

May 5, 2005

**SHAWCOR LTD.**  
**(TSX: SCL.SV.A, SCL.MV.B)**

**PRESS RELEASE**

Financial Summary

(In thousands of Canadian dollars except per share amounts)	Three Months Ended Mar. 31	
	2005	2004
<b>Operating Results</b>		
Revenue	\$ 284,097	\$ 183,899
EBITDA (note 1)	42,959	22,893
Income from operations	29,583	7,829
Net income	17,758	3,585
Net income per share (Class A and B)		
Basic	0.24	0.05
Diluted	0.24	0.05
<b>Cash Flow</b>		
Cash from (used in) operating activities	(13,235)	10,785
Additions to capital assets	5,240	7,939
<b>Financial Position</b>		
Working capital	169,087	154,421
Total assets	777,699	877,339
Shareholders' equity per share (Class A and B)	\$ 6.10	\$ 7.45

Note 1: EBITDA is a non-GAAP measure calculated by adding back to net income, interest, taxes and depreciation/amortization.

Consolidated revenue for the quarter climbed to \$284.1 million, a 54% increase over the corresponding quarter of last year. The strong sales for the quarter were supported by growth in activity levels at Bredero Shaw's North Sea large-diameter and North American small-diameter pipe-coating plants. Increased pipe-coating project activity contributed to the strong result, as did project-based sales growth at Canusa – CPS. Guardian and OMSCO also both enjoyed strong volumes of business during the quarter, driven by high levels of drilling in Canada and internationally.

Income from operations was \$29.6 million for the quarter compared to \$7.8 million in the first quarter of last year, a result of the increased activity at the pipe-coating divisions and the OMSCO and Guardian drill pipe manufacturing and inspection businesses. Operating income for the quarter includes on-going costs related to the closure of the Mobile facility of \$3.2 million. EBITDA generated in the quarter was \$43.0 million, almost double first quarter 2004 levels.

The closure of the Mobile facility, announced in the fourth quarter of last year, is on schedule. Plant operations are winding down as projects under contract are completed. As a result, losses at the plant were significantly reduced from the levels in prior quarters. It is expected that work at the plant will cease by the end of the second quarter, except for load-out of remaining coated pipe, which is expected to extend into the third quarter of the year.

Net income for the quarter was \$17.8 million (\$0.24 per share) compared to \$3.6 million (\$0.05 per share) in the first quarter of 2004 and a net loss of \$78.1 million (\$1.05 per

share) in the prior quarter. Excluding the results from Mobile, revenue of \$268.8 million was \$97.3 million higher than the first quarter of 2004 and \$21.3 million above fourth quarter 2004 levels. Excluding the impact of the Mobile operating and closure costs of \$3.2 million in the quarter, net income for the quarter was \$20.9 million, or \$0.28 per share, compared to \$9.8 million, or \$0.13 per share, for the corresponding quarter of last year, and \$15.6 million, or \$0.21 per share, for the fourth quarter of last year. The previous quarter included a higher than normal tax rate on certain international operations.

On March 31, ShawCor announced the retirement, after 37 years of service to the Company, of Geoff Hyland, President and Chief Executive Officer. In keeping with the succession planning process in place, Mr. Bill Buckley, currently Executive Vice President and Chief Operating Officer, has been appointed President and C.E.O., effective July 1, 2005.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The following is management's interim discussion and analysis of operations and financial position and should be read in conjunction with the Consolidated Financial Statements and Management's Discussion and Analysis included in the Company's 2004 Annual Report.

### **Revenue and Income from Operations**

ShawCor classifies its revenue and income from operations in three industry segments: Pipeline, Exploration and Production and Petrochemical and Industrial.

Consolidated revenue for the quarter was \$284.1 million, an increase of 6% over the prior quarter and 54% over the first quarter of 2004. Net income for the quarter was \$17.8 million (\$0.24 per share) compared to net income of \$3.6 million (\$0.05 per share) in the corresponding quarter of last year and a net loss of \$78.1 million (\$1.05 per share) in the prior quarter. The prior quarter net loss included losses from the Mobile, Alabama plant totaling \$93.7 million, inclusive of an asset impairment charge of \$50.4 million.

In the Pipeline segment, revenue for the quarter of \$218.4 million compares to \$137.8 million in the corresponding quarter of last year and \$211.5 million in the prior quarter. Revenue at Bredero Shaw increased during the quarter on the strength of higher activity levels at the North Sea plants and at the North American small-diameter operations along with the commencement of pipe-coating projects in Africa and Trinidad. Canusa – CPS and Shaw Pipeline Services also experienced good levels of business activity in the quarter, supported by strong project activity. Income from operations for the pipeline segment totaled \$24.8 million in the quarter compared to \$8.5 million in the corresponding quarter of last year. Excluding the impact of the Mobile results, operating earnings were \$28.0 million, an increase of 6% over the prior quarter on a comparable basis.

In the Exploration and Production segment, revenue for the quarter totaled \$34.9 million representing increases over the first quarter of last year and the prior quarter of 122% and 13%, respectively. Activity levels remained high at Guardian during the quarter and OMSCO experienced sales growth of 24% over the previous quarter as the growing global rig count continued to translate into new orders for OMSCO's products. Income from operations for the segment totaled \$5.6 million in the quarter compared to \$224 thousand in the first quarter of last year and \$5.8 million in the fourth quarter of 2004.

In the Petrochemical and Industrial segment, revenue in the quarter of \$31.2 million was only slightly higher than the first quarter of the previous year but 17% over the prior quarter as both DSG-Canusa and ShawFlex continued to enjoy strengthening demand for their products. Income from operations for the segment increased to \$3.8 million in the quarter from \$3.5 million in the first quarter of last year on the strength of revenue growth together with improved margins in the wire and cable business.

### **Finance**

Financial and corporate costs consist of corporate office costs not charged to the operating divisions and other non-operating items including foreign exchange gains and losses on cash balances. Financial and corporate costs before foreign exchange losses of \$576 thousand, totaled \$4.1 million in the quarter compared to \$4.3 million in the prior quarter, before foreign exchange gains of \$242 thousand.

Net interest expense totaled \$1.1 million in the quarter, compared to \$1.1 million in the prior quarter and \$1.3 million in the first quarter of 2004 and reflected the impact of a more favourable exchange rate on the translation of interest on the Company's U.S. Dollar-denominated Senior Notes.

Income tax expense was \$11.0 million in the quarter compared to \$14.5 million in the prior quarter and \$3.1 million in the corresponding quarter of last year. The reduction of losses at the Company's Mobile plant, losses which are not being tax-effected, has resulted in a tax rate closer to the average expected rate of 35% to 38% than in past quarters.

### **Cash Flow**

Cash flow generated from operating activities, before investments in working capital and other, totaled \$31.2 million in the quarter compared to \$6.1 million in the first quarter of last year with the improvement due to the increased profitability in the period. \$44.4 million was invested in working capital during the quarter, mainly in receivables and inventories to support higher business levels, while working capital and other was reduced by \$4.7 million in the first quarter of last year.

Capital expenditures for the quarter totaled \$5.2 million compared to \$7.9 million in the corresponding quarter of last year and included continuing development work on new pipe-coating plants in Indonesia, Nigeria and Ghana.

Cash flow generated from financing activities on the exercise of stock options totaled \$71 thousand in the quarter compared to \$356 thousand in the first quarter of 2004.

### **Liquidity and Capitalization**

At March 31, 2005, the Company recorded a working capital ratio of 1.85 to 1 compared to 1.69 to 1 at December 31, 2004. Operating working capital, excluding cash and cash equivalents, increased \$43.3 million in the quarter to \$115.8 million with the increase primarily representing investments in receivables and inventories to support higher activity levels in the quarter. As a result, cash and cash equivalents decreased \$18.7 million in the quarter to \$53.3 million.

### **Financial Instruments**

The Company manages interest rate risk and foreign exchange risk through the use of derivative financial instruments including foreign exchange option contracts and forward exchange contracts. These instruments are used to hedge exposures related to commercial activities only. The Company does not use them for speculative purposes. Short-term movements on financial instruments acquired as a hedge of a specific foreign currency purchase obligation or revenue source are deferred and matched with the specific transaction.

At March 31, 2005, the Company had notional amounts of \$81.8 million of forward contracts outstanding (December 31, 2004 - \$67.2 million) with a fair value of \$261 thousand (December 31, 2004 - \$214 thousand). These amounts are used to express the volume of transactions and are not recognized in the consolidated financial statements.

### **Critical Accounting Estimates**

The preparation of the consolidated financial statements in conformity with Canadian Generally Accepted Accounting Principles ("GAAP") requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities 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 were materially unchanged during the quarter.

### **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 adversely affect the Company's projections, business, results of operations and financial condition. There were no material changes in the nature or magnitude of such business risks during the quarter.

## Contractual Obligations

There were no material changes to the Company's contractual obligation during the quarter, other than those that would be expected in the ordinary course of business.

## Summary of Quarterly Results

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

(In thousands of Canadian dollars except per share amounts)	First	Second	Third	Fourth	Full Year
<b>Revenue</b>					
<b>2005</b>	\$ 284,097	\$ -	\$ -	\$ -	\$ -
2004	183,899	201,947	208,862	268,722	863,430
2003	235,664	215,456	178,323	194,954	824,397
<b>Income (loss) from operations</b>					
<b>2005</b>	29,583	-	-	-	-
2004	7,829	1,166	(5,386)	(11,754)	(8,145)
2003	20,224	17,192	2,889	12,308	52,613
<b>Asset impairment charges</b>					
<b>2005</b>	-	-	-	-	-
2004	-	-	-	(50,390)	(50,390)
2003	-	-	-	-	-
<b>Net income (loss)</b>					
<b>2005</b>	17,758	-	-	-	-
2004	3,585	(3,489)	(8,658)	(78,099)	(86,661)
2003	10,622	8,596	97	5,036	24,351
<b>Basic earnings (loss) per share (Classes A and B)</b>					
<b>2005</b>	0.24	-	-	-	-
2004	0.05	(0.05)	(0.11)	(1.05)	(1.16)
2003	0.15	0.13	0.00	0.07	0.35
<b>Fully diluted earnings (loss) per share (Classes A and B)</b>					
<b>2005</b>	0.24	-	-	-	-
2004	0.05	(0.05)	(0.11)	(1.05)	(1.16)
2003	0.15	0.12	0.00	0.07	0.34

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

The Company's business is heavily leveraged toward major oil and gas pipeline projects, the timing of which can have significant impacts on any given quarter. Due to the Company's large foreign operations, fluctuations in foreign exchange rates can also impact quarterly results.

In November 2004, the Company announced the closure of its Mobile, Alabama facility. This event had a significant impact on the financial results for the fourth quarter of 2004.

## Outstanding Share Capital

As at April 21, 2005, the Company had 61,362,008 Class A Subordinate Voting Shares ("Class A") outstanding and 13,730,165 Class B Multiple Voting Shares ("Class B")

outstanding. Each Class B share is convertible into a Class A share at the option of the holder. In addition, as at April 21, 2005, the Company had stock options outstanding to purchase up to 2,877,624 Class A shares.

## **Outlook**

The outlook for the markets served by ShawCor remains favourable as evidenced by the backlog of orders which stood at \$482 million on March 31, some \$8 million higher than last quarter. While small-diameter pipeline activity remains strong in North America, the large diameter transmission segment is flat. This contrasts with our international markets where project pipeline activity continues at a good pace. Market trends supported by surging energy demand point to improvement in the North American pipeline outlook, however, we do not expect any upturn in the large-diameter segment until 2006 at the earliest.

This document contains forward-looking statements, which are subject to certain risks and uncertainties that could cause actual results to differ materially from those reflected in such statements.

Other information relating to the Company, including its Annual Information Form, is available on SEDAR at [www.sedar.com](http://www.sedar.com).

ShawCor will be hosting a Shareholder and Analyst Conference Call and Webcast on Friday, May 6, 2005 at 10:00 a.m. EDT to discuss the Company's First Quarter 2005 Financial Results. Please visit the Investor Relations section of our website at [www.shawcor.com](http://www.shawcor.com) for further details.

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**SHAWCOR LTD.**  
**INTERIM FINANCIAL INFORMATION (Unaudited)**  
**(in thousands of Canadian dollars except per share data)**

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**CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended March 31	
	<u>2005</u>	<u>2004</u>
Revenue	<b>\$ 284,097</b>	\$ 183,899
Operating expenses	<b>240,004</b>	160,714
Amortization	<b>13,154</b>	14,861
Research and development	<b>1,812</b>	1,512
	<b><u>254,970</u></b>	<u>177,087</u>
Share of earnings in associated company	<b>456</b>	1,017
Income from operations	<b>29,583</b>	7,829
Interest expense (note 4)	<b>1,068</b>	1,345
Income before income taxes and non-controlling interest	<b>28,515</b>	6,484
Income taxes	<b>10,979</b>	3,102
Income before non-controlling interest	<b>17,536</b>	3,382
Non-controlling interest	<b>222</b>	203
Net income	<b><u>\$ 17,758</u></b>	<u>\$ 3,585</u>
Earnings per share Class A and B - Basic	<b><u>\$ 0.24</u></b>	<u>\$ 0.05</u>
Earnings per share Class A and B - Diluted	<b><u>\$ 0.24</u></b>	<u>\$ 0.05</u>

**SEGMENTED INFORMATION**

	Three Months Ended March 31	
	<u>2005</u>	<u>2004</u>
Revenue		
Pipeline	<b>\$ 218,416</b>	\$ 137,841
Exploration and Production	<b>34,927</b>	15,708
Petrochemical and Industrial	<b>31,180</b>	30,757
Intersegment Eliminations	<b>(426)</b>	(407)
	<b><u>\$ 284,097</u></b>	<u>\$ 183,899</u>
Income (loss) from operations		
Pipeline	<b>\$ 24,848</b>	\$ 8,538
Exploration and Production	<b>5,606</b>	224
Petrochemical and Industrial	<b>3,811</b>	3,514
Financial and Corporate	<b>(4,682)</b>	(4,447)
	<b><u>\$ 29,583</u></b>	<u>\$ 7,829</u>

**SHAWCOR LTD.**  
**INTERIM FINANCIAL INFORMATION (Unaudited)**  
**(in thousands of Canadian dollars)**

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**CONSOLIDATED STATEMENTS OF CASH FLOW**

	Three Months Ended March 31	
	<u>2005</u>	<u>2004</u>
Operating activities:		
Net income	\$ 17,758	\$ 3,585
Items not requiring an outlay of cash:		
Amortization	13,154	14,861
Gain on disposal of investment in shares	-	(185)
Change in deferred project costs	1,172	(9,085)
Future income taxes	(246)	(3,647)
Non-controlling interest in earnings of subsidiaries	(222)	(203)
Share of earnings of associated company	(456)	802
Change in non-cash working capital and other	(44,395)	4,657
Cash provided by (used in) operating activities	<u>(13,235)</u>	<u>10,785</u>
Investing activities:		
Additions to property, plant and equipment	(5,240)	(7,939)
Proceeds on disposal of property, plant and equipment	16	186
Proceeds on disposal of investment in shares	-	285
Cash used in by investing activities	<u>(5,224)</u>	<u>(7,468)</u>
Financing activities:		
Issue of shares	71	363
Dividends paid to non-controlling shareholders of subsidiaries	-	(7)
Cash provided by financing activities	<u>71</u>	<u>356</u>
Foreign exchange on foreign cash and cash equivalents	<u>(278)</u>	<u>1,819</u>
Net increase (decrease) in cash position during the period	(18,666)	5,492
Cash and cash equivalents at beginning of period	<u>72,002</u>	<u>80,260</u>
Cash and cash equivalents at end of period	<u>\$ 53,336</u>	<u>\$ 85,752</u>

**SHAWCOR LTD.**  
**INTERIM FINANCIAL INFORMATION (Unaudited)**  
**(in thousands of Canadian dollars)**

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**CONSOLIDATED BALANCE SHEETS**

	<u>Mar. 31</u> <u>2005</u>	<u>Dec. 31</u> <u>2004</u>	<u>Mar. 31</u> <u>2004</u>
<b>Assets</b>			
Current assets			
Cash and cash equivalents	\$ 53,336	\$ 72,002	\$ 85,752
Accounts receivable	196,034	172,801	175,074
Inventories	103,710	94,444	66,424
Prepaid expenses	9,632	10,889	16,332
Future income taxes	5,028	5,010	310
	<u>367,740</u>	<u>355,146</u>	<u>343,892</u>
Property, plant and equipment, net	213,705	222,765	305,620
Goodwill	175,408	176,393	189,776
Investment in associated company	4,694	4,226	3,353
Other assets (note 5)	16,152	17,549	34,698
	<u>\$ 777,699</u>	<u>\$ 776,079</u>	<u>\$ 877,339</u>
<b>Liabilities</b>			
Current liabilities			
Accounts payable and accrued liabilities	170,820	188,591	164,754
Taxes payable	27,833	22,142	24,717
	<u>198,653</u>	<u>210,733</u>	<u>189,471</u>
Long-term debt	90,683	90,360	100,035
Future income taxes	27,878	28,262	25,387
Non-controlling interest in subsidiaries	3,105	3,318	3,751
	<u>320,319</u>	<u>332,673</u>	<u>318,644</u>
<b>Shareholders' Equity</b>			
Capital stock (note 8)	207,576	206,904	206,874
Contributed surplus (note 9)	7,196	7,196	5,803
Retained earnings	318,573	300,815	397,421
Cumulative translation account	(75,965)	(71,509)	(51,403)
	<u>457,380</u>	<u>443,406</u>	<u>558,695</u>
	<u>\$ 777,699</u>	<u>\$ 776,079</u>	<u>\$ 877,339</u>

**SHAWCOR LTD.**  
**INTERIM FINANCIAL INFORMATION (Unaudited)**  
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**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

	Three Months Ended March 31	
	<u>2005</u>	<u>2004</u>
Balance at beginning of period	\$ 300,815	\$ 396,037
Adjustment for stock based compensation	-	(2,201)
Balance at beginning of period, adjusted	\$ 300,815	\$ 393,836
Net income	17,758	3,585
Balance at end of period	<u>\$ 318,573</u>	<u>\$ 397,421</u>

**ShawCor Ltd.****Notes to the Consolidated Financial Statements (Unaudited)****1. Accounting policies**

The accompanying unaudited interim consolidated financial statements of ShawCor Ltd. (the "Company") have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") for the preparation of interim financial statements. They do not include all of the information and disclosures required by GAAP for annual consolidated financial statements. These unaudited interim financial statements have been prepared in accordance with accounting policies outlined in the Company's audited financial statements for the year ended December 31, 2004. Accordingly, these interim financial statements should be read in conjunction with the Company's annual consolidated financial statements.

**2. Stock-based compensation**

On March 1, 2005, the Board of Directors approved the granting of 504,400 stock options under the 2001 Employee Plan and 32,500 stock options under the 2001 Director Plan. The average fair value of the stock options, calculated using the Black-Scholes pricing model, was \$3.0 million. The options granted under the 2001 Director Plan vest immediately and as a result, the fair value of the options are charged to compensation cost immediately. The fair value of options granted under the 2001 Employee Plan will be amortized to compensation expense over the 5 year vesting period of the options. The assumptions used in calculating the fair value of the options are as follows: expected life of options from 3.25 years to 8.25 years, expected stock price volatility ranges from 25% to 34%, expected dividend yield 0.46%, and risk free interest rate ranging from 3.48% to 4.04% over the life of the options. The compensation cost recognized in the accounts for the three months ended March 31, 2005 is \$601 thousand (March 31, 2004 - \$576 thousand).

**3. Foreign exchange gains and losses**

Included in income from operations for the three months ended March 31, 2005 are foreign exchange losses totaling \$576 thousand (March 31, 2004 - \$380 thousand gain).

**4. Interest expense (income)**

(in thousands of Canadian dollars)	Three Months Ended Mar. 31	
	2005	2004
Interest income on short-term deposits	\$ (486)	\$ (277)
Interest on bank indebtedness	147	189
Interest on long-term debt	1,407	1,433
	<u>\$ 1,068</u>	<u>\$ 1,345</u>

Net interest paid during the three months ended March 31, 2005 totaled \$984 thousand (March 31, 2004 - \$1.1 million).

**5. Other assets**

(in thousands of Canadian dollars)	Mar. 31, 2005	Dec. 31, 2004	Mar. 31, 2004
Long-term investment	\$ 2,875	\$ 2,875	\$ 1,917
Deferred financing costs	2,517	2,627	3,136
Deferred project costs	6,129	7,260	21,054
Future income taxes	4,631	4,787	8,591
Total	<u>\$ 16,152</u>	<u>\$ 17,549</u>	<u>\$ 34,698</u>

Other assets include a long-term investment in Garneau Inc., a Canadian-based, publicly traded pipecoating company with a market value of \$2.5 million at March 31, 2005.

**6. Derivative Financial Instruments**

Foreign exchange options and forward exchange contracts are used to hedge foreign exchange exposures related to commercial activities. They are not used by the Company for speculative purposes. At March 31, 2005, the Company had notional amounts of \$81.8 million of forward contracts outstanding (December 31, 2004 - \$67.2 million) with a fair value of \$261 thousand (December 31, 2004 - \$214 thousand). These amounts are used to express the volume of transactions and are not recognized in the consolidated financial statements.

The Company entered into a series of forward contracts during the quarter to hedge expected foreign currency cash flows related to the Langed project in Norway, with maturities between September, 2005 and June, 2006. These financial instruments are contracted with a major, chartered bank; as a result, credit and liquidity risks related to these instruments are considered to be low.

**7. Bank indebtedness**

As at March 31, 2005, the Company had unused operating lines of credit of \$184.8 million, net of \$11.4 million in bank indebtedness and \$63.7 million for various types of standby letters of credit for performance and bid bonds.

**8. Capital stock**

(in thousands except share information)	Mar. 31, 2005	Dec. 31, 2004	Mar. 31, 2004
<b>Number of shares: Class A</b>			
Balance, beginning of the period	61,224,968	61,206,202	61,206,202
Issued – stock options	121,240	44,736	36,775
Conversion Class B to A	15,800	24,030	4,800
Share issuance	-	-	-
Purchases under Normal Course Issuer Bid	-	(50,000)	
Balance, end of the period	<u>61,362,008</u>	61,224,968	61,247,777
Number of shares: Class B	<u>13,730,165</u>	13,745,965	13,765,195
Total number of shares Class A and Class B	<u>75,092,173</u>	74,970,933	75,012,972
<b>Stated Value: Class A</b>			
Balance, beginning of the period	\$ 205,849	\$ 205,454	\$ 205,454
Issued – stock options	672	561	363
Conversion Class B to A	1	2	1
Share issuance	-	-	-
Purchases under Normal Course Issuer Bid	-	(168)	-
Balance, end of the period	<u>\$ 206,522</u>	\$ 205,849	\$ 205,818
Stated Value: Class B	<u>1,054</u>	1,055	1,056
Total stated value Class A and Class B	<u>\$ 207,576</u>	\$ 206,904	\$ 206,874

**9. Contributed surplus**

(in thousands of Canadian dollars)	Three Months Ended Mar. 31	
	2005	2004
Balance, beginning of period	\$ 7,196	\$ 3,027
Adjustment for stock-based compensation	-	2,201
Stock compensation expense	601	575
Fair value of stock options exercised	(601)	-
Balance, end of period	<u>\$ 7,196</u>	<u>\$ 5,803</u>

**10. Segmented information**

(in thousands of Canadian dollars)	Three Months Ended Mar. 31	
	<b>2005</b>	2004
Revenue		
Pipeline	\$ 218,416	\$ 137,841
Exploration and Production	34,927	15,708
Petrochemical and Industrial	31,180	30,757
Intersegment Eliminations	(426)	(407)
	<u>\$ 284,097</u>	<u>\$ 183,899</u>
Income (loss) from operations		
Pipeline	\$ 24,848	\$ 8,538
Exploration and Production	5,606	224
Petrochemical and Industrial	3,811	3,514
Financial and Corporate	(4,682)	(4,447)
	<u>\$ 29,583</u>	<u>\$ 7,829</u>
Goodwill		
Pipeline	\$ 156,722	\$ 170,351
Petrochemical and Industrial	18,686	19,425
	<u>\$ 175,408</u>	<u>\$ 189,776</u>
Total assets		
Pipeline	\$ 854,922	\$ 931,456
Exploration and Production	81,756	61,471
Petrochemical and Industrial	75,853	80,825
Financial and Corporate	789,320	832,972
Elimination	(1,024,152)	(1,029,388)
	<u>\$ 777,699</u>	<u>\$ 877,336</u>

**11. Employee future benefits**

The Company's cost under both defined benefit and defined contribution arrangements for the three months ended March 31, 2005 is \$2.0 million (March 31, 2004 - \$1.9 million).

**12. Closure of Mobile, Alabama facility**

On November 2, 2004, the Company announced its decision to close the Mobile, Alabama pipe-coating facility. The closure is on schedule and plant operations are winding down as projects under contract are completed. It is expected that work at the plant will cease by the end of the second quarter, except for load-out of remaining coated pipe, which is expected to extend into the third quarter of the year. In addition to overhead costs associated with the completion of the remaining contracts, fixed costs of approximately \$1.5 million per annum will continue to be incurred until the site is vacated. The Mobile facility is a component of the pipeline market segment.

The following table summarizes the financial results of the Mobile facility for the past nine quarters:

(In thousands of Canadian dollars)	First	Second	Third	Fourth	Full Year
<b>Revenue</b>					
<b>2005</b>	\$ 15,319	\$ -	\$ -	\$ -	\$ -
2004	12,384	12,717	17,688	21,174	63,963
2003	29,870	18,558	13,931	16,852	79,211
<b>Loss from operations</b>					
<b>2005</b>	(3,175)	-	-	-	-
2004	(6,226)	(12,894)	(14,932)	(43,336)	(77,388)
2003	(2,100)	(8,196)	(5,582)	(4,626)	(20,504)
<b>Asset impairment charges</b>					
<b>2005</b>	-	-	-	-	-
2004	-	-	-	(50,390)	(50,390)
2003	-	-	-	-	-
<b>Loss from operations after asset impairment charges</b>					
<b>2005</b>	(3,175)	-	-	-	-
2004	(6,226)	(12,894)	(14,932)	(93,726)	(127,778)
2003	(2,100)	(8,196)	(5,582)	(4,626)	(20,504)

### 13. Income taxes

Net income taxes paid during the three months ended March 31, 2005 totaled \$5.5 million (March 31, 2004 – net refund of \$661 thousand).

### 14. Comparative figures

Comparative figures have been reclassified where necessary to correspond with the current year's presentation.