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 and nine months ended September 30, 2011 and 2010 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 2010 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. For all periods up to and including the year ended December 31, 2010, we prepared our Consolidated Financial Statements in accordance with Canadian generally accepted accounting principles ("CGAAP"). In accordance with the standard related to the first time adoption of IFRS, our transition date to IFRS was January 1, 2010 and therefore the comparative information for 2010 has been prepared in accordance with our IFRS accounting policies. The financial information for years prior to 2010 contained within this MD&A has been prepared following CGAAP and, as allowed by the standard related to the first time adoption of IFRS ("IFRS 1"), has not been re-presented on an IFRS basis. Certain amounts in prior years have been reclassified to conform to the current year's IFRS presentation format

1. 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, manufacturing and sales of spoolable composite pipe, onshore and offshore pipeline corrosion and thermal protection, state-of-the-art ultrasonic and radiographic inspection services, tubular management services, manufacturing of heat-shrinkable polymer tubing, and the manufacturing of control and instrumentation wire and cables.

The Company and its predecessors have designed, engineered, marketed and sold their 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 market 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 highly cyclical.

As at September 30, 2011, the Company operated its seven divisions through two reportable operating segments: Pipeline & Pipe Services; and Petrochemical & 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 each of the three and nine month periods ended September 30, 2011. This segment includes the Bredero Shaw, Canusa–CPS, Shaw Pipeline Services, Flexpipe Systems and Guardian divisions.

- Bredero Shaw's service offerings include specialized internal anticorrosion and flow efficiency pipe coating systems, insulation coating systems and weight coating systems for onshore and offshore pipelines.

- Canusa-CPS manufactures heat-shrinkable sleeves, adhesives, sealants and liquid coatings and also provides custom coating and field joint application services 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 each of the three and nine month periods ended September 30, 2011. Operations within this segment utilize polymer and adhesive technology that was developed for the Pipeline and Pipe Services segment and is 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. Financial Highlights

2.1 Selected Third Quarter and Year to Date Financial Information

The following sets forth the Company's financial highlights for the periods indicated:

	Three Months ended September 30,		Nine Months ended September 30,	
	2011	2010	**2011**	2010
Revenue	**$ 271,478**	$ 282,959	**$ 815,485**	$ 742,077
Cost of goods sold	**179,974**	167,141	**524,281**	447,348
Gross profit	**91,504**	115,818	**291,204**	294,729
Selling, general and administrative expenses	**69,829**	61,663	**191,498**	172,800
Research and development expenses	**2,617**	2,982	**9,225**	8,262
Foreign exchange losses (gains)	**6,510**	(4,510)	**795**	(3,850)
EBITDA[(a)]	**12,548**	55,683	**89,686**	117,517
Amortization of property, plant and equipment	**10,766**	11,867	**31,553**	34,020
Amortization of intangible assets	**1,842**	1,098	**5,438**	3,288
(Loss) income from operations	**(60)**	42,718	**52,695**	80,209
Investment loss on long-term investment	**(3,114)**	–	**(8,132)**	–
Interest expense – net	**(1,140)**	(404)	**(3,353)**	(2,249)
(Loss) income before income taxes	**(4,314)**	42,314	**41,210**	77,960
Income taxes	**(1,170)**	10,188	**8,166**	22,064
Net (loss) income for the period	**$ (3,144)**	$ 32,126	**$ 33,044**	$ 55,896

(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. Refer to section 10 - Reconciliation of non-GAAP measures for additional information with respect to non-GAAP measures used by the Company.

Revenue

Consolidated revenue decreased by $11.5 million, or 4%, from $283.0 million during the third quarter of 2010 to $271.5 million during the third quarter of 2011, primarily due to a decrease of $13.1 million in the Pipeline and Pipe Services segment, driven by lower revenue in Latin America and Asia Pacific, and was partially offset by growth in North America and the Europe, Middle East, Russia ("EMAR") regions.

Consolidated revenue increased by $73.4 million, or 10%, from $742.1 million during the nine months ended September 30, 2010 to $815.5 million during the nine months ended September 30, 2011, driven by higher revenue in both the Pipeline and Pipe Services segment and the Petrochemical and Industrial segment, mainly because of significant growth in the North America and EMAR regions, and was partially offset by lower revenue in Asia Pacific and Latin America. See section 3.3 – Segment Information for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment and Petrochemical and Industrial segment.

Income (loss) from operations

Loss from operations was $0.1 million during the third quarter of 2011, compared to income from operations of $42.7 million during the third quarter of 2010. The decrease was mainly driven by a decrease in gross profit margin of 7.2 points, lower revenue as explained above, an increase in the allowance for doubtful accounts of $9.6 million as explained below, and foreign exchange losses of $6.5 million in 2011 compared to a gain of $4.5 million in 2010. During the third quarter, the Company recorded an increase of $9.6 million in the allowance for doubtful accounts due to a contract dispute with a customer. This matter relates to work that was contracted at the Company's Brazil subsidiary prior to ShawCor's acquisition of 100% of the entity on October 5, 2010. The matter is subject to negotiations which are underway with the client and the Company will continue to aggressively pursue all avenues to recover the amounts owed.

Income from operations decreased by $27.5 million, or 34%, from $80.2 million during the nine months ended September 30, 2010 to $52.7 million during the nine months ended September 30, 2011, driven primarily by lower gross profit of $3.5 million from the drop in gross profit margin of 4.0 points, and was partially offset by the increased revenue as explained above and a foreign exchange loss of $0.8 million in 2011 compared to foreign exchange gains of $3.9 million in 2010. In 2011, selling, general and administrative expenses were higher by $18.7 million due to the inclusion of the new CSI acquisition and the additional 50% of the Brazil joint venture acquired in the fourth quarter of 2010, combined with an increase in salaries and associated benefits, an increase in the allowance for doubtful accounts as described above, and higher research and development costs.

Net income (loss)

A net loss of $3.1 million was recorded in the third quarter of 2011, compared to a net income of $32.1 million in the third quarter of 2010. The decrease was primarily driven by the lower operating income of $42.8 million as discussed above, the loss on long term investment of $3.1 million, and was partially offset by lower taxes of $11.4 million.

Net income for the nine months ended September 30, 2011 decreased $22.9 million or 41% from $55.9 million for the nine months ended September 30, 2010 to $33.0 million for the nine months ended September 30, 2011. The decrease was primarily driven by the lower operating income of $27.5 million as discussed above and by the loss on long term investment of $8.1 million, and was partially offset by lower income taxes of $13.9 million.

2.2 Foreign Exchange Impact

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

	Three Months ended September 30,		**Nine Months ended September 30,**	
	2011	2010	**2011**	2010
U.S. dollar	**0.9854**	1.0439	**0.9833**	1.0409
Euro	**1.3925**	1.3353	**1.3757**	1.3781
British Pounds	**1.5818**	1.6004	**1.5800**	1.6003

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.

	3 months ended September 2011 versus 3 months ended June 30, 2011	**3 months ended September 30, 2011 versus 3 months ended September 30, 2010**	**9 months ended September 30, 2011 versus 9 months ended September 30, 2010**
Revenue	$ 2,714	(6,540)	(22,644)
Income from operations	385	(851)	(4,615)
Net income	232	(440)	(3,510)

3.0. Results from Operations

3.1 Business Developments for the Period

Acquisition of CSI

On April 6, 2011, the Company acquired certain of the coating assets and business of Altus Energy Services Partnership, Altus Energy Services Ltd. and Nusco Northern Manufacturing Ltd.for $12.8 million. The assets purchased constitute a business as defined by IFRS 3R, *Business Combinations*. The coating business, formerly known as CSI, and now known as ShawCor CSI ("CSI") provides shop applied coatings at its modern facility in Nisku, Alberta and provides field coating services throughout Western Canada.

CSI specializes in the internal and external coating of bends, fittings, elbows and short spools of pipe including the internal corrosion coating of long straight lengths of pipe. The acquisition of the CSI assets will allow the Bredero Shaw division to supply a broad range of internal and external custom coating solutions that are complementary to its current range of anticorrosion, flow efficiency and insulation coatings for oil and gas gathering and transmission lines. This acquisition will also allow Bredero Shaw to provide a full range of custom coating solutions for the oil sands and for pipeline rehabilitation applications.

Investment in Socotherm S.p.A.

On May 18, 2010, the Company announced that the Board of Directors of Socotherm S.p.A. ("Socotherm") had accepted an offer from an investor group consisting of the Company and two private equity firms, 4D Global Energy Advisors of Paris, France and Sophia Capital of Buenos Aires, Argentina (the "Investor Group") whereby the Investor Group would complete a share capital investment in Socotherm of €50 million attaining a 95% ownership interest in Socotherm. The Investor Group has also entered into an undertaking to invest a further €25 million in Socotherm, if necessary, to discharge potential liabilities that arise subsequent to the completion of Socotherm's court supervised restructuring. The Company's interest in the Investor Group is 40%.

On July 2, 2010, the Investor Group established a new entity, Fineglade Limited (Ireland) ["Fineglade"] to hold the proposed investment in Socotherm. Also on this date, the Investor Group capitalized Fineglade with €50 million and Fineglade transferred this amount into an escrow account, such funds to be released to Socotherm upon court approval of the share capital investment. The Company's investment in Fineglade was €20 million (CDN$25.7 million). 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. Furthermore, on August 17, 2010, the Company made an incremental investment in Fineglade of €4 million (CDN$5.2 million) as its pro rata share of a secured bridge loan provided by Fineglade to Socotherm.

On October 29, 2010, the Court of Vicenza issued a Homologation Decree that approved the share capital investment and the agreement between the Investor Group and Socotherm was subsequently completed.

During the nine months ended September 30, 2011, the Company invested an additional U.S.$10.7 million ($10.5 million at then current exchange rates) in Fineglade as its pro rata share of a potential future capital increase by Fineglade in Socotherm and incurred an investment loss on its investment in Fineglade in the amount of $8.1 million.

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 3-month LIBOR rate + 2.0%.

3.2 Consolidated Information

Revenue

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

		Three months ended			Nine Months ended	
		September 30, 2011	June 30, 2011	September 30, 2010	**September 30, 2011**	September 30, 2010
Pipeline and Pipe Services	$	**240,360**	230,624	253,447	**715,292**	652,377
Petrochemical and Industrial		**32,468**	35,787	28,921	**101,543**	89,905
Elimination		**(1,350)**	(1,870)	591	**(1,350)**	(205)
	$	**271,478**	264,541	282,959	**815,485**	742,077

Third Quarter 2011 versus Third Quarter 2010

Consolidated revenue decreased by $11.5 million, or 4%, from $283.0 million during the third quarter of 2010 to $271.5 million during the third quarter of 2011, primarily due to a decrease of $13.0 million in the Pipeline and Pipe Services segment, and was partially offset by higher revenue of $3.5 million in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment was lower in the third quarter of 2011 than in the third quarter of 2010, mainly because of reduced activity in Asia Pacific and Latin America, and was partially offset by higher revenue in North America and EMAR. See section 3.3 – Segment Information for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Third Quarter 2011 versus Second Quarter 2011

Consolidated revenue increased by $6.9 million, or 3%, from $264.5 million during the second quarter of 2011 to $274.5 million during the third quarter of 2011, mainly due to an increase of $9.7 million in the Pipeline and Pipe Services segment, and was partially offset by a decrease of $3.3 million in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment was $9.7 million higher during the third quarter of 2011 than during the second quarter of 2011, because of higher revenue in North America, EMAR and Latin America, and was partially offset by lower revenue in Asia Pacific. See section 3.3 – Segment Information for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment decreased $3.3 million during the third quarter of 2011 compared to the second quarter of 2011, due to lower revenue in all regions. See section 3.3 – Segment Information for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

Consolidated revenue increased by $73.4 million, or 10%, from $742.1 million for the nine month period ended September 30, 2010, to $815.5 million for the nine month period ended September 30, 2011, mainly due to strong growth in both the Pipeline and Pipe Services segment ($62.9 million) and the Petrochemical and Industrial segment ($11.6 million).

Revenue for the Pipeline and Pipe Services segment was $62.9 million higher during the nine month period ended September 30, 2011 than in the nine month period ended September 30, 2010 due to higher revenue in North America and EMAR of $90.8 million and $43.2 million, respectively, and was partially offset by lower revenue in Asia Pacific ($50.4 million) and Latin America ($18.7 million). See section 3.3 – Segment Information for additional information with respect to the change in revenue in the Pipeline and Pipe Services segment. Revenue for the Petrochemical and Industrial segment grew due to strong growth in all regions. See section 3.3 – Segment Information 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:

		Three months ended			Nine Months ended	
		September 30, 2011	June 30, 2011	September 30, 2010	**September 30, 2011**	September 30, 2010
Operating Income (Loss)	**$**	**(60)**	22,660	42,718	**52,695**	80,209
Operating Margin[(a)]		**0.0%**	8.6%	15.1%	**6.5%**	10.8%

(a) Operating margin is defined as operating income divided by revenue.

Third Quarter 2011 versus Third Quarter 2010

Operating Income decreased by $42.8 million, from $42.7 million during the third quarter of 2010 to an operating loss of $0.1 million during the third quarter of 2011, mainly due to lower gross profit of $24.3 million from the decrease in gross profit margin of 7.2 points, an increase in the allowance for doubtful accounts of $9.6 million as explained in section 2.1, and a net foreign exchange loss of $6.5 million in 2011 compared to a gain of $4.5 million in 2010.

Third Quarter 2011 versus Second Quarter 2011

Operating Income decreased by $22.7 million, from $22.7 million during the second quarter of 2011 to an operating loss of $0.1 million during the third quarter of 2011, mainly due to a decrease in gross profit of $3.1 million driven by a lower gross profit margin of 2.1 points, and was partially offset by higher revenue as explained above, an increase in the allowance for doubtful accounts of $9.6 million as explained in section 2.1, and a foreign exchange loss of $6.5 million in the third quarter of 2011 compared to a foreign exchange gain of $4.4 million during the second quarter of 2011.

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

Operating Income decreased by $27.5 million, or 34.3%, from $80.2 million during the nine months ended September 30, 2010 to $52.7 million during the nine months ended September 30, 2011. This was driven by a lower gross profit of $3.5 million, due to a lower gross profit margin of 4.0 points, and was partially offset by the increase in revenue as explained above and a foreign exchange loss of $0.8 million in 2011 as compared to a gain of $3.9 million in 2010. In 2011, selling, general and administrative expenses were higher by $18.7 million driven primarily by the inclusion of the new CSI acquisition and the additional 50% of the Brazil joint venture, an increase in salaries and associated benefits, the increase in allowance for doubtful accounts as explained in section 2.1, combined with increased research and development expenses of $1.0 million.

Interest expense – net

The following table sets forth the components of interest expense - net for the following periods:

	Three months ended			Nine Months ended	
	September 30, 2011	June 30, 2011	September 30, 2010	**September 30, 2011**	September 30, 2010
Interest income on short-term deposits	**$ (229)**	$ (306)	$ (410)	**$ (731)**	$ (949)
Interest expense, other	**1,384**	1,168	425	**3,417**	1,303
Interest expense on long-term debt	**(15)**	338	389	**667**	1,895
Interest expense – net	**$ 1,140**	$ 1,200	$ 404	**$ 3,353**	$ 2,249

Third Quarter 2011 versus Third Quarter 2010

The interest expense – net balance increased by $0.7 million, or 182%, from $0.4 million during the third quarter of 2010 to $1.1 million during the third quarter of 2011, mainly due to higher accretion expense on certain non-current liabilities and lower interest income partially offset by lower interest expense from the repayment of long-term debt.

Third Quarter 2011 versus Second Quarter 2011

The interest expense – net balance decreased by $0.1 million, or 5%, from $1.2 million during the second quarter of 2011 to $1.1 million during the third quarter of 2011, with the higher accretion expense on certain non-current liabilities offset by lower interest expense from the repayment of long-term debt.

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

The interest expense – net balance increased by $1.1 million, or 49%, from $2.2 million during the nine months ended September 30, 2010 to $3.4 million during the nine months ended September 30, 2011, mainly due to higher accretion expense on certain non-current liabilities, and was partially offset by a decrease in the interest expense on long-term debt of $1.2 million.

Income taxes

Third Quarter 2011 versus Third Quarter 2010

The Company recorded an income tax recovery of $1.2 million (27% of loss before income taxes) in the third quarter of 2011, compared to income tax expense of $10.1 million (24.1% of income before income taxes) in the third quarter of 2010. The effective income tax recovery rate in the third quarter of 2011 was higher than the Company's effective income tax rate in the third quarter of 2010 due to the fact that the loss before tax in the third quarter of 2011 was a relatively small number which amplified the impact of routine permanent differences.

Third Quarter 2011 versus Second Quarter 2011

The Company recorded an income tax recovery of $1.2 million (27.0% of loss before income taxes) in the third quarter of 2011, compared to income tax expense of $2.2 million (12.2% of income before income taxes) in the second quarter of 2011. The effective income tax recovery rate in the third quarter was higher than the Company's effective income tax rate of 12.2% in the second quarter primarily due to the recognition of previously unrecognized deferred tax assets in the second quarter of 2011 as a result of reorganizing the corporate structure in certain foreign jurisdictions.

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

For the first nine months of 2011, the Company recorded an income tax expense of $8.2 million (19.8% of income before income taxes), compared to the nine months ended September 30, 2010 where the Company recorded an income tax expense of $22.1 million (28.3% of income before income taxes). The effective income tax rate was lower in 2011 than 2010 primarily due the recognition of previously unrecognized deferred tax assets in the second quarter of 2011 as a result of reorganizing the corporate structure in certain foreign jurisdictions.

.

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:

	Three months ended			Nine Months ended	
	September 30, 2011	June 30, 2011	September 30, 2010	**September 30, 2011**	September 30, 2010
North America	**$ 145,852**	$ 127,564	$ 113,590	**$ 386,445**	$ 295,653
Latin America	**9,635**	6,942	19,730	**20,051**	38,753
EMAR	**49,378**	43,384	39,204	**160,950**	119,710
Asia Pacific	**35,495**	52,734	80,923	**147,846**	198,261
Total Revenue	**$ 240,360**	$ 230,624	$ 253,447	**$ 715,292**	$ 652,377
Operating Income	**$ 9,183**	$ 18,435	$ 44,549	**$ 62,278**	$ 91,719
Operating Margin	**3.8%**	8.0%	17.6%	**8.7%**	14.1%

Third Quarter 2011 versus Third Quarter 2010

Revenue in the third quarter of 2011 was $240.4 million, a decrease of $13.1 million, or 5%, over the third quarter of 2010. The major factors were the significant improvements in North America and EMAR offset by reductions in activity in the Asia Pacific and Latin America regions and the unfavourable impact of foreign exchange fluctuations on the translation of foreign currency operations (See section 2.2 – Foreign Exchange Impact):

- In North America, revenue increased by $32.3 million, or 28%, due to continuation of very strong sales of flexible composite pipe and fittings in both Canada and the US, increases in small diameter pipe coating volumes and additional revenue from the new CSI acquisition. This was partially offset by lower pipe weld inspection volumes due to reduced large diameter pipeline construction activity in the USA.

- Revenue in Latin America decreased $10.1 million as a result of a very low level of concrete weight coating ("CWC") activity in Mexico and reduced activity in Brazil due to the delay in the start up of the P-55 Risers project in Brazil to the fourth quarter.

- EMAR revenue increased by $10.2 million, or 26%, due to higher revenue in the third quarter of 2011 from the restart of the Total Laggan 30" pipe coating project in Leith, Scotland, as well as increased project activity in Orkanger, Norway. This was partially offset by lower revenue from pipe weld inspection services as a result of several client lay vessels being docked for maintenance.

- In Asia Pacific, revenue decreased $45.4 million, or 56.1%, mainly due to reduced major project activity compared with the prior year when the PNG LNG onshore and offshore pipeline projects, and EPIC QSN project in Australia had been in full production.

Operating Income in the third quarter of 2011 was $9.2 million compared to $44.5 million in the third quarter of 2010, a decrease of $35.4 million, or 79%. The decrease was due to a 13.8 percentage point reduction in operating margin driven by project mix of some higher margin projects last year, combined with lower overhead absorption in Latin America, and the Asia Pacific facilities in Kabil and Kuantan. Also impacting operating income were higher yard maintenance costs at Leith, Scotland and Camrose, Canada and mobilization costs for the Jack St Malo project at the new Brigden facility in Texas. Finally, selling, general and administration costs have increased by $8.1 million as a result of an increase of $9.6 million to the allowance for doubtful accounts as explained in section 2.1.

Third Quarter 2011 versus Second Quarter 2011

Revenue in the third quarter of 2011 increased by $9.7 million, or 4%, from $230.6 million in the second quarter of 2011, to $240.4 million in the third quarter of 2011. Major contributors to the revenue increase were the improvement in the North America and EMAR regions, and was partially offset by softness in the Asia Pacific region:

- In North America, revenue increased by $18.3 million, or 14%, mainly due to increased deliveries of composite flexible pipe and fittings in Western Canada after a weather impacted second quarter and increased small diameter pipe coating activity, both in Canada and the US. Revenue was also higher due to the CSI acquisition completed at the beginning of the second quarter.

- In Latin America, revenue was higher by $2.7 million during the third quarter of 2011 due to the restart of CWC work in Coatzacoalcos Mexico and higher production at the Monterey facility compared to the second quarter of 2011.

- In EMAR, revenue increased by $6.0 million, or 14%, primarily due to the resumption of the production schedule for the 30” pipe portion of the Total Laggan project at the Leith, Scotland facility. This was partially offset by lower volumes in the Middle East and Orkanger due to the completion of the Shell Manjnoon and Goliat projects early in the third quarter and lower Saudi Aramco activity.

- In Asia Pacific, revenue decreased by $17.2 million, or 33%, in the third quarter of 2011, as the Company completed production on the Gazprom Kirinskoe project at the end of the second quarter and produced lower revenues from the PNG LNG pipeline project in the third quarter from Kuantan, Malaysia, as compared to the second quarter.

Operating Income in the third quarter of 2011 decreased by $9.3 million, or 50%, from $18.4 million in the second quarter of 2011 to $9.2 million in the third quarter of 2011. The decrease was due to a decrease in operating margins of 4.2 percentage points, partly offset by an increase in revenue as explained above. The operating margins were negatively impacted by lower overhead absorption in the Asia Pacific facilities in Kabil and Kuantan, delayed pipe deliveries in the Middle East and the $9.6 million increase in the allowance for doubtful accounts as explained in section 2.1.

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

Revenue in the Pipeline and Pipe Services segment for the nine months ended September 30, 2011 was $715.3 million, an increase of $62.9 million, or 10%, from the comparable period of 2010. Major contributors to the revenue increase were increased volumes in North America and the EMAR regions, and was partially offset by lower activity in the Asia Pacific and the Latin America regions and the unfavorable impact of foreign exchange fluctuations on the translation of foreign currency operations (See section 2.2 – Foreign Exchange Impact):

- In North America, revenue increased by $90.8 million, or 31%, mainly due to increased oil and gas activity in both the US and Canada, which significantly improved volumes of composite flexible pipe and fittings and small diameter pipe coating. Additional revenue from the CSI acquisition also favourably impacted revenues in 2011.

- In Latin America, revenue was down $18.7 million, or 48% due to the delay on the P55 Risers project, with resulting limited coating activities in Brazil and lower project activity in Mexico due to delays in Pemex investment approvals for a number of pipeline projects. Further, Trinidad had no activity in 2011 compared to $3.1 million in 2010.

- In EMAR, revenue increased by $41.2 million, or 35%, primarily driven by higher revenue in 2011 at the Leith, Scotland facility from the Total Laggan, Breagh and Statoil P12 projects, and was partially offset by lower activity at Orkanger.

- In Asia Pacific, revenue decreased by $50.4 million, or 25%, due to lower project activity in Kuantan, Kabil and Australia.

Operating Income in the Pipeline and Pipe Services segment for the nine months ended September 30, 2011 was $62.3 million, a decrease of $29.4 million or 32% compared to the comparable period of 2010. The decrease was due to a 5.4 percentage point reduction in operating margin driven by lower overhead absorption in Latin America and Asia Pacific due to lower volumes, and higher yard maintenance costs at Leith, Scotland and Camrose, Canada. Additionally, the Company has recorded a $9.6 million increase in the allowance for doubtful accounts as explained in section 2.1.

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:

	Three months ended			Nine Months ended	
	September 30, 2011	June 30, 2011	September 30, 2010	**September 30, 2011**	September 30, 2010
North America	**$ 18,823**	$ 20,738	$ 16,819	**$ 57,295**	$ 50,774
EMAR	**13,020**	14,020	11,575	**41,857**	37,962
Asia Pacific	**625**	1,029	527	**2,391**	1,169
Total Revenue	**$ 32,468**	$ 35,787	$ 28,921	**$ 101,543**	$ 89,905
Operating Income	**$ 3,544**	$ 4,471	$ 2,930	**$ 11,540**	$ 10,008
Operating Margin	**10.9%**	12.5%	10.1%	**11.4%**	11.1%

Third Quarter 2011 versus Third Quarter 2010

In the third quarter, revenue increased by $3.5 million, or 12%, to $32.5 million compared to the third quarter of 2010 due to higher copper prices that increased revenue in the wire and cable business combined with increased heat shrinkable product shipments in the EMAR, Asia Pacific and North America regions.

Operating Income in the third quarter of 2011 was up $0.6 million to $3.5 million, or 21%, compared to $2.9 million in the third quarter of 2010. The increase was primarily due to the higher revenue as explained above.

Third Quarter 2011 versus Second Quarter 2011

Revenue in the third quarter of 2011 totaled $32.5 million compared to $35.8 million in the second quarter of 2011, a decrease of $3.3 million, or 9%. The decrease was attributable to lower copper prices that reduced revenue in the wire and cable business as well as overall softer demand in the North America and EMAR automotive markets.

Operating Income in the third quarter of 2011 was $3.5 million compared to $4.5 million in the second quarter of 2011. The operating margin was lower by 1.6 percentage points due to lower gross profit and lower overhead absorption on decreased revenue.

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

Revenue in the Petrochemical and Industrial segment increased by $11.6 million, or 13%, from $89.9 million for the nine month period ended September 30, 2010, to $101.5 million for the nine month period ended September 30, 2011, mainly due to increased shipments to the industrial and automotive markets in North America, EMAR and Asia Pacific, combined with higher copper prices and increased wire and cable project activity in the nuclear and oil sands markets.

Operating income in the Petrochemical and Industrial segment for the nine months ended September 30, 2011 was $11.5 million, an increase of $1.5 million, or 15%, over the same period in the prior year primarily due to higher operating margin of 0.3% on increased revenue as explained above, partly offset by higher selling, general and administration expenses of $1.1 million.

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 GAAP.

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

	Three months ended			Nine Months ended	
	September 30, 2011	June 30, 2011	September 30, 2010	**September 30, 2011**	September 30, 2010
Loss from operations	**$ (6,277)**	$ (4,613)	$ (9,269)	**$ (20,328)**	$ (25,368)

Third Quarter 2011 versus Third Quarter 2010

Financial and corporate costs decreased by $3.0 million from $9.3 million during the third quarter of 2010 to $6.3 million during the third quarter of 2011 due to lower management incentive compensation expenses, pension costs and lower professional fees related to corporate development.

Third Quarter 2011 versus Second Quarter 2011

Financial and corporate costs increased by $1.7 million from the second quarter of 2011, primarily due to higher capital taxes and professional fees related to product development.

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

Financial and corporate costs decreased by $5.0 million for the nine months ended September 30, 2011 as compared to the corresponding period of 2010, primarily due to lower management incentive compensation and lower professional fees related to corporate development.

4. Liquidity and Capitalization

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	**2011**	2010
Net (loss) income for the period	**$ (3,144)**	$ 32,126	**$ 33,044**	$ 55,896
Non-cash items	**13,043**	7,098	**55,511**	37,059
Settlement of decommissioning liabilities	**(284)**	1,649	**(284)**	(725)
Settlement of provisions	**1,285**	(955)	**(1,839)**	(2,882)
Change in employee future benefits	**–**	829	**–**	1,335
Change in non-cash working capital and foreign exchange	**(11,712)**	(22,304)	**(62,952)**	(65,748)
Cash provided by (used in) operating activities	**(812)**	18,443	**23,480**	24,935
Cash used in investing activities	**(23,512)**	(42,894)	**(68,610)**	(61,309)
Cash used in financing activities	**(12,217)**	(4,991)	**(46,953)**	(40,342)
Foreign exchange gain (loss) on foreign cash and cash equivalents	**5,862**	(607)	**3,319**	(1,572)
Net change in cash and cash equivalents	**(30,679)**	(30,049)	**(88,764)**	(78,288)
Cash and cash equivalents at beginning of period	**97,913**	201,749	**155,998**	249,988
Cash and cash equivalents at end of period	**$ 67,234**	$ 171,700	**$ 67,234**	$ 171,700

4.1 Cash provided by (used in) operating activities

Third Quarter 2011 versus Third Quarter 2010

Cash provided by operating activities decreased by $19.3 million from a surplus of $18.4 million for the third quarter of 2010 to a deficit of $0.8 million for the third quarter of 2011. The decrease of $19.3 million was primarily due to a reduction in net income for the period of $35.3 million, and was partially offset by an increase in non cash items of $7.8 million, movement in provisions of $2.2 million and a reduction in non-cash working capital and foreign exchange of $10.5 million. Net income decreased mainly due to lower revenue and Operating Income as discussed in section 3.2 - Consolidated Information. Non-cash items increased mainly as a result of a lower deferred tax recovery of $3.5 million, an investment loss on long term investment of $3.1 million and a loss on derivative financial instruments of $1.9 million in the third quarter of 2011 compared to a gain of $1.0 million in the third quarter of 2010.

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

Cash provided by operating activities decreased by $1.5 million from $24.9 million for the nine month period ended September 30, 2010 to $23.5 million for the nine month period ended September 30, 2011. The reduction of $1.5 million was primarily attributable to lower net income of $22.9 million partially offset by an increase in non-cash items of $18.5 million and lower investment in non-cash working capital and foreign exchange of $2.8 million,. Net income decreased mainly due to the reduction in gross margin and Operating Income as discussed in section 3.2 - Consolidated Information. Non-cash items increased mainly as a result of an increase in deferred income taxes of $9.5 million, a loss on derivative financial instruments of $2.3 million, and the non cash investment loss on long term investment of $8.1 million in the nine-month period ended September 30, 2011 compared to nil for the nine-month period ended September 30, 2010.

4.2 Cash used in investing activities

Third Quarter 2011 versus Third Quarter 2010

Cash used in investing activities decreased by $19.3 million, or 45%, from $42.9 million during the third quarter of 2010 to $23.5 million during the third quarter of 2011, mainly due to lower amounts invested in Fineglade in 2011 compared to 2010 (see section 3.1 – Business Developments).

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

Cash used in investing activities increased by $7.3 million, or 12%, from $61.3 million during the nine month period ended September 30, 2010 to $68.6 million during the nine month period ended September 30, 2011, because of higher investment in property plant and equipment combined with the acquisition of CSI for $12.8 million, and was partially offset by the lower amounts invested in Fineglade in 2011 compared to 2010 (see section 3.1 – Business Developments).

4.3 Cash used in financing activities

Third Quarter 2011 versus Third Quarter 2010

Cash used in financing activities increased by $7.2 million, or 145%, from $5.0 million during the third quarter of 2010 to $12.2 million during the third quarter of 2011, mainly due to the repurchase of shares, under the Company's Normal Course Issuer Bid, in the amount of $12.3 million during the third quarter of 2011 compared to nil during the third quarter of 2010, and was partially offset by cash received on the issuance of shares from the exercise of stock options in the amount of $7.5 million during the third quarter of 2011.

Nine Months ended September 30, 2011 versus Nine Months ended September 30, 2010

Cash used in financing activities increased by $6.6 million from $40.3 million during the nine month period ended September 30, 2010 to $47.0 million during the nine month period ended September 30, 2011, mainly due to the reasons mentioned above.

4.4 Liquidity and capital resource measures

Trade Accounts Receivables- net

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

	September 30, 2011	December 31, 2010	Change
Trade accounts receivables – net	**$ 228,971**	$ 221,738	$ 7,233
DSO(a)	**78**	67	11

(a) DSO is the average number of days that trade accounts receivables-net are outstanding based on a 90 day cycle. See section 10 - Reconciliation of non-GAAP measures for additional information with respect to DSO.

Trade accounts receivables-net increased by $7.2 million from $221.7 million as at December 31, 2010 to $229.0 million as at September 30, 2011, primarily due to the timing of the collection of receivables in the third quarter of 2011 compared to the fourth quarter of 2010. DSO increased by 11 days from 67 during the fourth quarter of 2010 to 78 during the third quarter of 2011 as a result of an increase in trade accounts receivables – net combined with a decrease in revenue of $20.6 million for the third quarter of 2011 as compared to the fourth quarter of 2010.

Inventories

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

	September 30, 2011	December 31, 2010	Change
Inventories	**$ 148,251**	$ 126,132	**$ 22,119**

Inventories increased by $22.1 million from $126.1 million as at December 31, 2010 to $148.3 million as at September 30, 2011, due to an increase of raw materials inventory of approximately $12.0 million, an increase of $9.7 million for work in process and an increase of $0.4 million of finished goods inventory, in anticipation of work to be completed in the fourth quarter of 2011.

Accounts payable and accrued liabilities

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

	September 30, 2011	December 31, 2010	Change
Accounts payable and accrued liabilities	**$ 132,366**	$ 123,504	**$ 8,862**
DPO(a)	**66**	63	**3**

(a) DPO is 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. See section 10 - Reconciliation of non-GAAP measures, for additional information with respect to DPO.

Accounts payable and accrued liabilities increased by $8.9 million, or 7%, from $123.5 million as at December 31, 2010, to $132.4 million as at September 30, 2011. DPO increased by 3 days in the third quarter of 2011 compared to the fourth quarter of 2010, driven by an increase in accounts payable and accrued liabilities and the timing of the purchase of raw materials.

4.5 Credit Facilities

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

	September 30, 2011	December 31, 2010
Total available credit facilities	**$ 237,545**	$ 240,048
Standby letters of credit for performance, bid and surety bonds(a)	**63,807**	75,140
Unutilized credit facilities(b)	**$ 173,738**	$ 164,908

(a) See section 5 – Off-Balance Sheet Arrangements, for additional information with respect to the Company's standby letters of credit for performance, bid and surety bonds.
(b) Excludes the banking facilities of the Company's 30% owned joint venture, Arabian Pipe Coating Company Ltd. ("APCO)

Loan Payable

The Company's Russian joint venture has a loan from OOO ArkhTekhnoProm ("Arkh") in the amount of 600 million Russian roubles payable on demand. The Company's portion of this loan has been proportionately consolidated and included on the interim consolidated balance sheet as at September 30, 2011 in the amount of $5.0 million or 156 million Russian roubles at the current exchange rate (December 31, 2010 – $5.1 million or 150 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.

Long-term Debt ("Senior Notes")

On June 27, 2003, the Company entered into an agreement for the issue and sale, at par, on a private placement basis to institutional investors, U.S.$75.0 million of Senior Notes due June 30, 2011. Under the terms of the agreement, the Company was required to repay the Senior Notes in three equal installments of U.S.$25.0 million on June 30, 2009, 2010 and 2011. On June 30, 2009, the Company made the first repayments of U.S.$25.0 million ($28.7 million at the then current exchange rate). On June 30, 2010, the Company made the second repayment of U.S.$25.0 million ($26.0 million at the then current exchange rate) ("Second Repayment"). On June 30, 2011, the Company made the third and final repayment of U.S.$25.0 million ($24.4 million at the then current exchange rate) ("Final Payment").

The Company's Senior Notes and associated interest expense were denominated in U.S. dollars. Fluctuations in the exchange rate between the Canadian and U.S. dollar impacted the carrying value of the Senior Notes in terms of Canadian dollars as well as the amount of interest expense that was translated into Canadian dollars. Effective July 3, 2003, the Company designated the Senior Notes as a hedge of a portion of its net investment in the Company's U.S. dollar based operations ("Net Investment"). After the Second Repayment, the remaining balance of the Senior Notes of U.S. $25.0 million (CDN$25.8 million) was hedged against the Net Investment. Upon making the Final Payment and extinguishing the hedge, a foreign exchange gain in the amount of $1.8 million was recognized and included in the consolidated statement of income.

Unsecured credit facilities

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

Under the terms of the Company's credit facilities, the Company must maintain the following ratios:

- Fixed Charge Coverage Ratio of more than 2.5 to 1; and
- Debt to total capitalization ratio of less than 0.40 to 1.

The Company was in compliance with the debt covenants detailed above as at September 30, 2011. These debt covenants are non-GAAP measures and should not be considered as an alternative to net income or any other measure of performance under GAAP. See section 10 - Reconciliation of non-GAAP measures, for additional information with respect to these debt covenants.

4.6 Future uses of liquidity

Commitments and Contingencies

As part of the Company's normal operations, it often enters into contracts, such as leases and purchase contracts, which obligate the Company to make disbursements in the future. The contractual cash obligations for leases and purchase commitments as at September 30, 2011 remained substantially unchanged from the amount disclosed as at December 31, 2010 in the Company's 2010 Annual Report.

The Company expects to have sufficient financial capacity to meet all contractual obligations as and when they become due.

Litigation Matters

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers 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.

4.7 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. Refer to note 23 of the audited annual consolidated financial statements contained in the 2010 Annual Report for additional information with respect to the Company's financial risk management.

4.8 Outstanding share capital

As at September 30, 2011, the Company had 57,582,362 Class A shares outstanding and 13,049,385 Class B shares outstanding. In addition, as at September 30, 2011, the Company had stock options outstanding to purchase up to 2.2 million Class A shares.

5. Off - Balance Sheet Arrangements

The Company provides standby letters of credit for performance, bid and surety bonds through financial intermediaries to various customers as required under various project 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 longer. 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 Company utilizes its credit facilities to support the Company's bonds. The Company had utilized credit facilities of $63.8 million and $75.1 million as at September 30, 2011 and December 31, 2010, respectively, for support of its bonds.

6. Critical Accounting Estimates and Accounting Policy Developments

6.1 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.

6.2 Accounting standards issued but not yet applied

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments, was issued in November 2009 and contained requirements for financial assets. This standard 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 and 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 judgement 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 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.

Due to the adoption of this new section, joint venture investors will transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single line item.

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: judgements 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 IFRS and U.S. GAAP requirements on how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurement, 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 change as the consolidation guidance has recently been 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 further provide the 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.

6.3 Adoption of International Financial Reporting Standards ("IFRS")

In accordance with IFRS 1, the Company's transition date to IFRS was January 1, 2010 and therefore the comparative information for 2010 has been restated to be in accordance with our IFRS accounting policies. The financial information for years prior to 2010 contained within this MD&A has been prepared following previous CGAAP and has not been restated.

Throughout 2010, each of the Company's MD&A reports included updates on the status of the Company's IFRS conversion project, as well as detailed information on the IFRS accounting policies and elections, including the estimated impact of adopting the accounting policies. The policies applied in the accompanying consolidated financial statements are based on IFRS issued and outstanding as of September 30, 2011. Any subsequent changes to IFRS pertaining to the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these consolidated financial statements, including the transition adjustments recognized on changeover to IFRS.

The effect of the Company's transition to IFRS has been described in the Company's First IFRS Consolidated Financial Statements.

Reconciliations between CGAAP and IFRS

The impact of applying IFRS exemptions and the accounting policy differences between CGAAP and IFRS had a significant impact on the assets, liabilities, shareholders' equity, net income, and comprehensive income of the Company.

The following reconciliations between CGAAP and IFRS are shown in the tables below:

- Consolidated Statement of Income for the three-month period ended September 30, 2010;
- Consolidated Statement of Comprehensive Income for the three-month period ended September 30, 2010;
- Consolidated Statement of Income for the nine-month period ended September 30, 2010;
- Consolidated Statement of Comprehensive Income for the nine-month period ended September 30, 2010; and
- Shareholders' equity as at September 30, 2010.

Reconciliation of the consolidated statement of income and comprehensive income from CGAAP to IFRS for the three-month period ended September 30, 2010

Consolidated Statement of Income	Note(s)	CGAAP September 30, 2010	Effect of Transition to IFRS	Restated Under IFRS September 30, 2010
Revenue		$ 282,959	$ –	$ **282,959**
Cost of goods sold		167,141	–	**167,141**
Gross profit		115,818	–	**115,818**
Selling, general and administrative expenses	c,g,h	58,734	2,929	**61,663**
Research and development expenses		2,982	–	**2,982**
Foreign exchange (gains) losses	f	(4,698)	188	**(4,510)**
Amortization of property, plant and equipment	e	12,959	(1,092)	**11,867**
Amortization of intangible assets		1,098	–	**1,098**
Income from operations		44,743	(2,025)	**42,718**
Interest expense, net	h	318	86	**404**
Income before income taxes		44,425	(2,111)	**42,314**
Income taxes		10,679	(491)	**10,188**
Net income for the period		$ 33,746	$ (1,620)	$ **32,126**
Earnings per share				
Basic		$ 0.48	$ (0.02)	$ **0.46**
Diluted		$ 0.47	$ (0.02)	$ **0.45**

Consolidated Statement of Comprehensive Income			
Net income for the period	$ 33,746	$ (1,620)	$ **32,126**
Unrealized gain on translating financial statements of foreign operations	4,442	902	**5,344**
Gain on hedges of unrealized foreign currency translation	225	–	**225**
Income tax expense	(43)	–	**(43)**
Other comprehensive income for the period	4,624	902	**5,526**
Comprehensive income for the period	$ 38,370	$ (718)	$ **37,652**

Reconciliation of the consolidated statement of income and comprehensive income from CGAAP to IFRS for the nine-month period ended September 30, 2010

Consolidated Statement of Income	Note(s)		CGAAP September 30, 2010		Effect of Transition to IFRS		Restated Under IFRS September 30, 2010
Revenue		$	742,077	$	–	$	**742,077**
Cost of goods sold			447,348		–		**447,348**
Gross profit			294,729		–		**294,729**
Selling, general and administrative expenses	c,g,h		171,069		1,731		**172,800**
Research and development expenses			8,262		–		**8,262**
Foreign exchange (gains) losses	f		(3,996)		146		**(3,850)**
Amortization of property, plant and equipment	e		37,571		(3,551)		**34,020**
Amortization of intangible assets			3,288		–		**3,288**
Income from operations			78,535		1,674		**80,209**
Interest expense, net	h		2,052		197		**2,249**
Income before income taxes			76,483		1,477		**77,960**
Income taxes			21,861		203		**22,064**
Net income for the period		$	54,622	$	1,274	$	**55,896**
Earnings per share							
Basic		$	0.77	$	0.02	$	**0.79**
Diluted		$	0.77	$	0.01	$	**0.78**

Consolidated Statement of Comprehensive Income		CGAAP September 30, 2010		Effect of Transition to IFRS		Restated Under IFRS September 30, 2010
Net income for the period	$	54,622	$	1,274	$	**55,896**
Unrealized loss on translating financial statements of foreign operations		(12,262)		431		**(11,831)**
Gain on hedges of unrealized foreign currency translation		610		–		**610**
Gain on hedges of unrealized foreign currency translation transferred to net income during the period		(193)		–		**(193)**
Income tax expense		(439)		–		**(439)**
Other comprehensive income (loss) for the period		(12,284)		431		**(11,853)**
Comprehensive income for the period	$	42,338	$	1,705	$	**44,043**

Reconciliation of Shareholders' Equity

	Note(s)		September 30, 2010
Shareholders' equity in accordance with CGAAP		$	**820,312**
Property, plant and equipment	a,d,e		28,887
Impairment of property, plant, and equipment	A,d		(14,275)
Employee benefits	B,d		(10,306)
Effect of changes in foreign exchange	f		(849)
Provisions	d		216
Decommissioning liabilities	c,d		(1,375)
Shareholders' equity in accordance with IFRS		$	**822,610**

Notes to the reconciliations

(a) Property, Plant and Equipment

The adjustment to property, plant and equipment at the January 1, 2010 transition date ("IFRS Transition Date") was a net increase of $14.1 million to the Net Book Value ("NBV"). NBV increased by $28.4 million due to the impact of componentization of property, plant and equipment and revision in the estimated useful life as required by IAS 16. This increase was partly offset by a combined asset impairment loss of $14.3 million recognized on certain Pipeline and Pipe Services segment fixed assets.

Under IFRS, impairment testing is performed by comparing the carrying amount to the recoverable amount, calculated using the value in use method, which uses a risk-adjusted pre-tax rate to discount cash flows (i.e. a higher rate than under CGAAP) to their net present value. Under CGAAP, there is a two step process:

1) Reasonability test using the sum of the undiscounted cash flows and comparing them to the carrying value, and if the test fails

2) The amount of impairment is calculated using a risk-adjusted post-tax rate to discount cash flows (i.e. a lower rate than under IFRS) to their net present value.

Under CGAAP, no impairment existed on the above assets as at December 31, 2009 and during the year ended December 31, 2010.

ShawCor recognized an additional impairment at December 31, 2010 on these fixed assets under IFRS in the amount of $14.9 million. The impairment recognized has been expensed in the statement of income for the year ended December 31, 2010.

(b) Employee Benefits

Upon transition to IFRS, ShawCor elected to use the IFRS 1 exemption and adopt IAS 19 on a prospective basis. This 'fresh start or prospective approach' allows that the unrecognized actuarial gains/losses at December 31, 2009 for all plans be immediately recognized through an adjustment to the opening retained earnings and an increase to the liability for employee future benefits. At the IFRS Transition Date, the accrued employee future benefit obligation under IFRS was $3.3 million lower than that under CGAAP due to the application of IFRIC 14 on transition to IFRS and the adoption of IAS 19 on a prospective basis.

As at September 30, 2010, there was a $14.0 million adjustment resulting from ShawCor's election to use the IFRS 1 exemption and the adoption of IAS 19 on a prospective basis, offset by a reduction in the deferred income tax liability of $3.7 million.

(c) Decommissioning liabilities

As at September 30, 2010, the reduction in shareholders' equity of $1.4 million was mainly driven by the calculation of a higher decommissioning liability balance in the amount of $3.0 million, due to the use of lower discount rates in accordance with IFRS, and was offset by increases in property, plant and equipment, and deferred income tax assets of $0.4 million and $1.2 million, respectively.

(d) Deferred Income Taxes

These are the required deferred tax effects related to the various IFRS adjustments (i.e. property, plant and equipment; employee future benefits; decommissioning liabilities etc). The rates used were based on the statutory tax rates in the jurisdiction where the adjustment was made.

(e) Amortization of property plant and equipment

The 2010 statement of income adjustment was due to the recalculation of depreciation expense of all fixed assets due to the application of a more detailed componentization analysis including their expected useful lives, which in a number of cases was extended. This resulted in a decrease in the amortization expense under IFRS versus CGAAP of $1.1 million for the three-month period ended September 30, 2010 and $3.5 million for the nine-month period ended September 30, 2010.

(f) Foreign Exchange

Foreign exchange losses increased by $0.2 million for the three months ended September 30, 2010 and increased by $0.15 million for the nine months ended September 30, 2010 primarily due to the foreign exchange component relating to the accounting for decommissioning liabilities and the change in the translation method for certain entities accounted for under the Temporal Method under CGAAP to the Current Rate Method under IFRS. The adoption of IAS 21 had an impact on shareholders' equity of $0.8 million as at September 30, 2010, and was primarily due to the change in the translation method for certain entities accounted for under the Temporal Method under CGAAP to the Current Rate Method under IFRS.

(g) Selling, General and Administrative Expenses

The selling, general and administrative expenses increased by $2.9 million and $1.7 million for the three-month and nine-month periods ended September 30, 2010, respectively, mainly due to the transitional IFRS adjustments related to decommissioning liabilities in the amount of $3.0 million and $2.0 million for the three and nine months ended September 30, 2010, respectively, and were offset by the adjustments made for employee future benefits in the amount of $0.1 million and $0.4 million for the three and nine months ended September 30, 2010, respectively.

(h) Interest Expense, Net

In accordance with financial statement disclosure requirements for IFRS, accretion expense of $0.1 million and $0.2 million for the three and nine months ended September 30, 2010, respectively, was reclassified from the selling general and administrative expenses account to the *Interest expense, net* account.

(i) Adjustments to the consolidated statement of cash flows

The adjustments to the consolidated statement of income and consolidated balance sheet have resulted in various reclassifications on the consolidated statement of cash flows; however, there were no material changes to the net cash flows. As a result, no reconciliations have been presented.

7. Outlook

The outlook for market activity in the Company's Pipeline and Pipe Services Segment and in the Petrochemical and Industrial Segment is outlined below:

Pipeline Segment - North America

The Company has produced strong growth in revenue in North America during the nine months ended September 30, 2011 and current levels of activity are expected to remain strong with the potential for further growth. To date the revenue strengthening has been driven by the increased level of well drilling and completions throughout North America that has bolstered demand for the Company's small diameter pipe coating, composite pipe, and joint protection products. In addition, the Company's composite pipe business unit has steadily gained market share in the USA following the opening of service centres in locations well positioned to supply pipe demand from emerging shale resources. The trend to higher market share is expected to continue in the fourth quarter and throughout 2012. Adding to the solid fundamentals for North American well completions and gathering line pipelines is the emerging opportunities from the deepwater Gulf of Mexico. Subsequent to the third quarter, the Company commenced production on the $40 million Jack St. Malo project at the Brigden facility in Beaumont, Texas. The Company also expects to bid a number of additional deepwater flow assurance projects in the Gulf of Mexico over the next six months.

Pipeline Segment - Latin America

The Company continued to experience weak market conditions in both Mexico and Brazil in the third quarter although offshore Mexico activity did pick up late in the quarter and the company restarted the Coatzecolcas concrete weight coating facility. In 2012, it is expected that Mexico activity at Coatzacoalcos and the anti-corrosion coating plants in Monterrey and Veracruz will see steady improvement in activity. In Brazil, a significant improvement in revenue will be realized in the fourth quarter now that the $20 million P55 Risers pipe coating project has commenced production.

Pipeline Segment – EMAR

The Company's pipe coating facility in Leith, Scotland commenced production on the 30" pipe portion of the US$93 million Total Laggan-Tormore project at the beginning of September and production is scheduled to continue into the first quarter of 2012. This project coupled with the Statoil Gudrun project should ensure strong revenues and good utilization for the Leith facility for the next two quarters. Also contributing to stronger revenue in the EMAR region will be the new contract awards with a value in excess of US$40 million for flow assurance coatings to be produced at the Orkanger, Norway insulation facility. These projects will start production in the fourth quarter and run through the first half of 2012.

Pipeline Segment - Asia Pacific

Having experienced a significant reduction in revenue year over year, the Company's Asia Pacific region is now in a position, with booked production orders, to generate very strong revenue growth. While growth in the fourth quarter will be modest, revenue should begin to strengthen by the first quarter of 2012 when the PTTEP Zawtika Development Project pipe coating contract with a value in excess of $60 million reaches full production. By the end of the second quarter 2012, the newly booked order for the Chevron Wheatstone project will be fully ramped up. This project, combined with other large projects in offshore Australia, Indonesia and Malaysia that the Company has bid and that are estimated to commence production in 2012 and 2013 should deliver strong revenue growth for the Company's Asia Pacific region.

Petrochemical and Industrial Segment

The improved revenue and operating income generated by the Petrochemical and Industrial segment businesses in the nine months ended September 30, 2011 compared with the prior year is expected to continue in the fourth quarter 2011 and in 2012 buoyed by a stronger backlog for wire and cable project activity particularly for the oil sands market. 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, representing customer orders expected to be completed within one year, improved in the third quarter to $374 million from a total of $369 million at June 30, 2011. The backlog does not include the Wheatstone or Subsea 7 contracts that were awarded subsequent to the quarter end. These orders coupled with a number of large projects for which the Company has provided firm bids and for which client final investment approval is expected over the next few months, create the potential for the Company's backlog to move significantly higher by year end and through early 2012.

8. 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 2010 Annual Report.

9. 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. Refer to the Company's 2010 Annual Report for additional information with respect to the Company's environmental matters.

As at September 30, 2011, the accruals on the unaudited consolidated balance sheet related to environmental matters and included as decommissioning liabilities were $21.7 million. The Company believes the accruals to be sufficient to satisfy and reasonably estimate environmental liabilities related to known environmental matters.

10. 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. 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. The Company believes that EBIDTA is a useful supplemental measure that provides a meaningful indication of the Company's results from principle business activities prior to the consideration of how these activities are financed or the tax impacts in various jurisdictions. Refer to section ″2.1 – Financial Highlights – Selected Annual Information″ of this report, for a reconciliation of the Company's EBIDTA to its net income in accordance with GAAP.

DSO

DSO is defined as the number of days that trade accounts receivable - net 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:

		September 30, 2011		December 31, 2010
Average trade accounts receivables – net	**$**	**236,515**	$	218,398
Revenue for the quarter		**271,478**		292,086
DSO		**78**		67

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 average 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:

		September 30, 2011		December 31, 2010
Average accounts payable and accrued liabilities	**$**	**131,129**	$	122,701
Cost of goods sold for the quarter		**179,974**		176,293
DPO		**66**		63

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 C$)		September 30, 2011		December 31, 2010
Current assets	$	**511,733**	$	555,209
Current liabilities		**222,875**	$	260,503
Working capital ratio		**2.30**		2.13

Fixed Charge Coverage Ratio

Fixed Charge Coverage Ratio is defined as EBITDA divided by interest expense - 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 nine-month period ended September 30, 2011:

		September 30, 2011
EBITDA	$	**89,686**
Interest expense – net		**3,353**
Fixed charge coverage ratio		**26.7**

The Company is in compliance with this debt covenant as at September 30, 2011.

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 0.45 to 1. The Company is in compliance with this debt covenant as at September 30, 2011.

11. Summary of Quarterly Results

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

(in thousands of Canadian dollars except per share amounts)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Revenue					
2011	**279,466**	**264,541**	**271,478**	**–**	**–**
2010	224,572	234,546	282,959	292,086	1,034,163
2009[a]	307,464	312,791	302,812	260,911	1,183,978
Income (loss) from operations					
2011	**30,095**	**22,660**	**(60)**	**–**	**–**
2010	18,547	18,944	42,718	39,622	119,831
2009[a]	50,455	53,471	50,029	38,564	192,519
Net income (loss)					
2011	**20,485**	**15,703**	**(3,144)**	**–**	**–**
2010	11,739	12,031	32,126	43,974	99,870
2009[a]	31,541	34,636	33,747	31,526	131,450
Income from operations per share (Classes A and B)					
Basic					
2011	**0.43**	**0.32**	**0.00**	**–**	**–**
2010	0.26	0.27	0.60	0.57	1.70
2009[a]	0.72	0.76	0.71	0.54	2.73
Diluted					
2011	**0.42**	**0.32**	**0.00**	**–**	**–**
2010	0.26	0.27	0.60	0.55	1.68
2009[a]	0.72	0.76	0.70	0.53	2.71
Net income (loss) per share (Classes A and B)					
Basic					
2011	**0.29**	**0.22**	**(0.04)**	**–**	**–**
2010	0.17	0.17	0.46	0.62	1.42
2009[a]	0.45	0.49	0.48	0.44	1.86
Diluted					
2011	**0.29**	**0.21**	**(0.04)**	**–**	**–**
2010	0.16	0.17	0.45	0.62	1.40
2009[a]	0.45	0.49	0.48	0.43	1.85

(a) Quarterly revenue, income from operations and net income figures have been prepared under CGAAP and have been restated to reflect the change in accounting policy for deferred project costs adopted in the second quarter of 2009.

(b) Effective January 1, 2010, all financial information has been presented in accordance with IFRS

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.

12.0 Forward-Looking Information

This document includes certain statements that reflect management’s expectations and objectives for 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 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 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 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; 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 herein under the heading ″Risks and Uncertainties″.

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 assumptions in respect of the potential for improvement in demand for the Company’s products and services as a result of continued global economic recovery, the potential for increased investment in global energy infrastructure as a result of stabilization of capital markets, the Company’s ability to execute projects under contract, the continued supply of and stable pricing for commodities used by the Company and the availability of personnel resources sufficient for the Company to operate its businesses. 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. ShawCor Ltd. 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.

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

ShawCor will be hosting a Shareholder and Analyst Conference Call and Webcast on Thursday, November 10th, at 10:00 AM EST, which will discuss the company's third quarter financial results.

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

For further information, please contact:

Gary S. Love
Vice President, Finance and CFO
Telephone: 416.744.5818
e-mail: glove@shawcor.com
Website: www.shawcor.com

November 9, 2011