quarter of 2011 to $15.1 million during the first quarter of 2012, mainly due to the reduction of bank indebtedness of $11.4 million during the first quarter of 2012 compared to nil for the first quarter of 2011.

4.4 Liquidity and Capital Resource Measures

Accounts Receivables

The following table sets forth the Company's trade accounts receivable – net balance and days sales outstanding in trade accounts receivables (″DSO″) as at:

(in thousands of Canadian dollars)		**March 31, 2012**		December 31, 2011		Change
Average trade accounts receivables	**$**	**269,031**	$	236,275	$	32,757
DSO[a]		**78**		62		16

(a) DSO, a non-GAAP measure, is the average number of days that trade accounts receivables-net are outstanding based on a 90 day cycle. See section 9 – Reconciliation of non-GAAP measures for additional information with respect to DSO.

Average accounts receivables increased by $32.8 million from $236.3 million as at December 31, 2011 to $269.0 million as at March 31, 2012, primarily due to the timing of sales and collection of receivables in the first quarter of 2012 compared to the fourth quarter of 2011. DSO increased by 16 days from 62 during the fourth quarter of 2011 to 78 during the first quarter of 2012 as a result of the over 30 days trade accounts receivable percentage increasing by 5.6 points in the quarter combined with a decrease in revenue of $29.5 million for the first quarter of 2012 as compared to the fourth quarter of 2011.

Inventories

The following table sets forth the Company's inventories balance as at:

(in thousands of Canadian dollars)		**March 31, 2012**		December 31, 2011		Change
Inventories	**$**	**153,399**	$	146,786	$	6,613

Inventories increased by $6.6 million from $146.8 million as at December 31, 2011 to $153.4 million as at March 31, 2012, due to an increase of raw materials inventory of approximately $2.7 million, an increase of $2.3 million in work in process and an increase of $1.6 million in finished goods inventory, in anticipation of work to be completed in the second and third quarter of 2012.

Accounts Payable

The following table sets forth the Company's accounts payable balance and days of purchases outstanding in accounts payable and accrued liabilities (″DPO″) as at:

(in thousands of Canadian dollars)		**March 31, 2012**		December 31, 2011		Change
Average accounts payable and accrued liabilities	**$**	**159,115**	$	144,270	**$**	14,845
DPO[a]		**74**		62		

(a) DPO, a non-GAAP measure, is the number of days from when purchased goods and services are received until payment is made to the suppliers based on a 90 day cycle. The company's method of calculating this measure may differ from other entities and as a result may not necessarily be comparable to measures used by other entities. See section 9 – Reconciliation of non-GAAP measures, for additional information with respect to DPO.

Average accounts payable and accrued liabilities increased by $14.8 million, or 10%, from $144.3 million as at December 31, 2011, to $159.1 million as at March 31, 2012. DPO increased by 12 days in the first quarter of 2012 compared to the fourth quarter of 2011, driven by an increase in accounts payable and accrued liabilities and the timing of the purchases.

Loan Payable

The Company's Russian joint venture has a loan from OOO ArkhTekhnoProm in the amount of 600 million Russian roubles ($21.3 million at the then current exchange rate) payable on demand. The Company's portion of this loan that has been proportionately consolidated and included on the interim consolidated balance sheet as at March 31, 2012 – $5.3 million or 156 million Russian roubles at the current exchange rate (December 31, 2011 – $5.0 million or 156 million Russian roubles at the then current exchange rate). Interest is calculated on this loan at 9.625% per annum and is to be paid over the period of actual use. In the event that the Company's Russian joint venture fails to repay the outstanding loan within the time specified by the loan agreement, a penalty in the amount of 24% per annum will be assessed on the outstanding loan amount on a daily basis.

4.5 Commitments, Contingencies and Off Balance Sheet Arrangements

Legal Claims

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers, ex-employees and other third parties. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the consolidated financial position of the Company.

Performance, Bid and Surety Bonds

The Company provides standby letters of credit for performance, bid and surety bonds through financial intermediaries to various customers in support of project contracts for the successful execution of these contracts. If the Company fails to perform under the terms of the contract, the customer has the ability to draw upon all or a portion of the bond as compensation for the Company's failure to perform. The contracts which these performance bonds support generally have a term of one to three years, but could extend up to four years. Bid bonds typically have a term of less than one year and are renewed, if required, over the term of the applicable contract. If the Company is unwilling to issue performance and other types of bonds, it could have a materially adverse effect on the ability of the Company to generate revenue. Historically, the Company has not made and does not anticipate that it will be required to make material payments under these types of bonds.

The following table presents the Company's total credit facilities as at:

(in thousands of Canadian dollars)		**March 31, 2012**		December 31, 2011
Bank indebtedness		**833**		12,281
Standard letters of credit for performance, bid and surety bonds	$	**82,438**	$	61,555
Total utilized credit facilities		**83,271**		73,836
Total available credit facilities		**231,772**		236,168
Unutilized credit facilities[(a)]	$	**148,501**	$	162,332

(a) Excludes the banking facilities of the Company's 30% owned joint venture, Arabian Pipe Coating Company Ltd. ("APCO")

On June 22, 2011, the Company renewed its unsecured Bank Credit Facility for a period of four years, with terms and conditions similar to the prior agreement, except that the maximum borrowing limit was reduced from U.S.$190.0 million to U.S.$150.0 million, with an option to increase the credit limit to U.S.$200.0 million with the consent of lenders.

Debt Covenants

The Company has undertaken to maintain certain covenants in respect of the Unsecured Committed Bank Credit Facility. Specifically, the Company is required to maintain a Fixed Charge Coverage Ratio (Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") divided by interest expense) of more than 2.5 to 1 and a debt to total capitalization ratio of less than 0.40 to 1. The Company was in compliance with these covenants as at March 31, 2012 and December 31, 2011. These debt covenants are non-GAAP measures and do not have standardized meanings prescribed by IFRS and are not necessarily comparable to other similarly titled measures of other companies. Refer to section 9 – *Reconciliation of Non-GAAP Measures* for additional information with respect to Non-GAAP measures used by the Company.

4.6 Financial Risk Management

The Company's operations expose it to a variety of financial risks including: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. Risk management is the responsibility of Company management. Material risks are monitored and are regularly reported to the Board of Directors. Please refer to note 21 of the 2011 audited annual consolidated financial statements contained in the 2011 Annual Report for additional information with respect to the Company's financial risk management.

4.7 Outstanding Share Capital

As at April 30, 2012, the Company had 57,940,685 Class A Subordinate Voting shares outstanding and 12,784,335 Class B Multiple Voting shares outstanding. In addition, as at April 30, 2012, the Company had stock options outstanding to purchase up to 2,203,280 Class A Subordinate Voting shares.

4.8 Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the quarter ended March 31, 2012 that have materially affected or are reasonably likely to materially affect, the Company's internal control over financial reporting.

5.0 Critical Accounting Estimates and Accounting Policy Developments

5.1 Critical Accounting Estimates

The preparation of the unaudited interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the amounts of assets, liabilities and contingencies at the date of the financial statements, and the reported amounts of revenue and expenses during the period. These estimates and assumptions are made with management's best judgment given the information available at the time; however, actual results could differ from the estimates.

Critical estimates used in preparing the consolidated financial statements include:

Long-lived Assets and Goodwill

The Company evaluates the carrying values of the Cash Generating Units' ("CGU") goodwill on an annual basis on October 31 of each year to determine whether or not impairment of these assets has occurred and whether write downs of the value of these assets are required. Similarly, the Company evaluates the carrying value of CGUs for long-lived assets whenever circumstances arise that could indicate impairment, as well as at each reporting date. These impairment tests include certain assumptions regarding discount rates and future cash flows generated by these assets in determining the value-in-use and fair value less costs to sell calculations. Actual results could differ from these assumptions.

Future Benefit Obligations

The Company provides future benefits to its employees under a number of defined benefit arrangements. The calculation of the accrued benefit obligations recognized in the consolidated financial statements includes a number of assumptions regarding discount rates, long-term rates of return on pension plan assets, rates of employee compensation increases, rates of inflation, medical costs and life expectancies. The outcome of any of these factors could differ from the estimates used in the calculations and have an impact on operating expenses, non-current assets and non-current liabilities.

Provisions and Contingent Liabilities

Provisions and liabilities for legal and other contingent matters are recognized in the period when it becomes probable that there will be a future outflow of economic benefits resulting from past operations or events and the amount of the cash outflow can be reliably estimated. The timing of recognition and measurement of the provision requires the application of judgment to existing facts and circumstances, which can be subject to change. The carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances. The Company is required to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and then determine that the loss can reliably be estimated. When a loss is determined it is charged to the consolidated statement of income. The Company must continually monitor known and potential contingent matters and make appropriate provisions by charges to income when warranted by circumstances.

Decommissioning Liabilities

Decommissioning liabilities include legal and constructive obligations related to owned and leased facilities. These have been recorded in the consolidated financial statements based on estimated future amounts required to satisfy these obligations. The amount recognized is the present value of estimated future expenditures required to settle the obligation using a current pre-tax risk-free rate. A corresponding asset equal to the present value of the initial estimated liability is capitalized as part of the cost of the related long-lived asset. Changes in the estimated liability resulting from revisions to estimated timing or future decommissioning cost estimates are recognized as a change in the decommissioning liability and the related long-lived asset. The amount capitalized in property, plant and equipment is depreciated over the useful life of the related asset. Increases in the decommissioning liabilities resulting from the passage of time are recognized as a finance cost in the consolidated statement of income.

Actual expenditures incurred are charged against the accumulated decommissioning liability.

Financial Instruments

The Company has determined the estimated fair values of its financial instruments not traded in an active market based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates, mainly based on market conditions existing at the end of each reporting period. Accordingly, these estimated fair values are not necessarily indicative of the amounts the Company could realize in a current market exchange. The estimated fair value amounts can be materially affected by the use of different assumptions or methodologies.

Income Taxes

The recording of income tax expense includes certain estimations related to the impact in the current year of future events. Differences between the estimated and actual impact of these events could impact tax expense, current taxes payable or deferred taxes. In particular, earnings and losses in foreign jurisdictions may be taxed at rates different from those expected in Canada.

5.2 Accounting Standards Issued but not yet Applied

IAS 1 Presentation of Financial Statements

The IASB amended IAS 1, Financial Instruments, by revising how certain items are presented in other comprehensive income ("OCI"). Items within OCI that may be reclassified to profit and loss will be separated from items that will not. The standard is effective for financial years beginning on or after July 1, 2012 with early adoption permitted. The Company is in the process of reviewing the standard to determine the impact on the consolidated financial statements and has not yet determined whether it will adopt the standard early.

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments, was issued in November 2009 and addresses classification and measurement of financial assets and replaces the multiple category and measurement models in *IAS 39, Financial Instruments – Recognition and Measurement*, for debt instruments with a new mixed measurement model having only two categories: amortized cost and fair value through profit or loss.

IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in *IAS 39*, except that fair value changes due to credit risk for liabilities designated at fair value through profit or loss would generally be recorded in other comprehensive income (loss).

IFRS 9 is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 10 Consolidated Financial Statements

For annual periods beginning on January 1, 2013, *IFRS 10, Consolidated Financial Statements*, will replace portions of *IAS 27 Consolidated and Separate Financial Statements* and interpretation *SIC-12 Consolidation – Special Purpose Entities*. The new standard requires consolidated financial statements to include all controlled entities under a single control model. The Company will be considered to control an investee when it is exposed, or has rights to variable returns from its involvement with the investee, and has the current ability to affect those returns through its power over the investee. As required by this standard, control is reassessed as facts and circumstances change. All facts and circumstances must be considered to make a judgment about whether the Company controls another entity. Additional guidance is given on how to evaluate whether certain relationships give the Company the current ability to affect its returns, including how to consider options and convertible instruments, holding less than a majority of voting rights, how to consider protective rights and principal-agency relationships (including removal rights), all of which may differ from current practice.

IFRS 10 is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 11 Joint Arrangements

On January 1, 2013, ShawCor will be required to adopt *IFRS 11, Joint Arrangements*, which applies to accounting for interests in joint arrangements where there is joint control. The standard requires the joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement would no longer be the most significant factor when classifying the joint arrangement as either a joint operation or a joint venture. In addition, the option to account for joint ventures (previously called jointly controlled entities) using proportionate consolidation will be removed and replaced by equity accounting.

IFRS 11 is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 12 Disclosure of Interests in Other Entities

On January 1, 2013, ShawCor will be required to adopt IFRS 12, Disclosure of Interests in Other Entities, which includes disclosure requirements about subsidiaries, joint ventures and associates, as well as unconsolidated structured entities and replaces existing disclosure requirements. Due to this new standard, the Company will be required to disclose the following: judgments and assumptions made when deciding how to classify involvement with another entity, interests that non-controlling interests have in consolidated entities, and nature of the risks associated with interests in other entities.

IFRS 12 is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IFRS 13 Fair Value Measurement

On January 1, 2013, ShawCor will be required to adopt *IFRS 13*, *Fair Value Measurement*. The new standard will generally converge the IFRS and U.S. Generally Accepted Accounting Principles requirements on how to measure fair value and the related disclosures. *IFRS 13* establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS. Upon adoption, the Company will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the ‘exit price’ and concepts of ‘highest and best use’ and ‘valuation premise’ would be relevant only for non-financial assets and liabilities.

IFRS 13 is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

IAS 27 Separate Financial Statements

On January 1, 2013, ShawCor will be required to adopt *IAS 27*, *Separate Financial Statements*. As a result of the issue of the new consolidation suite of standards, *IAS 27* has been reissued to reflect the changes to the consolidation guidance recently included in *IFRS 10*.

In addition, *IAS 27* will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when the Company prepares separate financial statements. The Company has not yet assessed the impact of this new accounting standard.

IAS 28 Investments in Associates and Joint Ventures

On January 1, 2013, ShawCor will be required to adopt *IAS 28*, *Investments in Associates and Joint Ventures*. As a consequence of the issue of *IFRS 10*, *IFRS 11* and *IFRS 12*, *IAS 28* has been amended and will provide further accounting guidance for investments in associates and will set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. This standard will be applied by the Company when there is joint control or significant influence over an investee. Significant influence is the power to participate in the financial and operating policy decisions of the investee but does not include control or joint control of those policy decisions. When it has been determined that the Company has an interest in a joint venture, the Company will recognize an investment and will account for it using the equity method in accordance with *IAS 28*.

IAS 28 is required to be applied for accounting periods beginning on or after January 1, 2013, with earlier adoption permitted. The Company has not yet assessed the impact of the standard or determined whether it will adopt the standard early.

6.0 Outlook

The major contract awards that the Company announced in late 2011 and during the first quarter of 2012 position ShawCor for strong growth in revenue and profit in 2012 and 2013. The outlook for market activity in the Company's Pipeline segment by region and in the Petrochemical and Industrial segment is outlined below:

Pipeline Segment - North America

The Company's pipeline segment businesses are currently producing revenues that have improved by more than 50% from the recession impacted levels of activity experienced in 2009 and 2010. Further growth in North American well drilling and completions is not expected as any increase in oil-related activity will likely be offset by reduced dry gas drilling. The Company does, however, believe that it can continue to generate modest growth in revenue through increased market share. Two areas where we have good potential for such market share driven growth are drill pipe inspection and related services and at Flexpipe, the Company's spoolable composite pipe business unit. The continued trend to replace small diameter steel pipe with spoolable composite pipe provides the Company with the potential for further gains in market share and revenue growth in the North American composite pipe market. In the Company's North American pipe coating business, volumes will likely be consistent with 2011 in the Canadian operations while the USA should provide growth from the Beaumont, Texas location where the Brigden™ mobile facility is executing the $40 million Jack St. Malo project and where a mobile concrete coating plant is currently being set up to execute a project in the third quarter for a customer in South America.

Pipeline Segment - Latin America

In 2012, the Company expects that the Latin American region will provide ShawCor with significant revenue growth based on booked orders and strong bidding activity for projects in Mexico. In Brazil, the $20 million P55 Risers pipe coating project is in full production and will continue into the third quarter. In Mexico, increased volumes, based on booked and outstanding bids, should generate growth in revenues, particularly in the second half of 2012. Finally, in the first quarter of 2012, the Company was awarded a concrete weight coating project with a value now estimated to exceed $80 million that will be executed during the second half of 2012 through the mobilization of two mobile plants to La Brea Trinidad.

Pipeline Segment - EMAR

The Company continues to expect that revenue in the Europe, Middle East, Africa, Russia ("EMAR") region will decline modestly from the very strong levels of 2011 when the U.S. $93 million Total Laggan – Tormore project was executed at ShawCor's Leith, Scotland facility. The reduction in revenue from the Leith facility will, however, be partially offset by stronger activity at the Company's pipe coating plants in Orkanger, Norway and Ras Al Khaimah, UAE. Furthermore, more effective facility utilization coupled with higher gross margins on the work that has been contracted should generate profit levels that meet or exceed the prior year level despite the revenue decrease.

Pipeline Segment - Asia Pacific

The Company's Asia Pacific region has been the primary source for the influx of new contract awards that have taken the Company's order backlog to a record level at March 31, 2012. The total value of these awards exceeds $680 million, of which approximately half will be executed in the next 12 months and is thus included in the backlog. The Company's Asia Pacific region also currently has significant additional outstanding bids that would, if awarded to the Company, generate revenue in 2012 and 2013 and thus contribute to continuing the backlog growth. In the second quarter of 2012, Asia Pacific revenue will be largely unchanged from the first quarter but will begin to accelerate in the third quarter with the launch of the Wheatstone and Ichthys projects. By the fourth quarter, the Company's facilities in Malaysia and Indonesia are expected to be operating at record volume levels with resulting strong operating margins. This level of activity, based on the booked orders, will be sustained throughout 2013 and into 2014.

Petrochemical and Industrial Segment

The improved revenue and operating income generated by the Petrochemical and Industrial segment businesses in 2011 is expected to continue in 2012 based on the record backlog in hand for wire and cable products and the continued ramp up of production and sales in the segment's DSG Canusa facilities. The major risk to this outlook relates to the potential for economic deceleration in Europe and the impact this would have on the Company's automotive and industrial product shipments.

Order Backlog

The Company's order backlog consists of firm customer orders only and represents the revenue the Company expects to realize on booked orders over the succeeding twelve months. The Company reports the twelve month billable backlog because it provides a leading indicator of significant changes in consolidated revenue. As a result of new contract orders that the Company has received in 2011 and the first quarter of 2012, the order backlog has increased to a new record level of $672 million at March 31, 2012, up 23% from $548 million at Dec. 31, 2011 and more than double the level reported one year ago. The Company also continues to bid a substantial number of new projects with outstanding project bids currently exceeding $1.0 billion. This level of bid activity combined with the current backlog represents volume levels unprecedented in the Company's history and supports our outlook for improved performance in the quarters ahead.

7.0 Risks and Uncertainties

Operating in an international environment, servicing predominantly the oil and gas industry, ShawCor faces a number of business risks and uncertainties that could materially and adversely affect its projections, businesses, results of operations and financial condition. There were no material changes in the nature or magnitude of such business risks during the quarter. A more complete outline of the risks and uncertainties facing the Company is included in the annual MD&A contained in the Company's 2011 Annual Report.

8.0 Environmental Matters

While environmental related liabilities are considered immaterial to the Company's financial results, they are important to the Company from a social responsibility standpoint.

As at March 31, 2012, the provisions on the interim consolidated balance sheet related to environmental matters and included as decommissioning liability obligations were $23.6 million. The Company believes these provisions to be sufficient to fully satisfy all liabilities related to known environmental matters.

9.0 Reconciliation of Non-GAAP Measures

The Company evaluates its performance using a number of different measures that are not in accordance with GAAP and should not be considered as an alternative to net income or any other measure of performance under GAAP. Non-GAAP measures do not have standardized meanings prescribed by IFRS. The Company's method of calculating these measures may differ from other entities and as a result may not necessarily be comparable to measures used by other entities.

EBITDA

EBITDA is defined as earnings before interest, income taxes, depreciation and amortization, impairment of property, plant, equipment, goodwill and intangible assets, investment losses and gain on revaluation of investment. The Company believes that EBITDA is a useful supplemental measure that provides a meaningful indication of the Company's results from principal business activities prior to the consideration of how these activities are financed or the tax impacts in various jurisdictions. Refer to section 2.1 – Selected Annual Information of this report for a reconciliation of the Company's EBITDA to its net income (attributable to shareholders of the Company) in accordance with GAAP.

Days Sales Outstanding ("DSO")

DSO is defined as the number of days trade accounts receivable are outstanding based on a 90 day cycle and is calculated by dividing the average accounts receivable balance by revenue for the quarter, and multiplying by 90 days. DSO approximates the measure of the average number of days from when the Company recognizes revenue until the cash is collected from the customer. The following table sets forth the calculation for the Company's DSO as at:

(in thousands of Canadian dollars)	**March 31, 2012**	December 31, 2011
Revenue for the quarter	**$ 312,268**	$ 341,780
Average accounts receivables	**269,031**	236,275
DSO	**78**	62

Days Payables Outstanding ("DPO")

DPO is defined as the average number of days from when purchased goods and services are received until payment is made to the suppliers based on a 90-day cycle and is calculated by dividing the quarter end accounts payable and accrued liabilities balance by the cost of goods sold for the quarter and multiplying by 90 days.

The following table sets forth the calculation for the Company's DPO as at:

(in thousands of Canadian dollars)	**March 31, 2012**	December 31, 2011
Cost of goods sold for the quarter	**$ 193,774**	$ 210,449
Average accounts payable and accrued liabilities	**159,115**	144,270
DPO	**74**	62

Working Capital Ratio

Working capital ratio is defined as current assets divided by current liabilities. This metric provides management with an indication of the current liquidity available to the Company before considering long-term debt.

The following table sets forth the calculation for the Company's working capital ratio as at:

(in thousands of Canadian dollars)	**March 31, 2012**	December 31, 2011
Current assets	$ **996,683**	$ 530,607
Current liabilities	$ **420,311**	$ 248,759
Working capital ratio	**2.37**	2.13

Fixed Charge Coverage Ratio

Fixed Charge Coverage Ratio is defined as EBITDA divided by finance costs – net. The Company is required to maintain a fixed charge coverage ratio of more than 2.5 to 1 under the terms of its credit facilities.

The following table sets forth the calculation of the Company's fixed charge coverage ratio for the three-month period ended March 31, 2012:

(in thousands of Canadian dollars)	**March 31, 2012**
EBITDA	$ **42,568**
Finance costs – net	**413**
	103

The Company is in compliance with this debt covenant as at March 31, 2012.

Debt to Total Capitalization Ratio

Debt to total capitalization ratio is defined as the sum of the Company's long-term debt and long-term bonds divided by the sum of shareholders' equity, long-term debt and long-term bonds. The Company is required to maintain a debt to total capitalization ratio of no more than 0.40 to 1. The Company is in compliance with this debt covenant as at March 31, 2012.

10.0 Summary of Quarterly Results

The following is a summary of selected financial information for the nine most recently completed quarters:

(in thousands of Canadian dollars except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenue					
2012	**312,268**	–	–	–	–
2011	279,466	264,541	271,478	341,780	1,157,265
2010	224,572	234,546	282,959	292,086	1,034,163
Income (loss) from operations					
2012	**30,855**	–	–	–	–
2011	30,099	22,660	(60)	31,744	84,443
2010	18,547	18,944	42,718	39,622	119,831
Net income (loss)[(a)]					
2012	**23,274**	–	–	–	–
2011	20,485	15,703	(3,144)	23,042	56,086
2010	11,739	12,031	32,126	39,176	95,072
Income from operations per share (Classes A and B)					
Basic					
2012	**0.44**	–	–	–	–
2011	0.43	0.32	0.00	0.44	1.19
2010	0.26	0.27	0.61	0.55	1.70
Diluted					
2012	**0.43**	–	–	–	–
2011	0.42	0.32	0.00	0.44	1.18
2010	0.26	0.27	0.60	0.54	1.68
Net income (loss) per share (Classes A and B)					
Basic					
2012	**0.33**	–	–	–	–
2011	0.29	0.22	(0.04)	0.32	0.79
2010	0.17	0.17	0.46	0.55	1.35
Diluted					
2012	**0.33**	–	–	–	–
2011	0.29	0.21	(0.04)	0.32	0.78
2010	0.16	0.17	0.45	0.55	1.33

(a) Represents the net income attributable to shareholders of the Company.

The following are key factors affecting the comparability of quarterly financial results.

The Company's operations in the Pipeline and Pipe Services segment, representing approximately 88% of the Company's consolidated revenue, are largely project-based. The nature and timing of projects can result in variability in the Company's quarterly revenue and profitability. In addition, certain of the Company's operations are subject to a degree of seasonality, particularly in the Pipeline and Pipe Services market segment. The comparability of the quarterly information disclosed above is also impacted by movements in exchange rates as the majority of the Company's revenue is transacted in currencies other than Canadian dollars, primarily U.S. dollars. Changes in the rates of exchange between the Canadian dollar and other currencies could have a significant effect on the amount of this revenue when it is translated into Canadian dollars.

11.0 Forward-Looking Information

This document includes certain statements that reflect management's expectations and objectives for the Company's future performance, opportunities and growth, which statements constitute forward looking information under applicable securities laws. Such statements, other than statements of historical fact, are predictive in nature or depend on future events or conditions. Forward looking information involves estimates, assumptions, judgments and uncertainties. These statements may be identified by the use of forward looking terminology such as "may", "will", "should", "anticipate", "expect", "believe","predict", "estimate", "continue", "intend", "plan" and variations of these words or other similar expressions. Specifically, this document includes forward looking information in respect of, among other things, the impact of the existing order backlog on the Company's revenue, the impact of global economic activity on the demand for the Company's products as well as the prices of commodities used by the Company, the impact of changing energy demand, supply and prices, the impact and likelihood of changes in competitive conditions in the markets in which the Company participates, the impact of changing laws for environmental compliance on the Company's capital and operating costs, and the adequacy of the Company's existing accruals in respect thereof, the Company's relationships with its employees, the continued establishment of international operations, the effect of continued development in emerging economies, as well as the Company's plans as they relate to research and development activities and the maintenance of its current dividend policies, the outlook for revenue and operating income and the expected development in the Company's order backlog.

Forward looking information involves known and unknown risks and uncertainties that could cause actual results to differ materially from those predicted by the forward looking information. We caution readers not to place undue reliance on forward looking information as a number of factors could cause actual events, results and prospects to differ materially from those expressed in or implied by the forward looking information. Significant risks facing the Company include, but are not limited to: changes in global or regional economic activity and changes in energy supply and demand, which impact on the level of drilling activity and pipeline construction; exposure to product and other liability claims; shortages of or significant increases in the prices of raw materials used by the Company; compliance with environmental, trade and other laws; political, economic and other risks arising from the Company's international operations; fluctuations in foreign exchange rates, as well as other risks and uncertainties, as more fully described under the heading "Risks and Uncertainties" in the Company's annual MD&A.

These statements of forward looking information are based on assumptions, estimates and analysis made by management in light of its experience and perception of trends, current conditions and expected developments as well as other factors believed to be reasonable and relevant in the circumstances. These assumptions include those in respect of continued global economic recovery, increased investment in global energy infrastructure as a result of stabilization of capital markets and increasing oil prices, the Company's ability to execute projects under contract, the continued supply of and stable pricing for commodities used by the Company, the availability of personnel resources sufficient for the Company to operate its businesses and the maintenance of operations in major oil and gas producing regions. The Company believes that the expectations reflected in the forward looking information are based on reasonable assumptions in light of currently available information. However, should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward looking information included in this document and the Company can give no assurance that such expectations will be achieved.

When considering the forward looking information in making decisions with respect to the Company, readers should carefully consider the foregoing factors and other uncertainties and potential events. The Company does not assume the obligation to revise or update forward looking information after the date of this document or to revise it to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

ShawCor will be hosting a Shareholder and Analyst Conference Call and Webcast on Wednesday May 9th, at 10:00 AM EDT, which will discuss the company's first quarter financial results.

Other information relating to the Company, including its Annual Information Form is available on SEDAR at www.sedar.com.

Please visit our website at www.shawcor.com for further details.

For further information, please contact:

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