

February 23, 2006

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

PRESS RELEASE

Financial Summary

(In thousands of Canadian dollars except per share amounts)	Three Months Ended Dec. 31		Twelve Months Ended Dec. 31	
	2005	2004	2005	2004
Operating Results		Restated		Restated
Revenue	\$ 291,685	\$ 227,681	\$ 1,004,119	\$ 737,784
EBITDA (note 1)	42,519	39,993	140,009	107,807
Operating income from continuing operations	31,719	28,231	95,413	67,178
Income from continuing operations	21,782	12,297	82,790	39,127
Income (loss) from discontinued operations	(1,190)	(90,396)	56,050	(125,788)
Net income (loss)	20,592	(78,099)	138,840	(86,661)
 Net income (loss) per share (Class A and B) - Basic				
Continuing operations	0.30	0.16	1.10	0.52
Discontinued operations	(0.02)	(1.21)	0.75	(1.68)
Total	0.28	(1.05)	1.85	(1.16)
 Net income (loss) per share (Class A and B) - Diluted				
Continuing operations	0.30	0.16	1.10	0.52
Discontinued operations	(0.02)	(1.21)	0.75	(1.68)
Total	0.28	(1.05)	1.85	(1.16)
Cash Flow				
Cash from (used in) continuing operating activities	(4,170)	28,136	79,577	70,173
Additions to property, plant and equipment	5,523	8,908	36,199	30,599
Financial Position				
Working capital			264,019	151,866
Total assets			915,683	804,219
Shareholders' equity per share (Class A and B)			\$ 7.22	\$ 5.91

Note 1: EBITDA is a non-GAAP measure calculated by adding back to net income from continuing operations, interest, taxes, and amortization of property, plant and equipment.

Fourth Quarter 2005 Results

The fourth quarter of 2005 represents a milestone for ShawCor as quarterly revenue reached its highest level ever for the company and operating income reached its highest level since the second quarter of 1998. On a full year basis, revenue and net income from continuing operations reached record levels for the company.

The final closure of the Mobile, Alabama pipe coating facility was completed during the fourth quarter and as a result, the company has adopted discontinued operations accounting treatment including restating current and prior year financial results, financial position and cash flows. All discussions in this report reflect this accounting treatment.

Consolidated revenue for the quarter of \$291.7 million grew 21% over the prior quarter and 28% over the fourth quarter of 2004. Bredero Shaw was the main driver behind the

growth with increased offshore project activity at the division's plants in West Africa, Scotland and Malaysia together with stronger onshore pipecoating volumes at the division's North American plants. Revenue also improved at ShawCor's pipe inspection and specialty cable businesses but revenue decreased slightly at the Company's other businesses as a result of seasonal factors and market conditions. On a full year basis, consolidated revenue in 2005 of \$1,004.1 million increased 36% over levels in 2004 primarily as a result of a full year's pipecoating production on the Langed project in the North Sea and significant large diameter coating activity in West Africa.

Consolidated income from continuing operations before interest, income taxes and minority interest totaled \$31.7 million in the quarter, representing a 48% improvement over the third quarter of 2005 and a 12% improvement over the fourth quarter of 2004. Operating margin improvements at Bredero Shaw in the quarter, resulting from increased production throughput in North America and the Far East together with improved plant efficiency in Norway and Africa, were partially offset by reduced margins in the joint protection business, the temporary cessation of production in Indonesia to complete the move to the new facility, unfavourable product mix in the Petrochemical and Industrial segment, unfavorable foreign exchange costs and increased corporate expenses. Profitability at Bredero Shaw continued its upward trend and operating margins reached their highest levels since ShawCor acquired full ownership of the division in the fourth quarter of 2002, as profitability improvement programs implemented at the division since 2003 continued to favourably impact the division's results. Consolidated operating income from continuing operations for full year 2005 totaled \$95.4 million compared to \$67.2 million in 2004.

Consolidated income from continuing operations in the fourth quarter totaled \$21.8 million (\$0.30 per share) compared to \$34.4 million (\$0.46 per share) in the prior quarter, which included a reduction in income tax expense resulting from previously unrecognized tax losses of \$18.4 million (\$0.25 per share). Consolidated income from continuing operations in the fourth quarter of 2004 totaled \$12.3 million (\$0.16 per share). On a full year basis, consolidated income from continuing operations totaled \$82.8 million (\$1.10 per share), including the \$18.4 million (\$0.25 per share) reduction in income taxes in the third quarter, from the utilization of prior years' tax losses, compared to \$39.1 million (\$0.52 per share) in 2004. The weakening of the U.S. dollar against the Canadian dollar over the year negatively impacted revenues and income from continuing operations by \$32.8 million and \$7.9 million, respectively, compared to 2004.

Income from discontinued operations includes the operating income and after-tax gain on the sale of the OMSCO drill pipe manufacturing business in September, 2005 as well as the losses and shut-down costs incurred at the Mobile plant facility for the year.

Net income for the fourth quarter of 2005 totaled \$20.6 million (\$0.30 per share) compared to \$90.8 million (\$1.20 per share) in the third quarter which included an after-tax gain on the sale of OMSCO of \$48.4 million (\$0.65 per share) and the \$18.4 million (\$0.25 per share) reduction of income tax expense from utilization of prior year losses, and a net loss of \$78.1 million (\$1.05 per share) in the fourth quarter of 2004 including a

provision for asset impairment of \$50.4 million (\$0.67 per share) related to the announcement of the closure of the Mobile facility. Net income for the full year 2005 totaled \$138.8 million (\$1.85 per share) compared to a net loss of \$86.7 million (\$1.16) per share in 2004.

Cash Flows

Cash flow from continuing operations before working capital requirements in the quarter totaled \$35.4 million compared to \$24.3 million in the fourth quarter of last year, with the improvement mainly due to the increased profitability in 2005. Increased investments in working capital to support increased business levels totaled \$39.5 million in the quarter compared to a reduction in working capital of \$3.6 million in the fourth quarter of last year. On a full year basis, cash flow generated from operating activities totaled \$79.6 million compared to \$70.2 million in 2004, the difference due to the increased profitability in the year, partially offset by substantial increases in working capital associated with the 36% increase in sales.

Cash flow used in continuing investing activities in the quarter totaled \$11.4 million, comprised of capital expenditures, net of proceeds on disposal of property, plant and equipment, together with the payment of the final working capital adjustment related to the OMSCO sale. Significant expenditures in the quarter included completion of the moving and upgrading of the Indonesian pipe coating plant. In the fourth quarter of last year, cash used in investing activities totaled \$8.6 million as capital expenditures of \$8.9 million were partially offset by proceeds on disposal of property, plant and equipment of \$307 thousand. Cash flow generated from investing activities for the full year included \$35.6 million of net capital expenditures and proceeds on the disposal of the OMSCO division of \$129.6 million, compared to \$26.2 million used in investing activities in 2004.

Cash flow used in continuing financing activities totaled \$18.4 million in the quarter, including \$15.1 million for the repurchase of Class A shares under a Normal Course Issuer Bid and cash dividends paid to shareholders of \$3.3 million. In the fourth quarter of 2004, cash used in financing activities totaled \$4.0 million, comprised of cash dividends paid of \$3.0 million, repayment of bank indebtedness of \$483 thousand and \$568 thousand paid to repurchase Class A shares. For the full year 2005, cash used in financing activities totaled \$23.9 million compared to \$9.0 million in the prior year, including dividends of \$6.6 million (2004 - \$6.0 million).

Overall, cash and short-term deposits decreased \$27.4 million during the quarter to \$200.3 million compared to a decrease of \$3.5 million during the fourth quarter of 2004. On a full year basis cash increased \$123.8 million during 2005, while in 2004, cash decreased \$11.1 million during the year.

Outlook

The key determinant of the demand for the products and services of the company's largest market segment, the Pipeline and Pipe Services segment, is the level of pipeline

infrastructure investment which in turn is driven by several factors, chiefly energy demand and energy supply. Energy demand is mainly the result of economic growth while supply is impacted by declining production at existing reservoirs and by the development of new producing areas. Demand for the products and services of the Petrochemical and Industrial segment are driven by the general levels of economic activity in the regions where the segment operates, primarily North America and Western Europe.

Global economic activity is expected to remain robust in the medium term, driven mainly by dynamic economic growth in China and India. In North America, economic growth over the first half of 2006 is expected to remain at current levels; however, some softening is expected towards the latter half of the year. As economic activity translates into demand for energy, prices are expected to remain buoyant in the medium term and additional production is expected to be added. Pipeline investment will be required to carry this additional production to market.

In 2006, ShawCor's revenues are expected to decline slightly from levels in 2005 as pipecoating project work in the North Sea slows down with the completion of several large projects including Langed; however, this reduction in North Sea activity will be largely offset by increases, initially in the Middle and Far East, followed by North American large diameter activity. Profitability levels are expected to be maintained in 2006, despite lower revenues, as improved operational execution leads to improved profitability at Bredero Shaw. Current bid activity levels suggest further growth in 2007 and beyond. ShawCor conducts coating operations in two locations in Nigeria. Recent political unrest has resulted in some disruption of operations in its Warri facility.

Consolidated order backlog, representing customer orders expected to be completed within one year, remains strong at \$357 million, a decrease of \$16 million from the backlog at the beginning of the fourth quarter, primarily due to the substantial completion of the Langed project.

With the proceeds from the sale of OMSCO, ShawCor has a very strong balance sheet with the financial capacity to fund significant internal and external growth opportunities as they arise. This opportunity to fund expansion, together with the strong market fundamentals enjoyed by the company, provide the potential for strong growth for ShawCor in 2007 and beyond.

This document includes certain statements that reflect management's expectations and objectives for ShawCor's future performance, opportunities and growth. Such statements, except to the extent that they contain historical facts, are forward-looking and accordingly involve estimates, assumptions, judgments and uncertainties. These statements may be identified by the use of forward-looking terminology such as "may," "will," "should", "anticipate," "estimate," "continue," "intend," "plan," and variations of these words or other similar expressions. Although ShawCor believes that the expectations reflected in these forward-looking statements are based on reasonable

assumptions in light of currently available information, ShawCor can give no assurance that such expectations will be achieved.

Forward-looking statements involve risk and uncertainty, as outlined above under “Risk Factors”, that could cause actual results to differ materially from those projected.

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

ShawCor will be hosting a Shareholder and Analyst Conference Call and Webcast on February 24th at 10:00 a.m. EST to discuss the company’s fourth quarter 2005 financial results. Please visit our website at www.shawcor.com for further details.

For further information, please contact:

Alan R Thomas
Vice President, Finance and CFO
Telephone: 416.744.5540
e-mail: athomas@shawcor.com
website: www.shawcor.com

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

CONSOLIDATED STATEMENTS OF INCOME (LOSS)

	Three Months Ended		Twelve Months Ended	
	Dec 31		Dec 31	
	2005	2004	2005	2004
		Restated		Restated
Revenue	\$ 291,685	\$ 227,681	\$ 1,004,119	\$ 737,784
Operating expenses	247,989	186,776	858,380	628,091
Amortization	9,848	12,056	43,731	40,373
Research and development	2,273	1,805	8,090	5,623
	<u>260,110</u>	<u>200,637</u>	<u>910,201</u>	<u>674,087</u>
Share of earnings in associated company	144	1,187	1,495	3,481
Operating income from continuing operations	<u>31,719</u>	<u>28,231</u>	<u>95,413</u>	<u>67,178</u>
Interest expense (income) (note 4)	(300)	1,094	3,379	5,182
Income before income taxes and non-controlling interest	<u>32,019</u>	<u>27,137</u>	<u>92,034</u>	<u>61,996</u>
Income taxes	11,189	14,546	10,109	23,125
Income before non-controlling interest	<u>20,830</u>	<u>12,591</u>	<u>81,925</u>	<u>38,871</u>
Non-controlling interest	<u>952</u>	<u>(294)</u>	<u>865</u>	<u>256</u>
Income from continuing operations	<u>21,782</u>	<u>12,297</u>	<u>82,790</u>	<u>39,127</u>
Income (loss) from discontinued operation (note 11)	<u>(1,190)</u>	<u>(90,396)</u>	<u>56,050</u>	<u>(125,788)</u>
Net income (loss)	<u>\$ 20,592</u>	<u>\$ (78,099)</u>	<u>\$ 138,840</u>	<u>\$ (86,661)</u>
Earnings (loss) per share Class A and B - Basic				
Continuing operations	\$ 0.30	\$ 0.16	\$ 1.10	\$ 0.52
Discontinued operations	(0.02)	(1.21)	0.75	(1.68)
Total	<u>\$ 0.28</u>	<u>\$ (1.05)</u>	<u>\$ 1.85</u>	<u>\$ (1.16)</u>
Earnings (loss) per share Class A and B - Diluted				
Continuing operations	\$ 0.30	\$ 0.16	\$ 1.10	\$ 0.52
Discontinued operations	(0.02)	(1.21)	0.75	(1.68)
Total	<u>\$ 0.28</u>	<u>\$ (1.05)</u>	<u>\$ 1.85</u>	<u>\$ (1.16)</u>

SEGMENTED INFORMATION

	Three Months Ended		Twelve Months Ended	
	Dec 31		Dec 31	
Revenue				
Pipeline and Pipe Services	\$ 263,953	\$ 201,356	\$ 884,221	\$ 616,778
Petrochemical and Industrial	28,214	26,757	121,482	122,663
Intersegment Eliminations	(482)	(432)	(1,584)	(1,657)
	<u>\$ 291,685</u>	<u>\$ 227,681</u>	<u>\$ 1,004,119</u>	<u>\$ 737,784</u>
Income (loss) from operations				
Pipeline and Pipe Services	\$ 34,839	\$ 28,643	\$ 100,366	\$ 61,137
Petrochemical and Industrial	1,546	3,074	11,918	15,751
Financial and Corporate	(4,666)	(3,486)	(16,871)	(9,710)
	<u>\$ 31,719</u>	<u>\$ 28,231</u>	<u>\$ 95,413</u>	<u>\$ 67,178</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOW

	Three Months Ended		Twelve Months Ended	
	Dec 31		Dec 31	
	2005	2004	2005	2004
		Restated		Restated
Operating activities:				
Net income from continuing operations	\$ 21,782	\$ 12,297	\$ 82,790	\$ 39,127
Items not requiring an outlay of cash:				
Amortization	9,848	12,056	43,731	40,373
Gain on disposal of investment in shares	-	-	-	(4,710)
Future income taxes	4,841	1,938	4,230	(1,668)
Non-controlling interest in earnings of subsidiaries	(952)	294	(865)	(256)
Share of earnings of associated company	(144)	(1,187)	(1,495)	(3,481)
Change in non-cash working capital and other	(39,545)	2,513	(48,814)	788
Cash provided by (used in) operating activities	<u>(4,170)</u>	<u>27,911</u>	<u>79,577</u>	<u>70,173</u>
Investing activities:				
Additions to property, plant and equipment	(5,523)	(8,908)	(36,199)	(30,599)
Proceeds on disposal property, plant and equipment	173	307	575	575
Proceeds on disposal of discontinued operations	(6,046)	-	129,558	-
Proceeds on disposal of investment in shares	-	-	-	6,728
Investment in shares	-	-	-	(2,875)
Cash provided by (used in) investing activities	<u>(11,396)</u>	<u>(8,601)</u>	<u>93,934</u>	<u>(26,171)</u>
Financing activities:				
Decrease in bank indebtedness	(23)	(483)	(2,780)	(2,817)
Issue of shares	21	(4)	634	359
Purchase of shares for cancellation	(15,139)	(568)	(15,139)	(568)
Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	(7)
Dividends paid to shareholders	(3,289)	(2,980)	(6,612)	(5,960)
Cash used in financing activities	<u>(18,430)</u>	<u>(4,035)</u>	<u>(23,897)</u>	<u>(8,993)</u>
Foreign exchange on foreign cash and cash equivalent	<u>(937)</u>	<u>(2,853)</u>	<u>(3,909)</u>	<u>(3,105)</u>
Net cash provided by (used in) continuing operations	<u>(34,933)</u>	<u>12,422</u>	<u>145,705</u>	<u>31,904</u>
Net cash provided by (used in) discontinued operations	<u>7,489</u>	<u>(15,933)</u>	<u>(21,898)</u>	<u>(42,979)</u>
Cash and cash equivalents at beginning of period	<u>227,748</u>	<u>80,008</u>	<u>76,497</u>	<u>87,572</u>
Cash and cash equivalents at end of period	<u>\$ 200,304</u>	<u>\$ 76,497</u>	<u>\$ 200,304</u>	<u>\$ 76,497</u>

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

CONSOLIDATED BALANCE SHEETS

	Dec. 31 2005	Dec. 31 2004 Restated
	<u> </u>	<u> </u>
Assets		
Current assets		
Cash and cash equivalents	\$ 200,304	\$ 76,497
Accounts receivable and prepaid expenses	227,809	150,787
Inventories	81,012	70,913
Future income taxes	-	5,010
Taxes receivable	5,711	5,687
Current assets of discontinued operation	799	55,645
	<u>515,635</u>	<u>364,539</u>
Property, plant and equipment, net	177,317	187,054
Goodwill	167,172	176,393
Investment in associated company	5,061	4,226
Other assets (note 5)	42,524	36,296
Non-current assets of discontinued operations (note 11)	7,974	35,711
	<u>\$ 915,683</u>	<u>\$ 804,219</u>
Liabilities		
Current liabilities		
Bank indebtedness (note 7)	\$ 1,715	\$ 4,495
Accounts payable and accrued liabilities	167,473	137,747
Deferred revenues	23,975	5,494
Taxes payable	46,203	40,793
Current liabilities of discontinued operation	12,250	24,144
	<u>251,616</u>	<u>212,673</u>
Long-term debt	87,210	90,360
Other non-current liabilities (note 8)	41,619	38,700
Non-current liabilities of discontinued operation (note 11)	-	19,080
	<u>380,445</u>	<u>360,813</u>
Shareholders' Equity		
Capital stock (note 9)	204,720	206,904
Contributed surplus (note 10)	9,231	7,196
Retained earnings	421,547	300,815
Cumulative translation account	(100,260)	(71,509)
	<u>535,238</u>	<u>443,406</u>
	<u>\$ 915,683</u>	<u>\$ 804,219</u>

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

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Three Months Ended		Twelve Months Ended	
	Dec 31		Dec 31	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
Balance at beginning of period	\$ 415,741	\$ 382,294	\$ 300,815	\$ 393,836
Net income (loss)	<u>20,592</u>	<u>(78,099)</u>	<u>138,840</u>	<u>(86,661)</u>
	436,333	304,195	439,655	307,175
Excess of purchase price paid over stated value of shares	(11,496)	(400)	(11,496)	(400)
Dividends paid	<u>(3,289)</u>	<u>(2,980)</u>	<u>(6,612)</u>	<u>(5,960)</u>
Balance at end of period	<u>\$ 421,547</u>	<u>\$ 300,815</u>	<u>\$ 421,547</u>	<u>\$ 300,815</u>

ShawCor Ltd.

Notes to the Interim 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 consolidated financial statements have been prepared in accordance with accounting policies outlined in the Company’s audited consolidated financial statements for the year ended December 31, 2004. Accordingly, these unaudited interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements.

2. Stock-based Compensation

On November 7, 2005, the Board of Directors approved the granting of 12,000 stock options, with a total fair value of \$58 thousand, under the 2001 Employee Plan. On December 2, 2005, the Board approved the granting of 4,000 stock options under the 2001 Director Plan with a total fair value of \$13 thousand. Fair value of the stock options is calculated using the Black-Scholes pricing model. 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, while 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 3.25 years to 8.25 years, expected stock price volatility 26% to 33%, expected dividend yield 0.59% to .61%, and risk free interest rate 3.88% to 4.07%. The compensation cost recognized in the accounts for the three months and twelve months ended December 31, 2005 is \$1.5 million and \$2.9 million, respectively (December 31, 2004 - \$532 thousand and \$2.2 million, respectively).

3. Foreign Exchange Gains and Losses

Included in income from continuing operations for the three months and twelve months ended December 31, 2005 are foreign exchange losses totaling \$6 thousand and \$874 thousand, respectively (December 31, 2004 - \$374 thousand loss and \$1.6 million gain, respectively).

4. Interest Expense (Income)

(in thousands)	Three Months Ended Dec. 31		Twelve Months Ended Dec. 31	
	2005	2004	2005	2004
Interest on short-term deposits	\$ (1,872)	\$ (298)	\$ (2,965)	\$ (1,100)
Interest on bank indebtedness	160	17	618	580
Interest on long-term debt	1,412	1,375	5,726	5,702
	<u>\$ (300)</u>	<u>\$ 1,094</u>	<u>\$ 3,379</u>	<u>\$ 5,182</u>

Net interest paid during the three and twelve months ended December 31, 2005 totaled nil and \$3.9 million, respectively (December 31, 2004 – \$1.2 million and \$5.7 million, respectively).

5. Other Assets

(in thousands)	2005	2004
Long-term investment	\$ 2,875	\$ 2,875
Deferred project costs	8,637	7,260
Deferred financing costs	2,031	2,627
Accrued future employee benefit asset	4,384	3,658
Future income taxes	<u>24,597</u>	<u>19,876</u>
	<u>\$ 42,524</u>	<u>\$ 36,296</u>

Other assets include a long-term investment in Garneau Inc., a Canadian-based, publicly traded pipecoating company, with a market value of \$3.2 million at December 31, 2005. Deferred project costs are shown net of associated deferred revenues. Operating expenses includes amortization of deferred costs of \$4.1 million in the quarter (2004 - \$4.6 million) and \$21.0 million for the year (2004 - \$5.9 million).

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 December 31, 2005, the Company had notional amounts of \$104.5 million of forward contracts outstanding (December 31, 2004 - \$67.2 million) with a fair value of \$1.9 million (December 31, 2004 - \$1.2 million). These amounts are used to express the volume of transactions and are not recognized in the consolidated financial statements. These contacts are accounted for as hedges of the related cash flows and short-term movements in the fair value of these financial instruments are deferred and matched with the hedged cash flows. The Company monitors the effectiveness of the hedges on an on-going basis and if the hedges are no longer considered effective, hedge accounting is discontinued.

7. Bank Indebtedness

As at December 31, 2005, the Company had unused operating lines of credit of U.S. \$165 million, less \$1.7 million in bank indebtedness and \$98.0 million for various types of standby letters of credit for performance and bid bonds.

8. Other Non-current Liabilities

(in thousands)	2005	2004
Non-current asset retirement obligations	\$ 2,249	\$ 2,806
Accrued employee future benefit obligations	1,953	1,942
Future income taxes	34,575	30,634
Non-controlling interest in subsidiaries	<u>2,842</u>	<u>3,318</u>
	<u>\$ 41,619</u>	<u>\$ 38,700</u>

9. Capital Stock

(in thousands except share information)

	Dec. 31, 2005	Dec. 31, 2004
Number of shares: Class A		
Balance, beginning of the period	61,224,968	61,206,202
Issued on exercise of stock options	206,727	44,736
Conversion Class B to A	657,950	24,030
Purchases under Normal Course Issuer Bid	(1,083,600)	(50,000)
Balance, end of the period	61,006,045	61,224,968
Number of shares: Class B	13,088,015	13,745,965
Total number of shares Class A and Class B	74,094,060	74,970,933
Stated Value: Class A		
Balance, beginning of the period	\$ 205,849	\$ 205,454
Issued on exercise of stock options	1,459	561
Conversion Class B to A	51	2
Purchases under Normal Course Issuer Bid	(3,643)	(168)
Balance, end of the period	\$ 203,716	\$ 205,849
Stated Value: Class B	1,004	1,055
Total stated value Class A and Class B	\$ 204,720	\$ 206,904

10. Contributed Surplus

(in thousands)	2005	2004
Balance at beginning of year.....	\$ 7,196	\$ 3,027
Adjustment for stock-based compensation	-	2,201
Stock compensation expense	2,860	2,170
Fair value of stock options exercised.....	(825)	(202)
Balance at end of year	\$ 9,231	\$ 7,196

11. Discontinued Operations

On September 30, 2005, the Company concluded the sale of its OMSCO drill pipe manufacturing division (“OMSCO”) for net proceeds of \$129.6 million. The transaction was a sale of assets consisting of net working capital of \$37.8 million and property, plant and equipment with a net book value of \$16.7 million. OMSCO was a component of the Exploration and Production market segment.

On November 2, 2004, the Company announced its decision to close the Mobile, Alabama pipecoating facility. At December 31, 2005, operations at the facility had ceased and on December 31, 2005, the Company accrued \$6.3 million of future lease cost obligations for properties where the Company has ceased using the rights conveyed by the leases. The Mobile facility was a component of the Pipeline market segment.

11. Discontinued Operations (Continued)

The following table summarizes the financial results and cash flows from discontinued operations for the years ended December 31, 2005 and 2004 and the assets and liabilities of the discontinued operations as at those dates:

(in thousands of Canadian dollars)	2005			2004		
	OMSCO (nine months)	Mobile Facility	Total	OMSCO (twelve months)	Mobile Facility	Total
Revenue	\$ 90,572	\$ 23,045	\$ 113,617	\$ 61,682	\$ 63,963	\$ 125,645
Income (loss) from operations	14,487	(6,858)	7,629	1,990	(77,388)	(75,398)
Provision for asset impairment	-	-	-	-	(50,390)	(50,390)
Gain on sale	75,109	-	75,109	-	-	-
Income (loss) from discontinued operations before income taxes	89,596	(6,858)	82,738	1,990	(127,778)	(125,788)
Income tax expense	26,688	-	26,688	-	-	-
Net income (loss) from discontinued operations	\$ 62,908	\$ (6,858)	\$ 56,050	\$ 1,990	\$ (127,778)	\$ (125,788)
Cash flow from (used in) operating activities	(2,121)	(19,546)	(21,667)	1,764	(42,034)	(40,270)
Cash flow from (used in) investing activities	(231)	-	(231)	(309)	(2,400)	(2,709)
Cash flow from (used in) financing activities	-	-	-	-	-	-
Net cash provided by (used in) discontinued operations	(2,352)	(19,546)	(21,898)	1,455	(44,434)	(42,979)
Current assets	-	799	799	2,399	53,246	55,645
Property, plant and equipment, net	-	7,974	7,974	19,068	16,643	35,711
Current liabilities	-	12,250	12,250	6,981	17,163	24,144
Non-current liabilities	-	-	-	-	19,080	19,080

12. Segmented Information

As a result of the sale of the OMSCO division, the Company has realigned its segmented reporting into two industry segments: Pipeline and Pipe Services and Petrochemical and Industrial. The former segment includes the operations of Bredero Shaw, Shaw Pipeline Services, Canusa-CPS and Guardian while the later segment includes ShawFlex and DSG-Canusa. All comparative figures have been reclassified to reflect this new structure.

(in thousands)	Three Months Ended Dec. 31		Twelve Months Ended Dec. 31	
	2005	2004	2005	2004
Revenue				
Pipeline and Pipe Services	\$ 263,953	\$ 201,356	\$ 884,221	\$ 616,778
Petrochemical and Industrial	28,214	26,757	121,482	122,663
Intersegment Eliminations	(482)	(432)	(1,584)	(1,657)
	<u>\$ 291,685</u>	<u>\$ 227,681</u>	<u>\$ 1,004,119</u>	<u>\$ 737,784</u>
Operating income (loss) from continuing operations				
Pipeline and Pipe Services	\$ 34,839	\$ 28,643	\$ 100,366	\$ 61,137
Petrochemical and Industrial	1,546	3,074	11,918	15,751
Financial and Corporate	(4,666)	(3,486)	(16,671)	(9,710)
	<u>\$ 31,719</u>	<u>\$ 28,231</u>	<u>\$ 95,413</u>	<u>\$ 67,178</u>
Goodwill				
Pipeline and Pipe Services			\$ 150,902	\$ 156,984
Petrochemical and Industrial			16,270	19,409
			<u>\$ 167,172</u>	<u>\$ 176,393</u>
Total assets				
Pipeline and Pipe Services			\$ 971,411	\$ 907,212
Petrochemical and Industrial			88,019	73,610
Financial and Corporate			1,146,315	846,309
Elimination			(1,290,062)	(1,022,912)
			<u>\$ 915,683</u>	<u>\$ 804,219</u>

13. Employee Future Benefits

The Company's cost under both defined benefit and defined contribution arrangements for the three months and twelve months ended December 31, 2005 is \$0.6 million and \$7.3 million, respectively (December 31, 2004 - \$0.6 million and \$7.2 million, respectively).

14. Income Taxes

Net income taxes paid during the three months and twelve months ended December 31, 2005 totaled \$3.1 million and \$21.1 million, respectively (December 31, 2004 – \$11.6 million and \$16.6 million, respectively). Taxes on income from continuing operations includes a reduction in income taxes expense of \$18.4 million from the utilization of prior years' tax losses not previously recognized in the accounts.

15. Comparative Figures

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