February 28, 2013

SHAWCOR LTD.
(TSX: SCL.A, SCL.B)

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES FOURTH QUARTER 2012 RESULTS

- Revenue in the fourth quarter of $448.4 million increased by 13.4% from the $395.3 million reported in the third quarter of 2012 and increased 31.2% from the $341.8 million reported in the fourth quarter a year ago.
- EBITDA in the fourth quarter of 2012 was $102.4 million, an improvement of $18.3 million from the third quarter of 2012 and an improvement of over $55.8 million from the same period of the prior year.
- The EBITDA margin reached 22.8% as a result of favourable revenue mix and the benefits of significantly higher facility utilization from the growth in revenue in the Company's Latin America and Asia Pacific operations.
- Net income (attributable to shareholders of the Company) in the fourth quarter was $80.3 million (or $1.13 per share diluted) compared with net income of $53.4 million, (or $0.75 per share diluted) in the third quarter of 2012 and $23.2 million (or $0.32 per share diluted) in the fourth quarter of the prior year. Net income in the fourth quarter includes one time gains totaling $12.5 million (or $0.18 per share diluted).
- The Company completed the acquisition of the remaining 60% of Fineglade Limited in the quarter for a purchase price of $144.7 million. Fineglade Limited owns 96% of the global pipe-coater Socotherm S.p.A.
- Subsequent to the quarter end, the Company announced a reorganization transaction which would result in the collapse of the Company's dual class share structure. Further details on the proposed transaction, including the Pro Forma impact on the Company's financial condition are provided below under "Key Developments" and in the Company's Management Circular dated February 11, 2013, which may be found on the Company's website and at www.sedar.com.

Mr. Bill Buckley, President and CEO of ShawCor Ltd. remarked "We are pleased to announce record financial results for the fourth quarter and for the full year 2012. For the full year 2012, revenue was $1.48 billion, up 28% over the prior year, EBITDA was $267 million, up 108% and fully diluted earnings per share reached $2.50, up 221%. These record results reflect the high level of business activity combined with continuing excellent execution".

Mr. Buckley added "ShawCor continued to increase its backlog which reached an all-time high of $850 million at year end. The backlog includes firm customer contracts which will be executed over the next twelve months and is indicative of the strong business environment as well as the positive impact of the acquisition of Socotherm. In light of this record backlog and bid activity that remains very robust, we anticipate strong financial performance in 2013."

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months ended December 31,		Twelve Months ended December 31,	
	2012	2011	**2012**	2011
Revenue	**$ 448,384**	341,780	**$ 1,482,849**	$ 1,157,265
Gross profit	**182,341**	130,795	**578,487**	421,999
Gross profit %	**40.7%**	38.3%	**39.0%**	36.5%
EBITDA[(a)]	**102,448**	46,616	**266,886**	128,168
Income (Loss) from operations	**91,299**	31,212	**212,226**	83,907
Net income (loss) for the period[(b)]	**$ 80,302**	23,236	**$ 178,418**	$ 56,280
Earnings per share:				
Basic	**$ 1.14**	0.32	**$ 2.53**	$ 0.79
Fully diluted	**$ 1.13**	0.32	**$ 2.50**	$ 0.78

(a) EBITDA is a non-GAAP measure calculated by adding back to net income the sum of net interest expense, taxes, depreciation/amortization of property, plant and equipment and intangible assets, impairment of assets, gain on sale of land and accounting gain on acquisition. EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures provided by other companies. EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools. The above calculation of EBITDA is consistent with the methodology used in prior periods, except for the inclusion of income/loss on investment in associate.

(b) Attributable to shareholders of the Company, excluding non-controlling interests.

1.0 KEY DEVELOPMENTS

Strategic Review and Reorganization

On August 30, 2012, Ms. Virginia Shaw, the Chair of the ShawCor Board of Directors and the indirect controlling shareholder (the "Controlling Shareholder") of the Company, advised the Board of Directors that she was prepared to consider a possible sale of her shares of ShawCor as part of a sale of the Company.

The Board struck a committee of independent directors (the “Special Committee”) to conduct a strategic review of alternatives, including canvassing potentially interested third parties to determine if an appropriate transaction was available that would be acceptable to Ms. Shaw and would be in the best interests of ShawCor and its shareholders.

On January 14, 2013, the Company announced that the Board of Directors of ShawCor, after careful analysis, consideration and advice from the Special Committee, and advice from independent financial and legal advisors, had unanimously approved and the Company had entered into a definitive agreement with respect to a reorganization proposal negotiated by the Special Committee with the Controlling Shareholder. The Chair and the Vice-Chair abstained from voting on the transaction.

The proposed reorganization is to be implemented pursuant to a court-approved plan of arrangement under the Canada Business Corporations Act. It has been announced that the shareholders' meeting to consider the arrangement will take place on March 14, 2013. The arrangement will require a special resolution of ShawCor shareholders approving the transaction in addition to approvals required under applicable securities laws.

The arrangement also requires approval by the Ontario Superior Court of Justice at a hearing to be held following the shareholders' meeting. If approved, the arrangement is expected to close late in the first quarter of 2013 or early in the second quarter.

The Special Committee retained TD Securities Inc. ("TD Securities") to act as its financial advisor and to provide an independent fairness opinion, and received independent legal advice from Stikeman Elliott LLP. Kingsdale Shareholder Services Inc. has been retained as proxy solicitation agent.

Terms of the Transaction

The reorganization proposal contemplates the elimination of ShawCor's dual class share structure through the purchase of all of the Class A and Class B shares of ShawCor by a newly formed Canadian corporation. The new corporation would purchase all of the Class A shares of ShawCor in exchange for new common shares on a 1:1 basis. The new corporation would also acquire all of the Class B shares of ShawCor in exchange for a mix of new common shares and cash. The consideration paid for the Class B shares of ShawCor will be $43.43 in cash or 1.1 new common shares per Class B share, such that 90% of the total consideration will be paid in cash and 10% of the total consideration will be paid in new common shares. At closing, the new corporation and ShawCor would amalgamate, under the name ShawCor Ltd. All issued and outstanding shares would as a result be the same class of common shares. Following closing, a special dividend of $1.00 per share would be paid on all remaining shares (the payment date for such dividend remains to be determined).

The closing conditions of the reorganization proposal include, among others, receipt of required ShawCor shareholder approvals, receipt of Toronto Stock Exchange approval, receipt of court approvals, there being no material adverse change in the affairs of ShawCor or applicable laws, and sufficient financing being available to complete the transactions contemplated in the reorganization. ShawCor's board would also retain a "fiduciary out" ability to change its recommendation to shareholders.

Recommendation of the Board and the Special Committee

In approving the definitive agreement and making its recommendation that shareholders (other than the Controlling Shareholder) vote in favour of the reorganization proposal, the Board of Directors and the Special Committee considered the fairness opinion prepared by TD Securities and a number of other factors relating to the fairness of the reorganization proposal.

The factors relating to fairness considered by the Board and the Special Committee included, among others, the following:

a) The reorganization transaction is expected to be accretive to ShawCor from an earnings per share perspective,

b) The premium to the then current trading price and resulting dilution to Class A shareholders is within the range of precedents generally for similar types of transactions,

c) The Special Committee has received a fairness opinion from TD Securities that the consideration to be paid to the Class B shareholders pursuant to the Arrangement is fair, from a financial point of view, to the Class A and Class B shareholders, other than the Controlling Shareholder,

d) The elimination of the Class B shares may facilitate future change of control transactions following the completion of the transaction. It will also result in a widely held single class structure, and is expected to diversify ShawCor's shareholder base, as many investment mandates exclude investment in companies with dual class structures, and to increase liquidity and provide for enhancing financing flexibility going forward,

e) The transaction is subject to shareholder and court approval, and shareholders will be provided with dissent rights, and

f) After completion of the transaction, all remaining shareholders will receive a $1.00 per share special dividend.

Pro Forma Impact of Proposed Transaction on the Company's Financial Condition

(in millions of Canadian dollars, except ratios)	Reported December 31, 2012	Adjusted for Proposed Transaction	Pro Forma December 31, 2012
Cash and cash equivalents[(a)]	**372.0**	**(223.9)**	**$ 148.1**
Debt:			
Bank indebtedness	3.8	-	3.8
Loan payable	17.1	-	17.1
Obligations under finance leases	14.6	-	14.6
New private placement notes (less DF[(b)] costs)	-	347.4	347.4
	35.5		**382.9**
Shareholders' equity(including minority interest)	**1,005.9**	**(572.6)**	**433.2**
Total capitalization	**1,041.4**		**816.2**
EBITDA	**266.9**		**266.9**
Total debt/capitalization	**3.41%**		**46.92%**
Net debt/capitalization	**NM[(c)]**		**28.77%**
Total debt/EBITDA	**0.13**		**1.43**
Net debt[(d)]/EBITDA	**NM[(c)]**		**0.88**

(a) Includes short term deposits
(b) Debt Financing
(c) NM – Not Meaningful
(d) Net debt = Total debt less cash and cash equivalents

Based on the proforma impact of the proposed transaction on the Company's financial condition, ShawCor believes that the increase in net finance costs and leverage that will result from the completion of the transaction will not be excessive taking into account the cyclicality of the Company's businesses. Furthermore, the Company believes that based on available cash balances of $148 million, combined with available committed credit lines in excess of $165 million, the Company is fully able to carry out its capital expenditure and growth investment strategic plan.

Acquisition of Fineglade

On October 24, 2012, ShawCor Ltd., through one of its subsidiaries, acquired the remaining 60% of Fineglade Limited. Fineglade Limited, which currently holds approximately 96% of the outstanding shares of Socotherm S.p.A, was previously owned 40% by ShawCor Ltd. and 60% by an entity controlled by Sophia Capital.

The total consideration for the acquisition of the remaining 60% of Fineglade Limited was $144.7 million, which included a cash payment of $68.0 million (€52.3 million), the set-off of a pre-existing loan from ShawCor to Sophia Capital in the amount of $57.4 million (€44.6 million), deferred purchase consideration of $3.3 million (€2.6 million) and the set-off of other loans provided to Fineglade and the entity controlled by Sophia Capital in the amount of $16.0 million (US$16.0 million).

Socotherm S.p.A., headquartered in Italy, is an international pipe coating contractor primarily serving the oil and gas industry from active operations in Brazil, Argentina, Venezuela, the Gulf of Mexico and Italy.

1.1 OUTLOOK

The outlook for market activity in the Company's Pipeline segment by region and in the Petrochemical and Industrial segment is outlined below:

Pipeline Segment - North America

Following a 10% increase in revenue in 2012, the Company expects that revenues from the pipeline segment businesses in North America in 2013 will be consistent with 2012. The Company expects that increasing market share gains in spoolable composite pipe and at ShawCor's Guardian OCTG pipe inspection and refurbishment business, where the previously announced expansion into the Eagle Ford region of Texas is underway, should offset any weakness in well drilling and completions. The Company is currently experiencing healthy demand for large diameter pipe coating projects in Canada and this is expected to continue for the next few years based on bidding activity. Also expected to bolster activity in North America is the increase in project activity in the Gulf of Mexico which should translate into consistent project activity at the Company's Bredero Shaw and Socotherm facilities that supply the Gulf of Mexico offshore market.

Pipeline Segment - Latin America

ShawCor expects that 2013 revenue for the Latin America region will be a continued source of growth for the Company particularly in light of the acquisition of Socotherm and its strong position in Argentina, Venezuela, and Brazil. In 2012, the Company's Latin America region produced revenue growth of 348% with the launch in the second half of the year of the Company's mobile concrete coating site in Trinidad for the $90 million Technip project as well as the $40 million Linea 5 project at the Company's concrete coating facility in Mexico. Production on the Technip project will continue in the first half of 2013 with approximately half of the project complete at year end 2012. While activity in Mexico is expected to remain strong and consistent, the Company's Bredero Shaw facility in Brazil will likely not see a significant improvement in volumes until 2014.

Pipeline Segment - EMAR

The Company's Europe, Middle East, Africa, Russia ("EMAR") region has experienced strong project revenues from the pipe coating facilities in Orkanger, Norway and Ras Al Khaimah, UAE and this is expected to continue in 2013 supported by the Company's recent acquisition of Socotherm which will contribute revenue from its facilities in Europe.

Pipeline Segment - Asia Pacific

In 2012, the 73% growth in revenue generated by the Company's Asia Pacific region, particularly in the second half of 2012, was instrumental in the Company's overall growth. In 2013, Asia Pacific will again be the key source of growth for ShawCor. At December 31, 2012, the Company's backlog includes large projects for Chevron Wheatstone, Inpex Ichthys, and Apace Julimar. With this backlog in hand, strong revenue growth from the Asia Pacific region is assured. The gains in facility utilization and strong operational performance on these projects already evident in the fourth quarter of 2012 indicate that 2013 revenue growth should be matched by gains in operating income.

Petrochemical and Industrial Segment

ShawCor's Petrochemical and Industrial segment businesses are significantly exposed to demand in the North American and European automotive and industrial markets. Although the outlook for demand in industrial markets in developed economies remains uncertain the Company's strong order book should generate modest growth in 2013. In addition, the Company will be focused on seeking to capture market opportunities in areas less sensitive to the performance of the developed economies, such as growth in Asia at the DSG-Canusa China facility and the demand for highly engineered wire and cable systems related to nuclear facility refurbishment and continued oil sands and other resource development projects.

Order Backlog

The Company's order backlog consists of firm customer orders only and represents the revenue the Company expects to realize on booked orders over the succeeding twelve months. The Company reports the twelve month billable backlog because it provides a leading indicator of significant changes in consolidated revenue. The order backlog at December 31, 2012 reached a new record level of $850 million, an increase of 17.7% from the level of $722 million at September 30, 2012 and also up 55.1% from the $548 million level reported one year ago. The reported backlog increased by $65 million in the quarter as a result of the completion of the Socotherm acquisition. Also contributing to backlog growth was the inclusion of a greater percentage of the orders booked in the Asia Pacific region that are expected to be executed in the upcoming twelve months. Including the value of booked projects that are expected to be executed beyond the next twelve months, the Company's order book at December 31, 2012 is approximately one billion dollars. In addition the Company currently has outstanding bids with a value that exceeds one billion dollars. This order backlog and longer term order book supports our outlook for continued strong performance.

2.0 CONSOLIDATED INFORMATION AND RESULTS FROM OPERATIONS

2.1 Revenue

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

(in thousands of Canadian dollars)	Three Months ended			Twelve Months ended	
	December 31, 2012	**September 30, 2012**	December 31, 2011	**December 31, 2012**	December 31, 2011
Pipeline and Pipe Services	**$ 415,456**	$ 359,591	$ 305,808	**$ 1,337,877**	$ 1,021,099
Petrochemical and Industrial	**33,414**	36,374	36,537	**147,068**	138,080
Elimination	**(486)**	(690)	(565)	**(2,096)**	(1,914)
	$ 448,384	$ 395,275	$ 341,780	**$ 1,482,849**	$ 1,157,265

Fourth Quarter 2012 versus Fourth Quarter 2011

Consolidated revenue increased 31%, or $106.6 million, from $341.8 million during the fourth quarter of 2011 to $448.4 million during the fourth quarter of 2012, due to an increase of $109.6 million, or 36%, in the Pipeline and Pipe Services segment, partially offset by a decrease of $3.1 million, or 9% in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment was significantly higher in the fourth quarter of 2012 than in the fourth quarter of 2011, as a result of increased activity in Asia Pacific and Latin America, and the acquisition of Socotherm, partially offset by lower revenue in North America and EMAR. See section 3.1 – *Pipeline and Pipe Services segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment was lower in the fourth quarter of 2012 than in the fourth quarter of 2011, mainly because of a decrease of 11% in North American revenues. See section 3.2 – *Petrochemical and Industrial segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Fourth Quarter 2012 versus Third Quarter 2012

Consolidated revenue increased by $53.1 million, or 13%, from $395.3 million during the third quarter of 2012 to $448.4 million during the fourth quarter of 2012, due to an increase of $55.9 million, or 16%, in the Pipeline and Pipe Services segment, partially offset by a decrease of $3.0 million, or 8%, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment in the fourth quarter of 2012 was $415.5 million, or $55.9 million higher than in the third quarter of 2012, primarily due to increased activity in Asia Pacific and Latin America, and the acquisition of Socotherm, partially offset by lower revenue in EMAR and North America. See section 3.1 – *Pipeline and Pipe Services segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment decreased by $3.0 million during the fourth quarter of 2012 compared to the third quarter of 2012, primarily due to lower activity levels in North America. See section 3.2 – *Petrochemical and Industrial segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Twelve Months ended December 31, 2012 versus Twelve Months ended December 30, 2011

Consolidated revenue increased by $325.6 million, or 28%, from $1,157.3 million for the twelve month period ended December 31, 2011 to $1,482.9 million for the twelve month period ended December 31, 2012, due to an increase of $ 316.8 million, or 31%, in the Pipeline and Pipe Services segment and $9.0 million, or 7%, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment in 2012 was $1,337.9 million, or $316.8 million higher than in 2011, due to higher revenue in Asia Pacific, Latin America and North America, partially offset by lower revenue in EMAR. See section 3.1 – *Pipeline and Pipe Services segment* for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment increased by $9.0 million in 2012 compared to 2011, primarily due to higher activity levels in North America and Asia Pacific, partially offset by lower revenue in EMAR. See section 3.2 – *Petrochemical and Industrial segment* for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

2.2 Income from Operations

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

(in thousands of Canadian dollars)	Three Months ended			Twelve Months ended	
	December 31, 2012	September 30, 2012	December 31, 2011	**December 31, 2012**	December 31, 2011
Operating Income	**$ 91,299**	$ 67,277	$ 31,212	**$ 212,226**	$ 83,907
Operating Margin[(a)]	**20.4%**	17.0%	9.1%	**14.3%**	7.3%

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

Fourth Quarter 2012 versus Fourth Quarter 2011

Operating Income increased by $60.1 million, from $31.2 million during the fourth quarter of 2011 to $91.3 million during the fourth quarter of 2012. Gross profit increased by $51.5 million, primarily due to higher revenue and a higher gross margin percentage, a gain on sale of land of $12.1 million, a lower impairment loss on property plant and equipment of $4.4 million, lower research and development expenses of $1.8 million and a foreign exchange gain of $0.8 million in the fourth quarter of 2012 compared to a foreign exchange loss of $0.5 million in the fourth quarter of 2011. These sources of income growth were partially offset by an increase in selling, general and administration ("SG&A") expenses of $6.8 million and an increase in amortization expenses pertaining to property, plant, equipment and intangible assets of $4.3 million.

Higher revenue of $106.6 million, as explained above, combined with a 2.4 percentage point increase in gross margin, generated the increased gross profit, with the gross margin percentage improvement driven by favourable product and project mix and better facility utilization and absorption of overheads.

SG&A expenses increased by $6.8 million compared with the fourth quarter of 2011 primarily due to a $3.0 million increase in salaries and other personnel related costs, expenses of $4.0 million related to the strategic review process announced in September 2012 and a $7.2 million increase in short and long term management incentive compensation accruals. These increases were partially offset by lower expenses for pensions and the provision for doubtful debts of $6.1 million.

A $0.8 million impairment charge was recorded in the fourth quarter of 2012 to provide for costs to dismantle the plant, machinery and buildings at the Kembla Grange, Australia facility in anticipation of the sale of that facility's land that is expected to be completed in the next few months.

Fourth Quarter 2012 versus Third Quarter 2012

Operating Income increased by $24.0 million from the third quarter of 2012 to $91.3 million during the fourth quarter of 2012. Gross profit increased by $18.3 million, primarily due to higher revenue of $53.1 million. Also contributing to the increase in operating income was a reduction in research and development expenses and the charge for impairment of property plant and equipment of $1.2 million and $3.0 million, respectively, and a gain on sale of land of $12.1 million. These sources of higher income were partially offset by an increase in SG&A expenses of $7.5 million and higher amortization of property, plant, equipment and intangible assets of $3.5 million.

SG&A expenses increased by $7.5 million compared with the third quarter of 2012 due to expenses of $4.0 million, related to the strategic review process and a $3.2 million increase in salaries and other personnel related costs.

A $0.8 million impairment charge was recorded in the fourth quarter 2012 as noted above, compared to a charge of $3.9 million in the third quarter of 2012 pertaining to the Kembla Grange, Australia facility.

Twelve Months ended December 31, 2012 versus Twelve Months ended December 31, 2011

Operating Income increased by $128.3 million during the twelve month period ended December 31, 2012 to $212.2 million. Gross profit increased by $156.5 million, primarily due to higher revenue and a higher gross margin percentage. Detracting from the increase in gross profit was the increase in SG&A expenses of $38.9 million and an increase in amortization expenses pertaining to property, plant, equipment and intangible assets of $4.2 million, partially offset by a gain on sale of land of $12.1 million.

The increase in gross profit resulted from higher revenue of $325.6 million, as explained above, and an increase in gross margin of 2.5 percentage points due to favourable product and project mix and better facility utilization and absorption of overheads.

SG&A expenses increased by $38.9 million in 2012 compared with 2011 primarily due to a $17.3 million increase in salaries and other personnel related costs, a $27.6 increase in short and long term management incentive compensation accruals and expenses pertaining to the strategic review process of $4.0 million. These cost increases were partially offset by the fact that the 2011 SG&A had included a provision for bad debts of $9.6 million, pertaining to a contract dispute with a customer.

2.3 Finance Costs, net

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

(in thousands of Canadian dollars)	Three Months ended			Twelve Months ended	
	December 31, 2012	September 30, 2012	December 31, 2011	**December 31, 2012**	December 31, 2011
Interest income in short-term deposits	**$ (968)**	$ **(940)**	$ (293)	**$ (3,001)**	$ (1,024)
Interest expense, other	**-**	**781**	1,447	**1,683**	4,864
Interest expense on long-term debt	**-**	**-**	-	**-**	667
Finance (income) cost, net	**$ (968)**	$ **(159)**	$ 1,154	**$ (1,318)**	$ 4,507

Fourth Quarter 2012 versus Fourth Quarter 2011

In the fourth quarter of 2012, net finance income was $1.0 million, compared to a net finance cost of $1.2 million during the fourth quarter of 2011, as a result of lower accretion expense on certain non-current liabilities and higher interest income on short-term deposits.

Fourth Quarter 2012 versus Third Quarter 2012

In the fourth quarter of 2012, net finance income was $1.0 million, compared to a net finance income of $0.2 million during the third quarter of 2012, as a result of the elimination of accretion expense on certain non-current liabilities.

Twelve Months ended December 31, 2012 versus Twelve Months ended December 31, 2011

In the twelve months ended December 31, 2012, net finance income was $1.3 million, compared to a net finance cost of $4.5 million during the comparable period of 2011, primarily due to lower accretion expense on certain non-current liabilities, no interest expense on long term debt and higher interest income on short-term deposits.

2.4 Income Taxes

Fourth Quarter 2012 versus Fourth Quarter 2011

The Company recorded an income tax expense of $18.3 million (19% of income before income taxes) in the fourth quarter of 2012, compared to an income tax expense of $4.8 million (17% of income before income taxes) in the fourth quarter of 2011. The effective tax rate in the fourth quarter of 2012 was lower than the Company's expected effective income tax rate of 27%, due to the significant portion of the Company’s taxable income that was earned in the Trinidad Free Zone, Asia Pacific, the Middle East and other jurisdictions where the expected tax rate is 25% or less.

Fourth Quarter 2012 versus Third Quarter 2012

The Company recorded an income tax expense of $18.3 million (19% of income before income taxes) in the fourth quarter of 2012, compared to an income tax expense of $14 million (21% of income before income taxes) in the third quarter of 2012. The effective tax rate in the fourth quarter of 2012 was lower than the Company's expected effective income tax rate of 27%, due to the significant portion of the Company's taxable income that was earned in the Trinidad Free Zone, Asia Pacific, the Middle East and other jurisdictions where the expected tax rate is 25% or less.

Twelve Months ended December 31, 2012 versus Twelve Months ended December 31, 2011

The Company recorded an income tax expense of $44.2 million (20% of income before income taxes) during the twelve-month period ended December 31, 2012, compared to an income tax expense of $13.0 million (19% of income before income taxes) during the twelve-month period ended December 31, 2011. The effective income tax rate for the twelve months ending December 31, 2012 is much lower than the expected income tax rate of 27% for the reasons discussed above.

2.5 Foreign Exchange Impact

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

	Three Months ended December 31,		**Twelve Months ended December 31,**	
	2012	2011	**2012**	2011
U.S. dollar	**0.9919**	1.0255	**1.0036**	0.9931
Euro	**1.2900**	1.3727	**1.2921**	1.3750
British Pounds	**1.5993**	1.6035	**1.5888**	1.5854

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

(in thousands of Canadian dollars)		**Q4-2012 Versus Q3-2012**	**Q4-2012 versus Q4-2011**	**Year ended December 31, 2012**
Revenue	**$**	**(2,558)**	(11,640)	409
Income from operations		**(932)**	(3,439)	2,346
Net income		**(868)**	(2,584)	3,335

In addition to the translation impact noted above, the Company recorded a foreign exchange gain of $0.8 million in the fourth quarter of 2012, compared to a loss of $0.5 million for the comparable period in the prior year, as a result of the impact of changes in foreign exchange rates on monetary assets and liabilities and short term foreign currency intercompany loans within the group, net of hedging activities.

For the twelve months ended December 31, 2012 the Company recorded a foreign exchange gain of $0.1 million, compared to a loss of $1.3 million in 2011, as a result of the impact of changes in foreign exchange rates on monetary assets and liabilities and short term foreign currency intercompany loans within the group, net of hedging activities.

2.6 Net Income

Fourth Quarter 2012 versus Fourth Quarter 2011

Net income increased by $57.1 million, from $23.2 million during the fourth quarter ended December 31, 2011 to $80.3 million during the fourth quarter ended December 31, 2012, mainly due to higher revenue and gross profit margins as explained above. In addition, an increase in the income on investment in associate (Fineglade Ltd., prior to the completion of the acquisition noted in section 1.0) of $8.0 million, and a gain on the sale of land of $12.1 million.

Fourth Quarter 2012 versus Third Quarter 2012

Net income increased by $26.9 million, from $53.4 million during the third quarter ended December 31, 2011 to $80.3 million during the fourth quarter ended December 31, 2012, mainly due to higher revenue as explained above. In addition, a gain on the sale of land of $12.1 million and income on investment in associate of $6.0 million was partially offset by higher SG&A expenses of $7.5 million.

Twelve Months ended December 31, 2012 versus Twelve Months ended December 31, 2011

Net income increased by $122.2 million, from $56.3 million during the twelve months ended December 31, 2011 to $178.4 million during the twelve months ended December 31, 2012, mainly due to higher revenue and gross profit margins as explained above. An increase in income on investment in associate of $18.8 million and a gain on the sale of land of $12.1 million was offset by higher SG&A expenses of $38.9 million.

3.0 SEGMENT INFORMATION

3.1 Pipeline and Pipe Services segment

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

(in thousands of Canadian dollars)	Three Months ended			Twelve Months ended	
	December 31, 2012	September 30, 2012	December 31, 2011	**December 31, 2012**	December 31, 2011
North America	**$ 142,193**	$ 162,633	$ 161,437	**$ 605,196**	$ 547,881
Latin America	**76,986**	58,391	18,448	**172,300**	38,499
EMAR	**44,812**	54,489	80,935	**226,392**	241,885
Asia Pacific	**151,465**	84,078	44,988	**333,989**	192,834
Total Revenue	**$ 415,456**	$ 359,591	$ 305,808	**$ 1,337,877**	$ 1,021,099
Operating Income	**$ 99,660**	$ 74,192	$ 34,168	**$ 237,707**	$ 96,446
Operating Margin	**24.0%**	20.6%	11.2%	**17.8%**	9.4%

Fourth Quarter 2012 versus Fourth Quarter 2011

Revenue in the fourth quarter of 2012 was $415.5 million, an increase of $109.6 million, or 36%, over the fourth quarter of 2011. This was driven by significant revenue increases in Asia Pacific and Latin America, partially offset by lower activity levels in EMAR and North America and the translation impact of a weaker US dollar and Euro against the Company’s Canadian dollar reporting currency:

- North America revenue decreased by $19.2 million, or 12%, as a result of reduced demand for small diameter pipe coating in the US and reductions in flexible composite pipe volumes and tubular management services all of which were impacted by lower well drilling and completion and gathering line activities in North America compared to the prior year.

- Latin America revenue increased by $58.5 million, or 317%, as a result of the increased production volume on the Technip project in Trinidad and on the Linea 5 project in Mexico.

- In EMAR, revenue decreased by $36.1 million, or 45%, due to decreased activity at the Company’s pipe coating facility in Leith Scotland compared to the prior year when the Total Laggan project has been in full production.

- Asia Pacific revenue increased $106.5 million, or 237%, mainly due to full production being achieved on the Chevron Wheatstone and Inpex Ichthys projects at both Kabil, Indonesia and Kuantan, Malaysia. This was partially offset by the closure of the Kembla Grange, Australia facility in early 2012.

Operating Income in the fourth quarter of 2012 was $99.7 million compared to $34.2 million in the fourth quarter of 2011, an increase of $65.5 million, or 192%, primarily due to the increase in revenue as explained above and an increase in the gross margin by 5.0 percentage points due to favourable project mix, better facilities utilization and the absorption of overheads. The increase in gross profit was partially offset by higher SG&A expenses in 2012, as explained in section 2.2 above. The operating income was also impacted by a gain on the sale of land of $12.1 million.

Fourth Quarter 2012 versus Third Quarter 2012

In the fourth quarter of 2012, revenue was $415.5, an increase of $55.9 million, or 16%, from $359.6 million in the third quarter of 2012. Revenues in Asia Pacific and Latin America were higher, partially offset by decreases in EMAR and North America revenue:

- In North America, revenue decreased by $20.4 million, or 13%, due to reduced sales of flexible composite pipe due to lower well completions in North America, and lower activity on offshore pipe coating projects with the completion of the Jack St. Malo and Cardon IV projects in Beaumont Texas in the third quarter.

- In Latin America, revenue was higher by $18.6 million, or 32%, due to increased volumes on the P-55 Risers project in Brazil, the Technip project in Trinidad and the addition of Socotherm in the fourth quarter revenues, partially offset by lower activity in Mexico.

- In EMAR, revenue decreased by $9.7 million, or 18%, primarily due to decreased activity on the Barzan project in RAK and in Russia at the Arkangelsk joint venture facility, partially offset by an increase in revenue at Leith, Scotland.

- Revenue in Asia Pacific increased by $67.4 million, or 80%, mainly due to an increase in large project volumes with the Inpex Ichthys and Chevron Wheatstone projects at both Kabil, Indonesia and Kuantan, Malaysia reaching full production.

Operating Income in the fourth quarter of 2012 was $99.7 million compared to $74.2 million in the third quarter of 2012, an increase of $25.5 million, or 34%, with the operating margin increasing by 3.4 percentage points to 24.0%. The increase in operating income is primarily due to a gain on sale of land of $12.1 million and the higher revenue, as explained above, partially offset by higher SG&A expenses in 2012, as explained in section 2.2 above.

Twelve Months ended December 31, 2012 versus Twelve Months ended December 31, 2011

In the Pipeline and Pipe Services segment, revenue for the twelve month period ended December 31, 2012 was $1,337.9 million, an increase of $316.8 million, or 31%, from $1,021.1 million in the comparable period in the prior year. Activity level in all regions, except for EMAR, was significantly higher in 2012 compared to 2011:

- In North America, revenue increased by $57.3 million, or 11%, due to increased sales of flexible composite pipe, tubular management services, the CSI acquisition, small diameter pipe coating and increased large project activity particularly with the execution of the Jack St. Malo and Cardon IV projects at mobile plants in Beaumont Texas and several large diameter pipe coating projects in Canada.

- Latin America revenue was higher by $133.8 million, or 348%, due to higher activity levels on the P55 Risers project in Brazil, the Technip project in Trinidad, the Linea 5 project at the Veracruz and Monterrey facilities in Mexico and the acquisition of Socotherm in the fourth quarter of 2012.

- EMAR revenue decreased by $15.5 million, or 6%. Increased volumes from the Barzan project in RAK and higher flow assurance pipe coating volumes in Orkanger, Norway were more than offset by the reduction in volumes at the Leith, Scotland facility where the Total Laggan, Breagh and Gundrun projects had been executed in 2011 and reduced activity levels in pipeline inspection services.

- In Asia Pacific, revenue increased by $141.2 million, or 73%, in 2012, mainly due to increased production levels on large offshore coating projects such as M9 Zawtika, Pearl Energy Ruby Inpex Ichthys and Chevron Wheatstone. This was partially offset by closure of the Krembla Grange, Australia facility in early 2012.

Operating Income for the twelve month period ended December 31, 2012 was $237.7 million compared to $96.4 million for the twelve month period ended December 31, 2011, an increase of $141.3 million, or 147%, with the operating margin increasing by 8.4 percentage points to 17.8%. The increase in operating income is primarily due to a 2.5 percentage point increase in gross profit margin due to a favourable change in project mix and better utilization of facilities and absorption of overheads on higher revenues, as explained above and a gain on sale of land and others items $12.1 million, partially offset by higher SG&A expenses as explained in section 2.2.

3.2 Petrochemical and Industrial segment

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

(in thousands of Canadian dollars)	Three Months ended			Twelve Months ended	
	December 31, 2012	September 30, 2012	December 31, 2011	**December 31, 2012**	December 31, 2011
North America	**$ 20,818**	$ 23,827	$ 23,467	**$ 92,551**	$ 80,762
EMAR	**11,434**	11,468	12,380	**50,496**	54,237
Asia Pacific	**1,162**	1,079	690	**4,021**	3,081
Total Revenue	**$ 33,414**	**$** 36,374	**$** 36,537	**$ 147,068**	**$** 138,080
Operating Income	**$ 4,510**	$ 4,911	6,702	**$ 19,886**	$ 18,242
Operating Margin	**13.5%**	13.5%	18.3%	**13.5%**	13.2%

Fourth Quarter 2012 versus Fourth Quarter 2011

Revenue decreased in the fourth quarter by $3.1 million, or 9 %, to $33.4 million, compared to the fourth quarter of 2011 due to lower wire and cable products shipment to North America electrical utilities and softness in EMAR due to reduced automotive shipments associated with economic weakness.

Operating Income of $4.5 million in the fourth quarter of 2012 decreased by $2.2 million, or 33%, compared to $6.7 million in the fourth quarter of 2011. The decrease was primarily due to the lower revenue as explained above and a 2.7 percentage point decrease in gross margin due to unfavourable product mix.

Fourth Quarter 2012 versus Third Quarter 2012

In the fourth quarter of 2012, revenue totaled $33.4 million compared to $36.4 million in the third quarter of 2012, a decrease of $3 million, or 8%. The decrease was driven by lower shipments of wire and cable products to North American electrical utilities and slightly lower revenues in the EMAR and North American automotive market.

Operating Income in the fourth quarter of 2012 was $4.5 million compared to $4.9 million in the third quarter of 2012, primarily due to the lower revenue as explained above.

Twelve Months ended December 31, 2012 versus Twelve Months ended December 31, 2011

Revenue increased in the twelve months ended December 31, 2012 by $9.0 million, or 7%, to $147.1 million, compared to the comparable period in 2011 due to increased shipments of wire and cable products to the oil sands and electrical utilities markets and increased heat shrinkable product shipments in North America. This was partially offset by lower automotive shipments to EMAR due to a weaker European economy.

Operating Income for the twelve months ended December 31, 2012 was $19.9 million compared to $18.2 million for the twelve months ended December 31, 2011, an increase of $1.6 million, or 9%. The increase was primarily due to higher revenue, as explained above.

3.3 Financial and Corporate

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

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

(in thousands of Canadian dollars)	Three Months ended			Twelve Months ended	
	December 31, 2012	September 30, 2012	December 31, 2011	**December 31, 2012**	December 31, 2011
Financial and Corporate Expenses	**$ (13,706)**	$ (12,354)	$ (9,114)	**$ (45,486)**	$ (29,443)

Fourth Quarter 2012 versus Fourth Quarter 2011

Financial and corporate costs increased by $4.6 million from $9.1 million during the fourth quarter of 2011, to $13.7 million during the fourth quarter of 2012, primarily as a result of expenses related to the strategic review process of $4.0 million and increased accruals for short and long term management incentive compensation of $2.4 million.

Fourth Quarter 2012 versus Third Quarter 2012

Financial and corporate costs increased by $1.4 million from the third quarter of 2012 to $13.7 million in the fourth quarter of 2012, primarily due to expenses related to the strategic review of $4.0 million partially offset by lower personnel related expenses and stock based compensation costs.

Twelve Months ended December 31, 2012 versus Twelve Months ended December 31, 2011

Financial and corporate costs increased by $16.0 million, from the twelve month period ended December 31, 2011, to $45.5 million for the twelve month period ended December 31, 2012, primarily as a result of an increase in salaries and personnel related expenses $1.8 million, increased accruals for short and long term management incentive compensation of $12.0 million and expenses related to the strategic review process of $4.0 million.

4.0 FORWARD-LOOKING INFORMATION

This document includes certain statements that reflect management's expectations and objectives for the Company's future performance, opportunities and growth, which statements constitute forward-looking information under applicable securities laws. Such statements, other than statements of historical fact, are predictive in nature or depend on future events or conditions. Forward looking information involves estimates, assumptions, judgments and uncertainties. These statements may be identified by the use of forward-looking terminology such as ″may″, ″will″, ″should″, ″anticipate″, ″expect″, ″believe″, ″predict″, ″estimate″, ″continue″, ″intend″, ″plan″ and variations of these words or other similar expressions. Specifically, this document includes forward looking information in the Outlook section and elsewhere in respect of, among other things, the timing of major project activity, the completion of the sale of the Kembla Grange facility, the impact of the existing order backlog and other factors on the Company's revenue and operating income, the impact of global economic activity on the demand for the Company's products, the impact of changing energy demand, supply and prices, the impact and likelihood of changes in competitive conditions in the markets in which the Company participates, the impact of changing laws for environmental compliance on the Company's capital and operating costs, and the adequacy of the Company's existing accruals in respect thereof and in respect of litigation matters generally, the level of payments under the Company's performance bonds, the outlook for revenue and operating income and the expected development in the Company's order backlog.

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

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

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

ShawCor will be hosting a Shareholder and Analyst Conference Call and Webcast on Friday, March 1st, 2013, at 10:00 AM EST, which will discuss the Company's fourth quarter financial results.

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

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

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ShawCor Ltd.
Consolidated Balance Sheets
(Unaudited)

	December 31, 2012 $	December 31, 2011 $
Assets		
Current Assets		
Cash and cash equivalents	**293,266**	56,731
Short-term investments	**78,747**	10,545
Loan receivable	**604**	2,047
Accounts receivable	**389,929**	279,324
Income taxes receivable	**13,675**	15,981
Inventories	**202,887**	146,786
Prepaid expenses	**41,370**	24,454
Derivative financial instruments	**3,988**	270
	1,024,466	536,138
Non-current Assets		
Loans receivable	**6,527**	12,622
Property, plant and equipment	**392,592**	299,118
Intangible assets	**144,694**	86,362
Long-term Investment	**1,348**	30,095
Deferred income taxes	**32,453**	30,058
Other assets	**12,638**	12,022
Goodwill	**285,710**	220,334
	875,962	690,611
Assets held for Sale	**27,141**	–
	1,927,569	1,226,749
Liabilities		
Current Liabilities		
Bank indebtedness	**3,801**	12,281
Loans payable	**8,395**	5,001
Accounts payable and accrued liabilities	**224,497**	156,064
Provisions	**43,193**	12,317
Income taxes payable	**37,991**	35,200
Derivative financial instruments	**1,275**	419
Deferred revenue	**377,091**	27,446
Obligations under finance lease	**1,927**	268
	698,170	248,996
Non-current Liabilities		
Loans payable	**8,682**	–
Obligations under finance lease	**12,728**	–
Provisions	**54,151**	50,859
Deferred revenue	**64,392**	–
Derivative financial instruments	–	2,499
Deferred income taxes	**71,664**	56,984
	211,617	110,342
Liabilities directly associated with the assets classified as held for sale	**11,917**	–
	921,704	359,338
Equity		
Share capital	**221,687**	218,381
Contributed surplus	**17,525**	16,391
Retained earnings	**799,849**	664,475
Non-controlling interest	**(331)**	–
Accumulated other comprehensive loss	**(32,865)**	(31,836)
	1,005,865	867,411
	1,927,569	1,226,749

ShawCor Ltd.
Consolidated Statements of Income
(Unaudited)

(in thousands of Canadian dollars)	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2012	2011	**2012**	2011
Revenue				
Sale of products	**$ 96,533**	$ 104,005	**$ 385,933**	$ 332,242
Rendering of services	**351,851**	237,775	**1,096,916**	825,023
Total Revenue	**448,384**	341,780	**1,482,849**	1,157,265
Cost of Goods Sold	**266,043**	210,985	**904,362**	735,266
Gross Profit	**$ 182,341**	$ 130,795	**$ 578,487**	$ 421,999
Selling, general and administrative expenses	**84,569**	77,743	**308,172**	269,241
Research and development expenses	**2,127**	3,894	**12,242**	13,119
Foreign exchange (gains) losses	**(835)**	543	**(119)**	1,338
Amortization of property, plant and equipment	**13,554**	10,353	**45,133**	41,906
Amortization of intangible assets	**2,896**	1,806	**8,248**	7,244
(Gain) on land and other items	**(12,101)**	-	**(12,101)**	-
Impairment of property, plant, and equipment	**832**	5,244	**4,686**	5,244
Income (loss) from Operations	**91,299**	31,212	**212,226**	83,907
Accounting gain on acquisition	**413**	-	**413**	-
Income (loss) on investment in associate	**5,968**	(2,001)	**8,694**	(10,133)
Finance income (costs), net	**968**	(1,154)	**1,318**	(4,507)
Income before Income Taxes	**$ 98,648**	$ 28,057	**$ 222,651**	$ 69,267
Income taxes (recovery)	**18,301**	4,821	**44,188**	12,987
Net Income for the Period	**$ 80,347**	**$** 23,236	**$ 178,463**	**$** 56,280
Net Income Attributable to:				
Shareholders of the company	**80,302**	23,236	**178,418**	56,280
Non-controlling interest	**45**	-	**45**	-
	$ 80,347	**$** 23,236	**$ 178,463**	**$** 56,280
Earnings (loss) per Share				
Basic	**$ 1.14**	$ 0.32	**$ 2.53**	$ 0.79
Diluted	**$ 1.13**	$ 0.32	**$ 2.50**	$ 0.78
Weighted Average Number of Shares Outstanding				
Basic	**70,221**	70,630	**70,413**	70,725
Diluted	**71,295**	71,126	**71,278**	71,536

ShawCor Ltd.
Consolidated Statements of Comprehensive Income
(unaudited)

(in thousands of Canadian dollars)		Three Months Ended December 31,				Twelve Months Ended December 31,		
		2012		2011		**2012**		2011
Net Income (Loss) for the Period	**$**	**80,347**	$	23,236	**$**	**178,463**	$	56,280
Other Comprehensive Income (loss)								
Unrealized (loss) gain on translation of foreign operations		**17,467**		(2,891)		**(826)**		9,134
Other comprehensive income (loss) attributable to investment in associate		**605**		–		–		–
Gain on hedge of unrealized foreign currency translation		–		–		–		603
Gain on hedges of unrealized foreign currency translation transferred to net income during the period		–		–		–		(1,833)
Share of other Comprehensive income attributable to investment in associate		–		(3,081)		–		(3,081)
Income tax on other comprehensive (loss) income								
Gain on hedges of unrealized foreign currency translation		–		–		–		(103)
Gain on hedges of unrealized foreign currency translation transferred to net income during the period		–		–		–		311
Other Comprehensive (Loss) Income for the Period, net of Income Tax	**$**	**18,072**	$	(5,972)	**$**	**(826)**	$	5,031
Comprehensive Income for the Period	**$**	**98,419**	$	17,264	**$**	**177,637**	$	61,311
Comprehensive Income Attributable to:								
Shareholders of the company		**98,171**		17,264		**177,389**		61,311
Non – controlling interest		**248**		–		**248**		–
	$	**96,419**	**$**	17,264	**$**	**177,637**	**$**	61,311

ShawCor Ltd.
Consolidated Statements of Shareholders' Equity
(Unaudited)

(in thousands of Canadian dollars)

	Share Capital	Contributed Surplus	Retained Earnings	Non – controlling interest	Accumulate Other Comprehensive Loss	Total Equity
December 31, 2011	**$ 218,381**	**$ 16,391**	**$ 664,475**	**$ –**	**$ (31,836)**	**$ 867,411**
Net income for the year	–	–	178,418	45	–	178,463
Issued on exercise of stock options	3,988	–	–	–	–	3,988
Compensation cost on exercised options	1,415	(1,415)	–	–	–	–
Compensation cost on exercised RSUs	79	(79)	–	–	–	–
Stock-based compensation	–	2,628	–	–	–	2,628
Other comprehensive income (loss)	–	–	–	203	(1,029)	(826)
Acquisition of non-controlling interest	–	–	–	(579)	–	(579)
Dividends paid	–	–	(26,332)	–	–	(26,332)
Purchase – normal course issuer bid	(2,176)	–	–	–	–	(2,176)
Excess of purchase price over stated value of shares	–	–	(16,712)	–	–	(16,712)
December 31, 2012	**$ 221,687**	**$ 17,525**	**$ 799,849**	**(331)**	**$ (32,865)**	**$ 1,005,865**
December 31, 2010	$ 206,775	$ 18,144	$ 644,191	–	$ (36,867)	$ 832,243
Net income for the year	–	–	56,280	–	–	56,280
Issued on exercise of stock options	9,878	–	–	–	–	9,878
Compensation cost on exercised options	4,122	(4,122)	–	–	–	–
Compensation cost on exercised RSUs	7	(7)	–	–	–	–
Stock-based compensation	–	2,376	–	–	–	2,376
Other comprehensive loss	–	–	–	–	5,031	5,031
Dividends paid	–	–	(21,930)	–	–	(21,930)
Purchase – normal course issuer bid	(2,401)	–	–	–	–	(2,401)
Excess of purchase price over stated value of shares	–	–	(14,066)	–	–	(14,066)
December 31, 2011	$ 218,381	$ 16,391	$ 664,475	–	$ (31,836)	$ 867,411

ShawCor Ltd.
Consolidated Statements of Cash Flows
(Unaudited)

(in thousands of Canadian dollars)	Three Months Ended December 31, 2012	2011	Twelve Months Ended December 31, 2012	2011
Operating Activities				
Net income for the period	**$ 80,347**	$ 23,236	**$ 178,463**	$ 56,280
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	**13,554**	10,353	**45,133**	41,906
Amortization of intangible assets	**2,896**	1,806	**8,248**	7,244
Amortization of long-term prepaid expenses	**200**	–	**900**	754
Decommissioning liabilities expenses	**(1,538)**	74	**(472)**	425
Other provision expenses	**4,025**	4,143	**1,457**	4,362
Stock-based and incentive-based compensation	**4,681**	1,526	**15,297**	4,501
Deferred income taxes	**1,474**	(16,495)	**(881)**	(14,686)
(Gain) loss on disposal of property, plant and	**(28)**	(18)	**(416)**	180
(Gain) on sale of land	**(12,101)**	–	**(12,101)**	–
Accounting (gain) on acquisition	**(9,445)**	–	**(9,445)**	–
(Income) loss on investment in associate	**(5,968)**	2,001	**(8,694)**	10,133
Impairment of property, plant and equipment	**832**	5,244	**4,686**	5,244
Others	**(3,085)**	912	**(3,351)**	3,791
Settlement of decommissioning liabilities	**(249)**	(790)	**(1,580)**	(1,074)
Settlement of other provisions	**(6,810)**	(401)	**(7,292)**	(2,240)
(Decrease) increase in deferred revenue - non-current	**(86,088)**	–	**64,392**	–
Net change in employee future benefits	**514**	636	**1,168**	636
Net change in non-cash working capital and foreign	**115,553**	(10,382)	**254,579**	(72,131)
Cash provided by (used in) Operating Activities	**$ 98,764**	$ 21,845	**$ 530,091**	$ 45,325
Investing Activities				
(Increase) in loan receivable	**(3,127)**	(10,920)	**(62,085)**	(10,911)
Redemption (purchase) of short term investments, net	**133,140**	(10,545)	**(68,202)**	(10,545)
Purchases of property, plant and equipment	**(28,128)**	(18,532)	**(74,439)**	(55,982)
Proceeds on disposal of land	**12,722**	–	**12,722**	–
Proceeds on disposal of property, plant and equipment	**153**	299	**1,465**	745
Purchase of intangible assets	**(10)**	(372)	**(62)**	(392)
Investment in associate	**(2,824)**	–	**(2,824)**	(10,517)
Business acquisition	**(46,819)**	–	**(49,024)**	(12,839)
Loan provided to associate	**–**	(2,108)	**–**	(10,347)
(Increase) decrease in other assets	**(613)**	4,815	**(956)**	4,815
Cash provided by (used in) Investing Activities	**$ 64,494**	$ (37,363)	**$ (243,405)**	$ (105,973)
Financing Activities				
Proceeds from (repayment of) bank indebtedness	**3,747**	12,281	**(8,480)**	12,281
Repayment of loan	**(2,124)**	–	**(522)**	–
Repayments of finance lease obligation	**(266)**	(181)	**(465)**	(416)
Repayments of long-term debt	**–**	–	**–**	(24,402)
Issuance of shares	**878**	555	**3,988**	9,878
Repurchase of shares	**–**	(1,200)	**(18,888)**	(16,467)
Dividend paid to shareholders	**(6,905)**	(5,558)	**(26,332)**	(21,930)
Cash Used in Financing Activities	**$ (4,670)**	$ 5,897	**$ (50,699)**	$ (41,056)
Foreign Exchange gain (loss) on foreign cash and cash	**$ 1,065**	$ (882)	**$ 548**	$ 2,437
Net change in cash and cash Equivalents for the Period	**159,653**	(10,503)	**236,535**	(99,267)
Cash and Cash Equivalents - Beginning of Period	**$ 133,613**	$ 67,234	**$ 56,731**	$ 155,998
Cash and Cash Equivalents - End of Period	**$ 293,266**	$ 56,731	**$ 293,266**	$ 56,731