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

The following Management's Discussion and Analysis ("MD&A"), is a discussion of the consolidated financial position and results of operations of ShawCor Ltd. ("ShawCor" or "the Company") for the three months ended March 31, 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 Canadian dollars, except where another currency is indicated, and 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 2009 financial information 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 March 31, 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 the three month period ended March 31, 2011. This segment includes the Bredero Shaw, Canusa–CPS, Shaw Pipeline Services, Flexpipe Systems and Guardian divisions.

- Bredero Shaw's product offerings include specialized internal anticorrosion and flow efficiency pipe coating systems, insulation coating systems 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 pipeline applications.

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

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

Petrochemical and Industrial

The Petrochemical and Industrial segment, which includes the DSG-Canusa and ShawFlex divisions, accounted for 12% of consolidated revenue for the three month period ended March 31, 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 First Quarter Financial Information

The following sets forth the Company's financial highlights for the three months ended March 31:

(in thousands of C$)	Three Months ended March 31,			
		2011		2010
Revenue	**$**	**279,466**	$	224,572
Cost of goods sold		**174,412**		138,414
Gross profit		**105,054**		86,158
Selling, general and administrative expenses		**62,130**		54,811
Research and development expenses		**2,917**		2,624
Foreign exchange (gains) losses		**(1,348)**		(1,656)
EBITDA[(a)]		**41,355**		30,379
Amortization of property, plant and equipment		**9,998**		10,799
Amortization of intangible assets		**1,742**		1,095
Income from operations		**29,615**		18,485
Investment loss on long-term investment		**(1,436)**		
Interest expense – net		**(532)**		(942)
Income before income taxes		**27,647**		17,543
Income taxes		**7,162**		5,804
Net income for the period	**$**	**20,485**	$	11,739

(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 increased by $54.9 million, or 24%, from $224.6 million during the first quarter of 2010 to $279.5 million during the first quarter of 2011, primarily due to an increase of $51.9 million in the Pipeline and Pipe Services segment. Revenue for the Pipeline and Pipe Services segment was higher in the first quarter of 2011 than in the first quarter of 2010, mainly because of significant growth in Europe, Middle East, Africa, Russia ("EMAR") and modest growth in North America, partially offset by lower revenue in Latin America and 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.

Income from operations

Operating Income increased by $11.1 million, or 60%, from $18.5 million for the first quarter of 2010 to $29.6 million for the first quarter of 2011, mainly due to higher gross profit of $18.9 million from the increase in revenue as explained above, and partially offset by an increase in selling, general and administration expenses of $7.3 million due to increased staffing levels and higher management incentive compensation provisions.

Net income

Net income increased by $8.7 million, or 75%, from $11.7 million in the first quarter of 2010 to $20.5 million in the first quarter of 2011. The increase was primarily driven by the increased operating income of $11.1 million as discussed above, partly offset by the loss on long term investment of $1.4 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:

(in thousands of C$)	**Three Months ended March 31,**	
	2011	2010
U.S. dollar	**0.9865**	1.0420
Euro	**1.3647**	1.4278
British Pounds	**1.5903**	1.6213

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

(in thousands of C$)	**3 months ended March 31, 2011 versus 3 months ended March 31, 2010**	**3 months ended March 31, 2011 versus 3 months ended December 31, 2010**
Revenue	$ **(8,473)**	$ (3,922)
Income from operations	**(1,634)**	(1,019)
Net income	**(1,340)**	(922)

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. (collectively "Altus") for $12.8 million. The coating business, formerly known as 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 Shaw Pipe Protection 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 Shaw Pipe Protection 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$5.6 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.

In the three months ended March 31, 2011, the Company invested an additional US$9.2 million in Fineglade as its pro rata share of a potential future increase in Socotherm's capital by Fineglade.

Consolidated Information

Revenue

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

(in thousands of C$)	Three months ended		
	March 31, 2011	December 31, 2010	March 31, 2010
Pipeline and Pipe Services	**$ 246,469**	$ 267,780	$ 194,580
Petrochemical and Industrial	**33,361**	25,878	30,395
Elimination	**(364)**	(1,572)	(403)
	$ 279,466	$ 292,086	$ 224,572

First Quarter 2011 versus First Quarter 2010

Consolidated revenue increased by $54.9 million, or 24%, from $224.6 million during the first quarter of 2010 to $279.5 million during the first quarter of 2011, primarily due to an increase of $51.9 million in the Pipeline and Pipe Services segment.

Revenue for the Pipeline and Pipe Services segment was higher in the first quarter of 2011 than in the first quarter of 2010, mainly because of significant growth in EMAR and modest growth in North America, partially offset by lower revenue in Latin America and 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.

First Quarter 2011 versus Fourth Quarter 2010

Consolidated revenue decreased by $12.6 million, or 4%, from $292.1 million during the fourth quarter of 2010 to $279.5 million during the first quarter of 2011, mainly due to a decrease of $21.3 million in the Pipeline and Pipe Services segment, partially offset by an increase of $7.5 million in the Petrochemical and Industry segment.

Revenue for the Pipeline and Pipe Services segment was $21.3 million lower in the first quarter of 2011 than in the fourth quarter of 2010, because of lower revenue in Latin America, Asia Pacific and North America, which was partially offset by higher revenue in EMAR. 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 increased $7.5 million in the first quarter of 2011 compared to the fourth quarter of 2010, primarily due to higher revenues in North America and EMAR.

Income from operations

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

(in thousands of C$ except Operating Margin)	Three months ended		
	March 31, 2011	December 31, 2010	March 31, 2010
Operating Income	**$ 29,615**	$ 47,333	$ 18,485
Operating Margin[(a)]	**10.6 %**	16.2 %	8.2 %

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

First Quarter 2011 versus First Quarter 2010

Operating Income increased by $11.1 million, or 60%, from $18.5 million for the first quarter of 2010 to $29.6 million for the first quarter of 2011, mainly due to higher gross profit of $18.9 million from the increase in revenue as explained above, and partially offset by an increase in selling, general and administration expenses of $7.3 million due to increased staffing levels and higher management incentive compensation provisions.

First Quarter 2011 versus Fourth Quarter 2010

Operating Income decreased by $17.7 million, or 37%, from $47.3 million during the fourth quarter of 2010 to $29.6 million during the first quarter of 2011, mainly due to a decrease in gross profit of $10.7 million from lower revenue as explained above, combined with an increase in selling, general and administration expenses of $16.0 million. Also affecting quarter over quarter comparability was the impairment charge of $7.1 million recorded in the fourth quarter of 2010 as a result of the transition to IFRS reporting standards (See section 6.2 – Adoption of International Financial Reporting Standards), as well as higher amortization expenses of $1.3 million in the fourth quarter of 2010. The major factors in the selling, general, and administration expense variance were the adjustments relating to IFRS of $ 4.2 million (See section 6.2 – Adoption of International Financial Reporting Standards) and provision reversals totaling $10.0 million recorded in the fourth quarter of 2010 related to an adjustment to management incentive compensation to reflect actual performance, as well as employee benefit costs.

Interest expense – net

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

(in thousands of C$)		Three months ended				
		March 31, 2011		December 31, 2010		March 31, 2010
Interest income on short-term deposits	**$**	**(196)**	$	(506)	$	(227)
Interest expense, other		**384**		525		444
Interest expense on long-term debt		**344**		432		725
Interest expense – net	**$**	**532**	$	451	$	942

First Quarter 2011 versus First Quarter 2010

The interest expense – net balance decreased by $0.4 million, or 44%, from $0.9 million during the first quarter of 2010 to $0.5 million during the first quarter of 2011, mainly due to lower interest expense on long-term debt in the current period as a result of the repayment of U.S.$25 million of the Senior Notes on June 30, 2010. See section 4.5 – Credit Facilities for additional information with respect to the debt repayment.

First Quarter 2011 versus Fourth Quarter 2010

The interest expense – net balance increased by $0.1 million, or 18%, from $0.4 million during the fourth quarter of 2010 to $0.5 million during the first quarter of 2011 due to lower interest income on short term deposits. See section 4.5 – Credit Facilities for additional information with respect to the debt repayment.

Income taxes

First Quarter 2011 versus First Quarter 2010

The Company recorded income tax expense of $7.2 million (26% of income before income taxes) in the first quarter of 2011, compared to income tax expense of $5.8 million (33% of income before income taxes) in the first quarter of 2010. The effective income tax rate in the first quarter was lower than the Company's expected effective income tax rate of 29%, mainly due to the fact that a substantial portion of the Company's taxable income in the first quarter of 2011 was earned in Asia Pacific and other jurisdictions where the expected tax rate is 25% or less.

First Quarter 2011 versus Fourth Quarter 2010

The Company recorded income tax expense of $7.2 million (26% of income before income taxes) in the first quarter of 2011, compared to income tax expense of $13.2 million (21% of income before income taxes) in the fourth quarter of 2010. The effective income tax rate in the first quarter was higher than the Company's effective income tax rate in the fourth quarter of 2010 mainly due to the inclusion in fourth quarter 2010 income before tax of an $18.0 million gain on revaluation of investment that was not taxable. The effective income tax rate in the first quarter was lower than the Company's expected effective income tax rate of 29%, as discussed above.

3.2 Segment Information

3.2.1 Pipeline and Pipe Services segment

The following table sets forth, by geographic location, the revenue, income from operations ("Operating Income") and operating margin for the Pipeline and Pipe Services segment for the following periods:

(in thousands of C$ except Operating Margin)	Three months ended		
	March 31, 2011	December 31, 2010	March 31, 2010
North America	**$ 115,189**	$ 116,969	$ 92,182
Latin America	**3,475**	17,647	8,736
EMAR	**68,189**	65,058	32,739
Asia Pacific	**59,616**	68,106	60,923
Total Revenue	**$ 246,469**	$ 267,780	$ 194,580
Operating Income	**$ 34,661**	$ 41,459	$ 22,002
Operating Margin	**14.0%**	15.5%	11.3%

First Quarter 2011 versus First Quarter 2010

Revenue in the first quarter of 2011 was $246.5 million, an increase of $51.9 million, or 27%, over the first quarter of 2010, with significant improvements in EMAR and North America offsetting a reduction in project activity in the Latin America region.

- In North America, revenue increased by $23.0 million, or 25%, due to strong sales of flexible composite pipe and fittings, increases in small diameter pipe coating volumes, and a pick up in large diameter project activity from the TransCanada Keystone XL, Ultramar Quebec and Energy Transfer Eagleford projects in the quarter which exceeded the volumes on large diameter activity in 2010. Drill pipe inspection volumes also increased as a result of the general improvement in well completion activity throughout North America and in particular the rebound in Western Canada.

- Revenue in Latin America decreased $5.3 million as a result of a very low level of Pemex activity in Mexico and a delay in the receipt of client approvals to commence production of the P-55 Risers project in Brazil.

- EMAR revenue grew by $35.5 million, or 109%, due to higher revenue at the Leith, Scotland facility from the Breagh, Statoil P12 and Total Laggan projects. This increase was partially offset by reduced activity at the Orkanger, Norway facility with no large projects running in the first quarter of 2011 versus the same period in 2010 when the BP Skarv project was active.

- In Asia Pacific, revenue decreased $1.3 million, or 2%, mainly due to a weaker U.S. dollar in 2011. The major projects in the first quarter of 2011 were the Yamal Europa Gas Pipeline and the PNG LNG Pipeline in Malaysia, the Epic Energy QSN project in Australia, and the Total South Mahakan project in Indonesia.

Operating Income in the first quarter of 2011 was $34.7 million compared to $22.0 million in the first quarter of 2010, an increase of $12.7 million, or 58%. The increase was primarily due to the increase in revenue explained above. Operating margins improved by 2.7 percentage points as the higher revenue led to an improvement in the absorption of fixed manufacturing overhead (included in cost of goods sold) and selling, general and administrative expenses.

First Quarter 2011 versus Fourth Quarter 2010

Revenue in the first quarter of 2011 decreased by $21.3 million, or 8%, from $267.8 million in the fourth quarter of 2010, to $246.5 million in the first quarter of 2011. Major contributors to the revenue decline were the unfavourable impact of foreign exchange fluctuations on the translation of foreign currency operations (See section 2.2 – Foreign Exchange Impact) and the following regional factors:

- In North America, revenue decreased by $1.8 million, or 2%, mainly due the unfavourable impact of a weaker U.S. dollar.
- The $14.2 million decrease in revenue in Latin America was due to limited coating activities in Brazil due to the delay in start up of the P55 Risers project, which is now scheduled to commence production in the third quarter. Also affecting Latin America was lower project activity in Mexico due to delays in Pemex investment approvals for a number of pipeline projects.
- Revenue in EMAR increased by $3.1 million, or 5%, primarily driven by the Total Laggan, Breagh and Statoil P12 projects, partially offset by lower activity in Saudi Arabia and lower offshore weld inspection volumes.
- In Asia Pacific, revenue decreased by $8.5 million, or 12%, as the Company completed production on the Epic Energy QSN3 project in Kembla Grange, Australia, and pipe deliveries for the PNG LNG pipeline project were deferred to the second half of 2011. As a result, PNG LNG revenue declined by $26 million. These shortfalls were partially offset by increased production on the Yamal Europa Gas Pipeline, Total South Mahakan and the QCLNG Narrows Crossing projects.

Operating Income in the first quarter of 2011 decreased by $6.8 million, or 16%, from $41.5 million in the fourth quarter of 2010 to $34.7 million. The decrease was primarily due to the lower revenue explained above and the higher selling, general and administrative expenses. The operating margin declined by 1.5 percentage points as a result of a 0.7 percentage point decrease in contribution margins from changes in project mix and the under absorption of fixed manufacturing overhead (included in cost of goods sold) and selling, general and administrative expenses as a result of the revenue decline.

3.2.2 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 C$ except Operating Margin)	Three months ended		
	March 31, 2011	December 31, 2010	March 31, 2010
North America	**$ 17,807**	$ 13,279	$ 16,809
EMAR	**14,818**	12,040	13,586
Asia Pacific	**736**	559	-
Total Revenue	**$ 33,361**	$ 25,878	$ 30,395
Operating Income	**$ 3,525**	$ 3,572	$ 3,011
Operating Margin	**10.6%**	13.8%	10.0%

First Quarter 2011 versus First Quarter 2010

Revenue of $33.4 million in the first quarter of 2011 was up $3.0 million, or 10%, from the first quarter of 2010 due to higher copper prices that increased revenue in the wire and cable business combined with increased heat shrink tubing shipments in the EMAR, Asia Pacific and North America regions.

Operating Income in the first quarter of 2011 was $3.5 million compared to $3.0 million in the first quarter of 2010, an increase of $0.5 million, or 17%. The increase was due to higher sales as explained above and an increase in the operating margin of 0.6 percentage points on improved fixed cost overhead absorption.

First Quarter 2011 versus Fourth Quarter 2010

Revenue in the first quarter of 2011 totaled $33.4 million compared to $25.9 million in the fourth quarter of 2010, an increase of $7.5 million, or 29%. The increase was attributable to higher copper prices that increased revenue in the wire and cable business, seasonally higher revenue in North America and a strong recovery of the automobile segment in EMAR following typical December automotive facility shutdowns.

Operating Income in the first quarter of 2011 was $3.5 million compared to $3.6 million in the fourth quarter of 2010. The operating margin was lower by 3.2 percentage points on a reduction in contribution margin from increased input costs and changes in product mix combined with increased selling, general and administration expenses.

3.2.3 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:

(in thousands of C$)	Three months ended		
	March 31, 2011	December 31, 2010	March 31, 2010
Income (loss) from operations	**$ 9,918**	$ (507)	$ 8,184

First Quarter 2011 versus First Quarter 2010

Financial and corporate costs increased by $1.7 million from $8.2 million during the first quarter of 2010 to $9.9 million during the first quarter of 2011 due to higher salaries and associated benefits related to an increase in staffing levels.

First Quarter 2011 versus Fourth Quarter 2010

Financial and corporate costs increased by $10.4 million from the fourth quarter of 2010, primarily due to higher employee salaries and benefits expenses, increased professional fees related to corporate development, and provision reversals totaling $6.5 million recorded in the fourth quarter of 2010 related to an adjustment to management incentive compensation to reflect actual performance, employee defined benefit pension costs and decommissioning liabilities.

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 March 31		
(in thousands of Canadian dollars)		**2011**		2010
Net income for the period	**$**	**20,485**	$	11,739
Non-cash items		**19,833**		12,175
Settlement of asset retirement obligations		**-**		(297)
Change in long-term provisions		**730**		-
Change in employee future benefits		**-**		659
Change in non-cash working capital and foreign exchange		**(28,107)**		2,292
Cash provided by operating activities		**12,941**		26,568
Cash used in investing activities		**(21,119)**		(11,442)
Cash used in financing activities		**(3,448)**		(4,435)
Foreign exchange gain (loss) on foreign cash and cash equivalents		**(2,412)**		(4,666)
Net change in cash and cash equivalents		**(14,038)**		6,025
Cash and cash equivalents at beginning of period		**155,998**		249,988
Cash and cash equivalents at end of period	**$**	**141,960**	$	256,013

4.1 Cash provided by operating activities

First Quarter 2011 versus First Quarter 2010

Cash provided by operating activities was $12.9 million for the three months ended March 31, 2011, compared to cash provided by operating activities of $26.6 million for the three months ended March 31, 2010. The decrease of $13.6 million was primarily due to movements in working capital and foreign exchange of $30.4 million, partially offset by an increase in non cash items of $7.7 million. Net income increased mainly due to the growth in revenue as discussed in section 3.2 - Consolidated Information. Non-cash items increased mainly as a result of an increase in deferred income taxes of $5.1 million and the loss on long term investment of $1.4 million compared to the first quarter of 2010.

4.2 Cash used in investing activities

First Quarter 2011 versus First Quarter 2010

Cash used in investing activities increased by $9.7 million from $11.4 million during the first quarter of 2010 to $21.1 million during the first quarter of 2011, mainly due to an investment of US$9.2 million that was made in Fineglade in the first quarter of 2011 (see section 3.1 – Business Developments for the Year).

4.3 Cash used in financing activities

First Quarter 2011 versus First Quarter 2010

Cash used in financing activities decreased by $1.0 million from $4.4 million during the first quarter of 2010 to $3.4 million during the first quarter of 2011, mainly due to higher proceeds from the issuance of shares.

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:

	March 31, 2011	December 31, 2010	Change
Trade Accounts receivables – net	**$ 266,087**	$ 221,738	$ 44,349
DSO[(a)]	**79**	67	12

(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 $44.3 million from $221.7 million at December 31, 2010 to $266.1 million at March 31, 2011, primarily as a result of higher sales volumes in the latter part of the first quarter of 2011 compared to the fourth quarter of 2010. DSO increased by 12 days in the first quarter of 2011 compared to the fourth quarter of 2010 as a result of an increase in trade accounts receivables – net due to the timing of the collection of receivables.

Inventories

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

(in thousands of C$)	**March 31, 2011**	December 31, 2010	Change
Inventories	**$ 121,756**	$ 126,132	**$ (4,376)**

The inventories account balance decreased by $4.4 million from $126.1 million as at December 31, 2010 to $121.7 million as at March 30, 2011, mainly due to a decrease of inventory in the pipeline segment of approximately $7.5 million in raw materials and an increase of $2.1 million in work in process.

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:

(in thousands of C$)		March 31, 2011		December 31, 2010		Change
Accounts payable and accrued liabilities	**$**	**145,302**	$	123,991	**$**	**21,311**
DPO[a]		**69**		61		**8**

(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 to $145.3 million as at March 31, 2011 from $123.9 million as at December 31, 2010, an increase of $21.3 million. DPO increased by 8 days in the first quarter of 2011 compared to the fourth quarter of 2010, mainly as a result of an increase in business activity levels in the latter part of the first quarter 2011 compared with the fourth quarter 2010.

4.5 Credit Facilities

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

(in thousands of C$)		March 31, 2011		December 31, 2010
Total available credit facilities	**$**	**234,938**	$	240,048
Standby letters of credit for performance, bid and surety bonds[a]		**75,734**		75,140
Unutilized credit facilities[b]	**$**	**159,204**	$	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

On February 4, 2010, the Company's Russian joint venture obtained a loan from OOO ArkhTekhnoProm ("Arkh"), an affiliate of OAO Mezhregiontruboprovodstroi, a leading Russian offshore pipeline contractor in the amount of 600 million Russian rubles payable on demand, but no earlier than February 1, 2011. Interest is calculated on this loan at 9.625% per annum and is to be paid over the period of actual use. If the Company's Russian joint venture fails to repay the outstanding loan within the time specified by the loan agreement, a penalty in the amount of 24% per annum will be assessed on the outstanding loan amount on a daily basis. The Company's portion of this loan, which has been proportionately consolidated and included on the consolidated balance sheet as at March 31, 2011, is 156 million Russian rubles ($5.4 million at the current exchange rate).

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, of U.S. $75.0 million of Senior Notes due June 30, 2011. Under the terms of the agreement, the Company is 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 repayment of U.S. $25.0 million (CDN$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 (CDN$26.0 million at the then current exchange rate) (the "Second Repayment"). As at March 31, 2011, U.S. $25.0 million (CDN$24.5 million) of the Senior Notes were outstanding, all of which has been classified as current portion of long-term debt.

The Company's Senior Notes and associated interest expense are denominated in U.S. dollars. Fluctuations in the exchange rate between the Canadian and U.S. dollar impacts the carrying value of the Senior Notes in terms of Canadian dollars as well as the amount of interest expense that is 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. Foreign exchange gains and losses from the hedged portion of the Senior Notes are not included in the consolidated statement of income, but are shown in accumulated other comprehensive income.

Debt Covenants

Under the terms of the Company's credit facilities and long-term debt agreements, the Company must maintain the following:

- Fixed Charge Coverage Ratio of more than 2.5 to 1; and
- Debt to total capitalization ratio of less than 0.45 to 1.

The Company was in compliance with the debt covenants detailed above as at March 31, 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 March 31, 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 March 31, 2011, the Company had 57,678,261 Class A shares outstanding and 13,058,073 Class B shares outstanding. In addition, as at March 31, 2011, the Company had stock options outstanding to purchase up to 2.7 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 $75.7 million and $75.1 million as at March 31, 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 values of CGUs for long-lived assets whenever circumstances arise that could indicate impairment, and 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 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.

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; there are no ‘bright lines’. 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, Venturers 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 Involvement with 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 section, 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 the IFRS and US GAAP requirements for how to measure fair value and the related disclosures. IFRS 13 establishes a single source of guidance for fair value measurements, when fair value is required or permitted by IFRS.Upon adoption, the Company will provide a single framework for measuring fair value while requiring enhanced disclosures when fair value is applied. In addition, fair value will be defined as the ‘exit price’ and concepts of ‘highest and best use’ and ‘valuation premise’ would be relevant only for non-financial assets and liabilities.

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

IAS 27 Separate Financial Statements

On January 1, 2013 ShawCor will be required to adopt IAS 27, *Separate Financial Statements*. As a result of the issue of the new consolidation suite of standards, IAS 27 has been reissued to reflect the 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 the new accounting standard on its separate financial statements.

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 determined that the Company has an interest in a joint venture, the Company will recognise an investment and will account for it using the equity method in accordance with IAS 28.

IFRS 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.

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

This is the Company's first reporting period using IFRS accounting policies. 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 in accordance with our IFRS accounting policies. The 2009 financial information contained within this MD&A has been prepared following previous GAAP and has not been restated.

In each of our MD&As throughout 2010, we included updates on the status of our IFRS conversion project, as well as detailed information on our IFRS accounting policies and elections, including the estimated impact of adopting the accounting policies. The information below summarizes the actual impact of adopting the policies and transitioning to IFRS.

Our IFRS consolidated financial statements for the year ending December 31, 2011 must use the standards that are in effect on December 31, 2011, and therefore we have prepared our interim unaudited Consolidated Financial Statements using the standards that are expected to be effective at the end of 2011. However, our IFRS accounting policies will only be finalized when our first annual IFRS financial statements are prepared for the year ending December 31, 2011. Therefore, certain accounting policies that we currently expect to follow under IFRS may not be adopted and the application of such policies to certain transactions or circumstances may be modified. As a result, our interim unaudited Consolidated Financial Statements for the three months ended March 31, 2011 are subject to change.

The following are the significant elections and exemptions that the Company has adopted upon the first time adoption of IFRS, as well as the significant impacts on our net earnings for the three months ended March 31, 2010 and the year ended December 31, 2010 and on our Balance Sheets on January 1, 2010 and December 31, 2010.

a) Adoption of IFRS

The adoption of IFRS requires the application of IFRS 1 '*First-time Adoption of International Financial Reporting Standards*' which provides guidance for an entity's initial adoption of IFRS. Generally speaking IFRS requires that an entity apply all IFRS effective at the end of its first IFRS reporting period on a retrospective basis with any adjustments to the assets and liabilities as a result of the adoption taken to retained earnings. IFRS 1 does however provide for certain mandatory exemptions and limited optional exemptions in specified areas of certain standards from this general requirement. The following are the exemptions available under IFRS 1 that are significant to ShawCor and have been applied in preparing the Company's first financial statements under IFRS:

i) Property, Plant and Equipment

IFRS permits an entity to measure an item of property, plant and equipment at either cost or fair value. ShawCor has elected to retain the historical cost model for all assets. The Company has recalculated the associated historical accumulated depreciation of all fixed assets using a more detailed componentization analysis where applicable, and has reviewed their expected useful life which in a number of cases was extended. This has caused the net book value of property, plant and equipment to increase.

ii) Employee Benefits

Under IAS 19 *Employee Benefits*, an entity may elect to use a 'corridor' approach that leaves some actuarial gains and losses unrecognized. Retrospective application of this approach requires the entity to split the cumulative actuarial gains and losses from the inception of the plan until the date of transition to IFRS into a recognized portion and an unrecognized portion. ShawCor has elected to recognize all cumulative actuarial gains and losses at the date of transition to IFRS through an adjustment to the opening retained earnings. This has resulted in an increase in the liability for employee benefits. The Company has elected to adopt the IFRS 1 option to disclose the amounts required by IAS 19 on a prospective basis.

iii) Cumulative Translation Account

IAS 21 *Effects of Changes in Foreign Exchange Rates*, requires an entity to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS. ShawCor has elected to deem all cumulative translation differences be zero on transition to IFRS as on January 1, 2010.

iv) Business Combinations

IFRS 1 allows a first time adopter to elect not to apply IFRS 3R *Business Combinations* retrospectively to past business combinations that occurred before the date of transition to IFRS. The Company has applied the business combinations exemption in IFRS 1 to not apply IFRS 3R retrospectively to past business combinations. Accordingly, the Company has not restated business combinations that took place prior to the transition date. As ShawCor early adopted CICA Handbook Section 1582 *Business Combinations* on January 1, 2010, which was harmonized with IFRS 3R, there are no adjustments required for 2010.

v) Stock-based Compensation

ShawCor is required to apply IFRS 2 Share-based Payments to equity instruments that vest after January 1, 2010. ShawCor has consistently used the method of recognizing stock-based compensation expense on a graded vesting schedule. Adopting IFRS has resulted in a $145K additional expense due to the revaluation of compound financial liability instruments (Share Appreciation Rights ″SAR″) using the Black-Scholes model, compared to using the intrinsic value of liability under CGAAP.

vi) Borrowing Costs

ShawCor has elected not to capitalize any borrowing costs on a retrospective basis for qualifying assets acquired prior to January 1, 2010, the date of transition to IFRS.

vii) Decommissioning liabilities

ShawCor has elected, in accordance with IFRS 1 to remeasure these liabilities as of the date of transition to IFRS per IAS 37 and has adjusted the asset cost and depreciable amount accordingly and will amortize the depreciable amount of the assets over the remaining useful lives.

b) **IFRS 1 Guidelines**

Under certain circumstances, a first time adopter must adhere to specific guidelines under IFRS 1. ShawCor Ltd. has applied the following guidelines to its opening IFRS statement of financial position as on January 1, 2010;

i) Goodwill

ShawCor is required to apply IAS 36 Impairment of Assets, on transition to IFRS on January 1, 2010. Under CGAAP goodwill is tested for impairment by comparing the carrying value to the fair value at the reporting unit level. Impairment for goodwill under IFRS is tested at the CGU level. There was no impairment recognized on transition from CGAAP to IFRS, based on the testing carried out under IFRS at the CGU level.

ii) Estimates

In accordance with IFRS 1, an entity's estimates under IFRS at the date of transition from CGAAP to IFRS must be consistent with estimates made in accordance with CGAAP unless there is objective evidence that those estimates were in error. The ShawCor estimates under IFRS are consistent with the CGAAP estimates.

c) **Reconciliations between CGAAP and IFRS**

Our adoption of IFRS has not had a substantial impact on our consolidated balance sheets and statements of operations. In aggregate, the application of various policies under IFRS that differ from Canadian GAAP increased our common equity by $ 0.6 million as at January 1, 2010.

The impact of applying the above noted IFRS exemptions and the accounting policies differences between CGAAP and IFRS are summarized in the following tables and notes:

Reconciliation of the balance sheet under CGAAP to IFRS at January 1, 2010

	Note	CGAAP December 31, 2009	IFRS FS Reclassification	Effect of Transition to IFRS	Restated Under IFRS January 1, 2010
Assets					
Current assets					
Cash and cash equivalents		$ 249,988	$ –	$ –	$ **249,988**
Accounts receivable		191,821	–	–	**191,821**
Income taxes receivable		14,055	–	–	**14,055**
Inventories		109,379	–	–	**109,379**
Prepaid expenses		14,392	–	–	**14,392**
Derivative financial instruments		1,782	–	–	**1,782**
Current future income taxes	i	4,668	(4,668)	–	**–**
		586,085	(4,668)	–	**581,417**
Non-current assets					
Property, plant and equipment	b	270,219	–	14,072	**284,291**
Intangible assets		62,784	–	–	**62,784**
Derivative financial instruments		39	–	–	**39**
Deferred income taxes	e,i	36,249	4,668	498	**41,415**
Other assets		16,152	–	–	**16,152**
Goodwill		214,449	–	–	**214,449**
		599,892	4,668	14,570	**619,130**
Total Assets		$ 1,185,977	$ –	$ 14,570	$ **1,200,547**
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	j,i	$ 127,932	$ (11,227)	$ –	$ **116,705**
Provisions	d,i	–	11,804	971	**12,775**
Income taxes payable		42,971	–	–	**42,971**
Derivative financial instruments		510	–	–	**510**
Deferred revenue		75,100	–	–	**75,100**
Current portion of long-term debt		26,235	–	–	**26,235**
Finance lease obligation		371	–	–	**371**
		273,119	577	971	**274,667**
Non-current liabilities					
Long-term debt		26,052	–	–	**26,052**
Long-term finance lease obligation		492	–	–	**492**
Deferred income taxes	e	76,552	–	(976)	**75,576**
Long-term provisions	c,i,d	–	18,763	13,982	**32,745**
Other non-current liabilities	i	19,340	(19,340)	–	**–**
		122,436	(577)	13,006	**134,865**
Total Liabilities		395,555	–	13,977	**409,532**
Shareholders' Equity					
Share capital		204,151	–	–	**204,151**
Contributed surplus		17,277	–	–	**17,277**
Retained earnings	a	695,800	–	(126,213)	**569,587**
Accumulated other comprehensive loss	a	(126,806)	–	126,806	**–**
		790,422	–	593	**791,015**
Total Liabilities and Shareholders' Equity		$ 1,185,977	$ –	$ 14,570	$ **1,200,547**

Reconciliation of the balance sheet under CGAAP to IFRS at December 31, 2010

	Note	CGAAP December 31, 2010	IFRS FS Reclassification	Effect of Transition to IFRS	Restated Under IFRS December 31, 2010
Assets					
Current assets					
Cash and cash equivalents		$ 155,998	$ –	$ –	$ **155,998**
Accounts receivable		243,955	–	–	**243,955**
Income taxes receivable		13,823	–	–	**13,823**
Inventories		126,132	–	–	**126,132**
Prepaid expenses		14,171	–	–	**14,171**
Derivative financial instruments		1,130	–	–	**1,130**
Current future income taxes	i	4,590	(4,590)	–	–
		559,799	(4,590)	–	**555,209**
Non-current assets					
Property, plant and equipment	b,d,f	283,286	–	12,227	**295,513**
Intangible assets		91,353	–	–	**91,353**
Long-term investment		31,995	–	–	**31,995**
Deferred income taxes	e,i	29,035	4,590	(70)	**33,555**
Other assets		15,622	–	–	**15,622**
Goodwill		220,092	–	–	**220,092**
		671,383	4,590	12,157	**688,130**
Total Assets		$ 1,231,182	$ –	$ 12,157	$ **1,243,339**
Liabilities					
Current liabilities					
Loan payable		$ 5,126	$ –	$ –	$ **5,126**
Accounts payable and accrued liabilities	i, j	131,777	(7,931)	145	**123,991**
Provisions	d,i	–	4,660	2,152	**6,812**
Income taxes payable		50,860	–	–	**50,860**
Derivative financial instruments		527	–	–	**527**
Deferred revenue		54,751	–	–	**54,751**
Current portion of long-term debt		25,005	–	–	**25,005**
Finance lease obligation		345	–	–	**345**
		268,391	(3,271)	2,297	**267,417**
Non-current liabilities					
Long-term finance lease obligation		339	–	–	**339**
Derivative financial instruments		807	–	–	**807**
Deferred income taxes	e	78,516	–	(1,238)	**77,278**
Long-term provisions	c,i,d	–	43,649	11,013	**54,662**
Other non-current liabilities	i	40,378	(40,378)	–	–
		120,040	3,271	9,775	**133,086**
Total Liabilities		388,431	–	12,072	**400,503**
Shareholders' Equity					
Share capital		206,775	–	–	**206,775**
Contributed surplus		18,144	–	–	**18,144**
Retained earnings	a	780,722	–	(126,028)	**654,694**
Accumulated other comprehensive loss	a	(162,890)	–	126,113	**(36,777)**
Total Shareholders' Equity		842,751	–	85	**842,836**
Total Liabilities and Shareholders' Equity		$ 1,231,182	$ –	$ 12,157	$ **1,243,339**

Reconciliation of the statement of income and comprehensive income under CGAAP to IFRS at December 31, 2010

Consolidated Statement of Income	Note		CGAAP December 31, 2010		Effect of Transition to IFRS		Restated Under IFRS December 31, 2010
Revenue		$	1,034,163	$	–	$	**1,034,163**
Cost of goods sold			623,641		–		**623,641**
Gross profit			410,522		–		**410,522**
Selling, general and administrative expenses	h,j		221,440		(2,264)		**219,176**
Research and development expenses			11,050		–		**11,050**
Foreign exchange (gains) losses	g		(5,745)		100		**(5,645)**
Amortization of property, plant and equipment	f		50,376		(5,299)		**45,077**
Amortization of intangible assets			5,246		–		**5,246**
Impairment of property, plant & equipment	b		–		7,107		**7,107**
Impairment of intangible assets			958		–		**958**
Impairment of goodwill			208		–		**208**
Income from operations			126,989		356		**127,345**
Gain on revaluation of investment			17,979		–		**17,979**
Investment loss on long-term investment			(1,939)		–		**(1,939)**
Interest income on short-term deposits			1,455		–		**1,455**
Interest expense on bank indebtedness			(1,631)		–		**(1,631)**
Interest expense on long-term debt			(2,327)		–		**(2,327)**
Income before income taxes			140,526		356		**140,882**
Income taxes			35,136		171		**35,307**
Net income for the period		$	105,390	$	185	$	**105,575**
Earnings per share							
Basic		$	1.49		0.01		**1.50**
Diluted		$	1.48		–		**1.48**

Consolidated Statement of Comprehensive Income						
Net income for the period	$	105,390	$	185	$	**105,575**
Unrealized loss on translating financial statements of foreign operations		(37,289)		(693)		**(37,982)**
Gain on hedges of unrealized foreign currency translation		1,423		–		**1,423**
Income tax expense		(218)		–		**(218)**
Other comprehensive loss for the period		(36,084)		(693)		**(36,777)**
Comprehensive income for the period	$	69,306	$	(508)	$	**68,798**

Reconciliation of the statement of income and comprehensive income under CGAAP to IFRS at March 31, 2010

Consolidated Statement of Income	Note		CGAAP March 31, 2010		Effect of Transition to IFRS		Restated Under IFRS March 31, 2010
Revenue		$	224,572	$	–	$	**224,572**
Cost of goods sold			138,414		–		**138,414**
Gross profit			86,158		–		**86,158**
Selling, general and administrative expenses	h		55,135		(324)		**54,811**
Research and development expenses			2,624		–		**2,624**
Foreign exchange (gains) losses	g		(1,420)		(236)		**(1,656)**
Amortization of property, plant and equipment	f		12,260		(1,461)		**10,799**
Amortization of intangible assets			1,095		–		**1,095**
Income from operations			16,464		2,021		**18,485**
Interest income on short-term deposits			227		–		**227**
Interest expense on bank indebtedness			(444)		–		**(444)**
Interest expense on long-term debt			(725)		–		**(725)**
Income before income taxes			15,522		2,021		**17,543**
Income taxes			5,523		281		**5,804**
Net income for the period		$	9,999	$	1,740	$	**11,739**
Earnings per Share							
Basic		$	0.14		0.03		**0.17**
Diluted		$	0.14		0.02		**0.16**

Consolidated Statement of Comprehensive Loss						
Net income for the period	$	9,999		1,740		**11,739**
Unrealized loss on translating financial statements of foreign operations		(18,181)		(1,639)		**(19,820)**
Gain loss on hedges of unrealized foreign currency translation		1,350		–		**1,350**
Income tax expense		(231)		–		**(231)**
Other comprehensive loss for the period		(17,062)		(1,639)		**(18,701)**
Comprehensive loss for the period	$	(7,063)	$	101	$	**(6,962)**

Reconciliation of Shareholders' Equity

	Note	December 31, 2010	March 31, 2010	January 1, 2010
Shareholders' equity in accordance with Canadian GAAP		$ 842,751	$ 779,670	$ 790,422
Property, Plant and Equipment	b,f	30,462	25,980	25,977
Impairment of property, plant, and equipment	b	(21,382)	(14,275)	(14,275)
Employee Benefits	c,e	(8,170)	(10,543)	(10,547)
Effects of change in FX rates	g	(931)	(905)	(396)
Provisions		210	214	222
Decomissioning of liabilities	d	41	224	(388)
Share-based compensation	j	(145)	–	–
Shareholders' equity in accordance with IFRS		**$ 842,836**	$ **780,365**	$ **791,015**

Notes to the reconciliations

(a) Cumulative Translation Account

IAS 21 The Effects of Changes in Foreign Exchange Rates requires an entity to determine the translation differences in accordance with IFRS from the date on which a subsidiary was formed or acquired. IFRS 1 allows cumulative translation differences for all foreign operations to be deemed zero at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS. ShawCor has made the election to deem all cumulative translation differences be reset to zero on transition to IFRS as on January 1, 2010. Consequently, the Company has transferred $126.8 million to retained earnings from the cumulative translation adjustment account.

(b) Property, Plant and Equipment

The adjustment to property, plant and equipment at the January 1, 2010 transition date is 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:

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

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

b) Under CGAAP, no impairment existed on the above assets as of December 31, 2010 and 2009.

c) ShawCor recognized an additional impairment at December 31, 2010 on these fixed assets under IFRS in the amount of $7.1 million. The impairment recognized is expensed in the 2010 IFRS Statement of Income.

(c) Employee Benefits

Under IFRS, the $14.4 million adjustment results from ShawCor's election 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. 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 application of IAS 19 on a prospective basis.

(d) Decommissioning liabilities

As at December 31, 2010, the property, plant and equipment balance associated with the accounting for decommissioning liabilities has increased by $1.6 million mainly driven by the use of lower discount rates in effect during the period under IFRS. The use of lower discount rates also resulted in the calculation of higher decommissioning liability balances throughout 2010 under IFRS.

(e) Deferred Income Tax Effect

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.

(f) Amortization of property plant and equipment

The 2010 income statement 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 cost under IFRS versus CGAAP of $ 1.4 million for the quarter and $5.3 million for the full year of 2010.

(g) Foreign Exchange

Foreign exchange gains increased by $0.2 million for the three months ended March 31, 2010 and decreased by $0.1 million for the twelve months ended December 31, 2010 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.

(h) Selling, General and Administration Expense

The Employee Defined Pension expense under IFRS was $3.3 million lower than that under CGAAP due to the application of IFRIC 14 on transition to IFRS and the application of IAS 19 on a prospective basis, which was partly offset by higher decommissioning liabilities expense.

(i) Account Reallocations

Certain accounts were reallocated for financial statement presentation purposes including deferred tax assets from current to non-current reflecting the adoption of IAS 12 and the requirement for provisions to be presented separately by IAS 37.

(j) Stock-based Compensation

Adopting IFRS has resulted in a $145K additional expense due to revaluing liability settled instruments (Share Appreciation Rights ″SAR″) using the Black-Scholes model, compared to using the intrinsic value of liability under CGAAP.

(k) Adjustment to the consolidated statement of cash flows

The changes 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 experienced improving small diameter market conditions in both Canada and the USA through 2010 and in the first quarter of 2011. This improvement has been related to increased well drilling and completions throughout North America, and has bolstered demand for small diameter pipe coating, composite pipe, and joint protection products. The trend of improvement is expected to continue once the seasonal impact of spring break up in Western Canada is complete. During the second quarter, the Company will be in production on a number of large diameter pipe coating projects that should offset the spring break up impact. In the third quarter, the Company will launch production on the $40 million Jack St. Malo project at the Brigden site in Beaumont, Texas, with this project reaching full production in the fourth quarter and continuing through the first quarter of 2012.

Pipeline Segment - Latin America
The Latin America region, consisting primarily of the Company’s operations in Mexico and Brazil, had revenues in the first quarter. The absence of project activity in Mexico is believed to be temporary as Pemex has a number of pipeline developments that are planned for the second half of 2011. In Brazil, the Company has secured a $20 million contract to provide pipe coating services for the P55 Risers project. This project is currently completing product validation and should commence production in the third quarter.

Pipeline Segment - EMAR
Project activity in the ″EMAR″ region was an area of notable strength for ShawCor in the first quarter with several major projects in production including the U.S. $93 million Total Laggan-Tormore project. The Laggan project is being executed in stages with the 18″ pipe portion of the project now complete and the 30″ pipe portion not scheduled to reach full production until the summer. The result will be a short term reduction in activity in the second quarter but a return to first quarter levels of production in the fourth quarter.

Pipeline Segment - Asia Pacific
During 2010, revenue generated from the Asia Pacific region reached a record level due to the execution of a portion of the $185.0 million PNG LNG and $40.0 million Epic Energy QSN3 projects plus a number of other projects. The Epic Energy project was completed in the first quarter of 2011 and revenue from the PNG LNG project declined by approximately $26 million compared with the fourth quarter of 2010 as a result of deferred pipe deliveries. As a result of disruption to port facilities in Japan due to the March, 2011 earthquake and

tsunami, these deferred pipe deliveries are not expected to be made until the third quarter of 2011. As full production on the PNG LNG project is resumed, and several other large projects in South East Asia anticipated for the second half of 2011 commence, revenue in the region should strengthen with full year revenue in line with the prior year.

Petrochemical and Industrial Segment
The Company continues to expect that the gradual recovery in the global economy following the economic recession of 2008 and 2009 will generate ongoing improvements in the Petrochemical and Industrial segment's markets throughout 2011.

Order Backlog
The Company's order backlog, representing customer orders expected to be completed within one year, declined in the first quarter to $333 million from a total of $375 million at December 31, 2010. The Company has in recent months submitted firm project bids totaling in excess of $1.5 billion. These bids relate to projects that are progressing towards client investment approval decisions, at which time the bids will translate into firm production orders, which, if several are awarded to the Company, offer the potential to increase ShawCor's backlog during 2011.

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 March 31, 2011, the accruals on the unaudited consolidated balance sheet related to environmental matters and included as decommissioning liabilities were $20.5 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:

(in thousands of C$)	March 31, 2011	December 31, 2010
Revenue for the quarter	**$ 279,466**	$ **292,086**
Average trade accounts receivables - net	**243,912**	**218,398**
DSO	**79**	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:

(in thousands of C$)	March 31, 2011	December 31, 2010
Cost of goods sold for the quarter	$ **174,412**	$ **176,293**
Average accounts payable and accrued liabilities	**134,647**	**120,348**
DPO	**69**	**61**

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$)	March 31, 2011	December 31, 2010
Current assets	$ **580,492**	$ **555,209**
Current liabilities	**273,894**	$ **267,417**
Working capital ratio	**2.12**	**2.08**

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 and long-term debt.

The following table sets forth the calculation of the Company's fixed charge coverage ratio for the three month period ended March 31, 2011:

(in thousands of C$)		**March 31, 2011**
EBITDA	$	**41,355**
Interest expense – net		**532**
Fixed charge coverage ratio		**78**

The Company is in compliance with this debt covenant as at March 31, 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 March 31, 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**	**-**	**-**	**-**	**-**
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 from operations					
2011	**29,615**	**-**	**-**	**-**	**-**
2010	18,485	18,895	42,632	47,333	127,345
2009[a]	50,455	53,471	50,029	38,564	192,519
Net income					
2011	**20,485**	-	-	-	-
2010	11,739	12,031	32,126	49,679	105,575
2009[a]	31,541	34,636	33,747	31,526	131,450
Income from operations per share (Classes A and B)					
Basic					
2011	**0.41**				
2010	0.26	0.27	0.60	0.67	1.80
2009[a]	0.72	0.76	0.71	0.54	2.73
Diluted					
2011	**0.41**				
2010	0.26	0.26	0.60	0.66	1.78
2009[a]	0.72	0.76	0.70	0.53	2.71
Net income per share (Classes A and B)					
Basic					
2011	**0.29**				
2010	0.17	0.17	0.46	0.70	1.50
2009[a]	0.45	0.49	0.48	0.44	1.86
Diluted					
2011	**0.29**				
2010	0.16	0.17	0.45	0.70	1.48
2009[a]	0.45	0.49	0.48	0.43	1.85

(a) Quarterly revenue, income from operations and net income figures 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.

May 31, 2011