

November 1, 2007

SHAWCOR LTD.
(TSX: SCL.A, SCL.B)
PRESS RELEASE
SHAWCOR LTD. ANNOUNCES THIRD QUARTER RESULTS
Financial Summary

(In thousands of Canadian dollars except per share amounts)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2007	2006	2007	2006
		Restated (note 3)		Restated (note 3)
Operating Results				
Revenue	\$ 264,892	\$ 251,324	\$ 762,661	\$ 783,304
EBITDA (note 1)	55,374	37,019	150,831	129,176
Operating income from continuing operations	45,500	23,676	120,509	96,989
Income from continuing operations	30,191	16,549	83,766	66,202
Income (loss) from discontinued operations	(59)	7	(162)	(220)
Net income (loss)	30,132	16,556	83,604	65,982
Net income (loss) per share (Class A and B) - Basic				
Continuing operations	0.42	0.22	1.15	0.89
Discontinued operations	0.00	0.00	0.00	0.00
Total	0.42	0.22	1.15	0.89
Net income (loss) per share (Class A and B) - Diluted				
Continuing operations	0.42	0.22	1.14	0.89
Discontinued operations	0.00	0.00	0.00	0.00
Total	0.42	0.22	1.14	0.89
Cash Flow				
Cash from continuing operating activities	33,701	64,859	90,361	143,009
Purchases of property, plant and equipment	23,943	22,710	63,304	42,591
Financial Position				
Working capital			287,584	307,781
Total assets			931,959	948,565
Shareholders' equity per share (Class A and B)			\$ 8.25	\$ 7.89

Note 1: EBITDA is a non-GAAP measure calculated by adding back to income from continuing operations, the sum of interest (income)/expense, taxes and depreciation/amortization. EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures prescribed by other companies. EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools.

Note 2: Shareholders' equity per share is a non-GAAP measure calculated by dividing shareholders' equity by the number of Class A and Class B shares outstanding at the date of the balance sheet.

Note 3: During the fourth quarter of 2006, ShawCor Ltd. adopted the proportionate consolidation method of accounting for its 30% investment in the Arabian Pipecoating Company Limited ("APCO"). The Company previously accounted for this investment using the equity method. This change in accounting policy has been applied retroactively and as a result, revenue, operating expenses and certain balance sheet accounts for previous periods have been restated. Refer to note 2 of the 2006 annual consolidated financial statements.

Consolidated revenue from continuing operations for the third quarter totaled \$264.9 million, 5% higher than in the third quarter of last year, with the growth broadly-based across all divisions of the Company. This growth was achieved despite the adverse impact of the stronger Canadian dollar in the quarter, which increased by an average of 8% versus the third quarter of last year, when compared to the U.S. dollar. On a year-to-date basis, consolidated revenue from continuing operations totaled \$762.7 million for the nine

months ended September 30, 2007, 97% of the level achieved in the same period of 2006 with the shortfall attributable to the strengthening of the Canadian dollar during the period.

Net income in the quarter totaled \$30.1 million (\$0.42 per diluted share), compared to \$16.6 million (\$0.22 per diluted share) in the third quarter of last year, with the improvement primarily reflecting a significant improvement in operating margins. Consolidated operating margins (operating income from continuing operations divided by revenue from continuing operations) were 17.2% in the quarter compared to 9.4% in the third quarter of last year. Net income for the first nine months of the year totaled \$83.6 million (\$1.14 per diluted share) compared to \$66.0 million (\$0.89 per diluted share) in the same period of 2006.

The Company's backlog at September 30 remained strong at \$411.2 million, an increase of 9% from June 30. This strong backlog, together with continuing high levels of bidding activity, is indicative of the increasing investments in energy infrastructure globally and supports the Company's potential for strong growth in the years ahead.

MANAGEMENT'S 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 2006 Annual Report.

Revenue, Income from Operations and Net Income

Consolidated Results

Consolidated revenue from continuing operations for the third quarter totaled \$264.9 million, 5% higher than in the third quarter of last year, with the growth broadly-based across all divisions of the Company. This growth was achieved despite the adverse impact of the stronger Canadian dollar in the quarter. The Canadian dollar versus the U.S. dollar was 8% stronger on average this quarter compared with the third quarter of last year. This adversely impacted the translation of the Company's U.S.-denominated revenue into Canadian dollars by approximately \$13 million. Net income in the quarter totaled \$30.1 million (\$0.42 per diluted share), compared to \$16.6 million (\$0.22 per diluted share) in the third quarter of last year, with the improvement reflecting both increased revenue and improved operating margins, partially offset by the adverse impact of the stronger Canadian dollar. The impact of the appreciation of the Canadian dollar on the translation of the Company's U.S. dollar-denominated revenue and operating expenses reduced reported net income by approximately \$3 million. Consolidated operating margins (operating income from continuing operations divided by revenue from continuing operations) were 17.2% in the quarter compared to 9.4% in the third quarter of last year.

Consolidated revenue from continuing operations in the third quarter decreased 4% from the levels in the second quarter of this year, due in part to the impact of the 5% strengthening of the Canadian dollar, versus the U.S. dollar. Net income in the third quarter was slightly higher than in the prior quarter, despite the lower revenue, due primarily to a quarter over quarter improvement in foreign exchange gains of \$3.3 million, mainly reflecting the maturity of hedging instruments in the period. Diluted earnings per share in the third quarter were \$0.01 per share higher than in the previous quarter due to the impact on diluted shares of share repurchases made under the Normal Course Issuer Bid.

On a year-to-date basis, consolidated revenue from continuing operations totaled \$762.7 million for the nine months ended September 30, 2007, 97% of the level achieved in the same period of 2006 with the shortfall attributable to the strengthening of the Canadian dollar during the period. The average exchange rate between the Canadian and U.S. dollars strengthened by 3% during the first nine months of 2007 versus the comparable period of last year. Net income for the first nine months of the year totaled \$83.6 million (\$1.14 per diluted share) compared to \$66.0 million (\$0.89 per diluted share) in the same period of 2006.

ShawCor classifies its revenue and income from operations in two industry segments: Pipeline and Pipe Services, and Petrochemical and Industrial. Discussion of the operating results of each of these segments follows:

Pipeline and Pipe Services

Three months ended (In thousands of Canadian dollars)	Sept. 30 2007	June 30 2007	Sept. 30 2006
Revenue from continuing operations	\$227,779	\$238,964	\$216,889
Income from continuing operations	\$42,738	\$46,378	\$24,075
Operating margin	18.8%	19.4%	11.1%

Current Quarter versus Q3 2006

In the Pipeline and Pipe Services segment, revenue from continuing operations totaled \$227.8 million in the quarter and was 5% higher than in the third quarter of last year, driven by strong results at Bredero Shaw, Canusa-CPS and Shaw Pipeline Services. At Bredero Shaw, revenue increased over the third quarter of last year reflecting strength in North America and the Far East, partially offset by continuing softness in the North Sea market and the impact of the temporary closure of the Ras Al Khaimah plant during an upgrade and expansion program. In North America, pipe coating of the Rockies Express and Corridor projects at the division's plant in Camrose, Alberta, together with the Golden Pass project in the United States contributed to the strong result while higher revenue in the Far East region was underpinned by the Medgaz project at the division's plant in Kuantan, Malaysia. The North Sea region of Bredero Shaw was adversely impacted by continuing softness in that market. In the segment's other business units, revenue in the quarter at Shaw Pipeline Services and Canusa-CPS grew strongly from levels in the third quarter of last year as a result of international project work, while revenue at Guardian was marginally lower reflecting continuing softness in Western Canadian drilling activity. Operating income from continuing operations for the segment of \$42.7 million in the quarter was 78% higher than in the third quarter of last year and reflected the impact of the higher revenue as well as higher operating margins. Operating margins in the quarter of 18.8% were 7.7 percentage points higher than in the same quarter of 2006, reflecting improved project execution and improved factory through-put resulting from the higher business activity.

Current Quarter versus Q2 2007

Revenue for the segment in the quarter was 95% of the level achieved in the second quarter of this year, with the shortfall mainly reflecting the impact of the stronger Canadian dollar on the translation of the segment's primarily U.S. dollar-based revenue. Operating income in the quarter was \$3.6 million lower than in the prior quarter due to the revenue decrease and the unfavourable impact of the stronger Canadian dollar on operating margins. Operating margins in the quarter were 0.6 percentage points lower than in the previous quarter.

On a year-to-date basis, revenue from continuing operations for the Pipeline and Pipe Services segment totaled \$649.1 million compared to \$678.4 million in the first nine months of 2006. Operating income from continuing operations for period totaled \$113.7 million (17.5% of revenue), compared to \$97.7 million (14.4% of revenue) last year.

Petrochemical and Industrial

Three months ended	Sept. 30	June 30	Sept. 30
(In thousands of Canadian dollars)	2007	2007	2006
Revenue from continuing operations	\$37,517	\$38,178	\$34,910
Income from continuing operations	\$6,274	\$6,500	\$5,039
Operating margin	16.7%	17.0%	14.4%

Current Quarter versus Q3 2006

In the Petrochemical and Industrial segment, revenue totaled \$37.5 million, 7% higher than in the third quarter of last year and reflected increased business activity at both DSG-Canusa and ShawFlex, which both experienced modest revenue growth. Operating income from continuing operations in the quarter of \$6.3 million increased 25% from the level recorded in the third quarter of 2006, and reflected both the increased revenue and improved operating margins. Operating margins in the quarter increased 2.3 percentage points from the third quarter of last year to 16.7%.

Current Quarter versus Q2 2007

Revenue for the segment in the quarter was 98% of the level achieved in the second quarter of the year with the decrease largely due to the strengthening of the Canadian dollar compared to both the U.S. dollar and the Euro. On average, the Canadian dollar was 5% stronger versus the U.S. dollar and 3% stronger versus the Euro, compared to the prior quarter. This had an adverse effect on the translation of the segment's revenue, particularly for DSG-Canusa, whose business is mainly conducted in the U.S.A. and Europe. Operating income for the segment decreased 3% from the previous quarter reflecting the lower revenue and marginally lower operating margins.

On a year-to-date basis, revenue for the segment totaled \$115.2 million, compared to \$106.1 million in the first nine months of 2006, while operating income from continuing operations totaled \$19.8 million (17.1% of revenue), compared to \$13.6 million (12.8% of revenue) in the same period of last year.

Financial and Corporate

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 for the quarter, before net foreign exchange gains of \$1.5 million, totaled \$5.0 million compared to \$6.9 million in the third quarter of last year, before net foreign exchange gains of \$1.5 million. Prior year financial and corporate expenses were unusually high and included costs related to the unsuccessful Garneau acquisition as well as increased management compensation costs in line with the improved financial results of 2006.

Financial and corporate expenses in the quarter were \$905 thousand higher than in the second quarter of the year, excluding foreign exchange gains and losses, mainly the result of increased provision for management compensation expenses reflective of improvements in the year's financial performance outlook. Foreign exchange gains in the quarter totaled \$1.5 million compared to losses of \$1.8 million in the prior quarter.

On a year-to-date basis, financial and corporate costs totaled \$13.3 million, before foreign exchange gains of \$428 thousand, compared to \$16.3 million before foreign exchange gains of \$2.0 million in the first nine months of 2006.

Interest Income

Net interest income totaled \$811 thousand in the quarter, compared to \$881 thousand in the third quarter of last year. Net interest income was however reduced from the \$1.2 million earned in the second quarter of this year as a result of lower average cash balances held during each period.

On a year-to-date basis, net interest income totaled \$3.6 million compared to \$1.4 million in the first nine months of last year.

Income Taxes

Income tax expense in the quarter was \$15.9 million (34.4% of income before income taxes) compared to \$7.9 million (32.4% of income before taxes) in the third quarter of 2006. Income tax expense in the second quarter of 2007 was \$18.3 million (37.8% of income before taxes) and reflected the impact of losses at the Company's Nigerian operations for which tax benefits were not recorded.

Cash Flow

Cash flow generated from continuing operating activities in the quarter totaled \$33.7 million compared to \$30.8 million in the prior quarter and reflected increased investment in working capital compared to the previous quarter. Cash flow from continuing operating activities in the third quarter of 2006 was \$64.9 million and reflected a significant reduction in working capital balances during that period. On a year-to-date basis, cash flow generated from continuing operating activities totaled \$90.4 million compared to \$143.0 million in the first nine month of 2006, with the decrease due to increased investment in working capital to support increased business levels, partially offset by the impact of higher earnings compared to in 2006.

Cash flow used in continuing investing activities in the quarter totaled \$23.4 million compared to \$26.6 million last quarter and \$31.8 million in the third quarter of last year, and was comprised of capital expenditures of \$23.9 million, partially offset by proceeds received on the disposal of property, plant and equipment of \$503 thousand. Major capital additions in the quarter included the pipe coating plant capacity expansions in Camrose, Alberta and Ras Al Khaimah.

Cash flow used in continuing financing activities in the quarter totaled \$4.5 million, compared to \$70.6 million last quarter and \$7.5 million in the third quarter of 2006, and consisted of dividends paid of \$4.1 million, decreases in bank indebtedness of \$351 thousand and \$1.2 million paid to repurchase 34,500 Class A Subordinate Voting Shares ("Class A Shares) at an average price of \$33.62, partially offset by \$1.0 million received from the issuance of Class A Shares on the exercise of stock options.

Other Comprehensive Loss

Other comprehensive loss in the quarter totaled \$15.4 million and was mainly comprised of an unrealized foreign currency translation loss of \$15.2 million, net of hedging activities, reflecting the significant strengthening of the Canadian dollar versus the U.S. dollar in the quarter. On a year-to-date basis, other comprehensive loss totaled \$38.0 million and is comprised of unrealized losses of \$38.4 million, net of hedging activities, on the translation of the financial statements of the Company's foreign subsidiaries and a \$1.1 million unrealized loss on an available-for-sale financial asset, the Company's investment in a publicly listed company, partially offset by an unrealized gain of \$1.5 million on derivative financial instruments designated as cash flow hedges.

Liquidity and Capitalization

At September 30, 2007, the Company recorded a working capital ratio (the ratio of current assets to current liabilities) of 2.26 to 1 compared to 2.30 to 1 at the beginning of the quarter and 2.39 to 1 at the beginning of the year. Operating working capital, excluding cash, cash equivalents and bank indebtedness increased \$6.9 million during the quarter to \$71.8 million, mainly reflecting increases in accounts receivable stemming from the high levels of sales experienced at the end of the second quarter and the early part of the third quarter, together with increased prepaid expenses related to preparation for upcoming pipe coating projects.

Change in Accounting Policies

On January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants' Handbook Section 1530, *Comprehensive Income*; Section 3855, *Financial Instruments – Recognition and Measurement*; Section 3861, *Financial Instruments – Disclosure and Presentation*; and Section 3865, *Hedges*. These changes require the Company to classify all financial assets as held-for-trading, designated at fair value, available-for-sale, held-to-maturity, or loans and receivables. The new accounting standards also require the Company to measure all financial assets, including derivatives and excluding loans and receivables, debt securities classified as held-to-maturity and available-for-sale equities that do not have quoted market values in an active market, at fair values. Changes in the fair values of financial assets classified as held-for-trading and of derivatives that are not considered effective hedges are charged to net income. Changes in the fair values of financial assets classified as available-for-sale and derivatives that are considered effective hedges are charged to other comprehensive income. As required, these new accounting standards have been applied as an adjustment to opening retained earnings and accumulated other comprehensive income. Prior period figures have not been restated. Refer to note 1 to the third quarter 2007 interim financial statements for further information.

Financial Instruments

The following table sets out the notional amounts outstanding under foreign exchange contracts, the average contractual exchange rates and the settlement of these contracts as at September 30, 2007:

(in thousands)

	Maturity	
U.S. dollars sold for Canadian dollars		
Less than one year		US\$11,750
Weighted average rate		1.1108

At September 30, 2007, the Company had notional amounts of \$11.8 million of forward contracts outstanding (December 31, 2006 - \$38.7 million) with the fair value of the Company's net benefit of all foreign exchange forward contracts totaling \$1.3 million (December 31, 2006 - \$3.1 million liability).

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, as compared to those disclosed in the Company's last annual Management's Discussion and Analysis contained in the Company's 2006 annual report.

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, 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 are included in the annual Management's Discussion and Analysis.

Contractual Obligations

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

Summary of Quarterly Results

The following is a summary of selected financial information for the eleven most recently completed quarters:

(In thousands of Canadian dollars
except per share amounts)

	First	Second	Third	Fourth	Full Year
Revenue (Restated – see note below)					
2007	\$ 221,329	\$ 276,440	\$ 264,892	\$	\$
2006	262,547	269,433	251,324	276,315	1,059,619
2005	244,952	231,995	241,639	293,867	1,012,453
Operating income from continuing operations (Restated – see note below)					
2007	27,972	47,036	45,500		
2006	37,478	35,835	23,677	41,790	138,780
2005	29,326	12,509	21,882	31,737	95,454

Income from continuing operations

2007	23,308	30,267	30,191		
2006	24,755	24,898	16,549	26,722	92,924
2005	18,688	7,516	34,806	21,780	82,790

Income (loss) from discontinued operations

2007	(55)	(48)	(59)		
2006	(35)	(192)	7	(69)	(289)
2005	(930)	2,224	55,946	(1,190)	56,050

Net income

2007	23,253	30,219	30,132		
2006	24,720	24,706	16,556	26,653	92,635
2005	17,758	9,740	90,752	20,590	138,840

Operating income from continuing operations per share (Classes A and B)**Basic**

2007	0.38	0.64	0.63		
2006	0.51	0.48	0.32	0.56	1.87
2005	0.39	0.17	0.29	0.42	1.27

Diluted

2007	0.37	0.63	0.63		
2006	0.51	0.48	0.32	0.56	1.87
2005	0.39	0.17	0.29	0.42	1.27

Income from continuing operations per share (Classes A and B)**Basic**

2007	0.31	0.41	0.42		
2006	0.33	0.34	0.22	0.36	1.25
2005	0.25	0.10	0.45	0.30	1.10

Diluted

2007	0.31	0.41	0.42		
2006	0.33	0.34	0.22	0.36	1.25
2005	0.25	0.10	0.45	0.30	1.10

Income (loss) from discontinued operations per share (Classes A and B)**Basic and Diluted**

2007	0.00	0.00	0.00		
2006	0.00	0.00	0.00	0.00	0.00
2005	(0.01)	0.03	0.75	(0.02)	0.75

Net income per share (Classes A and B)**Basic**

2007	0.31	0.41	0.42		
2006	0.33	0.34	0.22	0.36	1.25
2005	0.24	0.13	1.20	0.28	1.85

Diluted

2007	0.31	0.41	0.42		
2006	0.33	0.34	0.22	0.36	1.25
2005	0.24	0.13	1.20	0.28	1.85

Note: Quarterly revenue and operating income from continuing operations figures have been restated to reflect the change in accounting treatment for the Company's investment in the Arabian Pipecoating Company Limited adopted in the fourth quarter of 2006. Please refer to note 2 to the 2006 annual Consolidated Financial Statements.

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

The Company's operations in the Pipeline and Pipe Services segment, representing more than 80% 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 following are additional key factors impacting the comparability of the quarterly information disclosed above:

The majority of the Company's revenue is transacted in currencies other than Canadian dollars, with a majority transacted in 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.

On November 3, 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. Operations at the facility ceased in the fourth quarter of 2005 and discontinued operations accounting treatment was adopted in that quarter with prior quarters restated on a comparable basis.

On September 30, 2005, the Company completed the sale of its OMSCO drill pipe manufacturing division. The division has been accounted for as a discontinued operation.

Outstanding Share Capital

As at October 30, 2007, the Company had 58,642,770 Class A Subordinate Voting Shares ("Class A") outstanding and 13,078,142 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 October 30, 2007, the Company had stock options outstanding to purchase up to 2,240,280 Class A shares.

Management's Health, Safety and Environmental Commitment

The Company is committed to providing a safe and healthy workplace and ensuring that all business activities are conducted in a manner that protects the environment. This commitment includes designing and operating its plants and individual processes in compliance with applicable government requirements regulating the discharge of substances into the environment or otherwise relating to the protection of the environment. The Company's program for health, safety and environmental management is further described in the Company's Annual Information Form under Health, Safety, and Environmental Policy.

Outlook

The Company's consolidated order backlog at September 30, 2007, representing the value of firm customer purchase orders expected to be completed within one year, was \$411.2 million, 9% higher than at the end of the second quarter, and reflected several new projects including a U.S. \$57 million portion of the U.S. \$85 million Pluto project, announced October 9, which is expected to be completed within twelve months.

The Company's current outlook for 2007 indicates that revenue will be slightly reduced from 2006 as a result of weakness in the fourth quarter from the continued strength of the Canadian dollar and a temporary decline in pipe coating activity from the levels experienced during the second and third quarters of the year, due in part to the slippage of pipe coating projects in Ras Al Khaimah and Brazil into the first quarter of 2008. The slow down is expected to be short-term and activity levels are expected to increase again in the first quarter of 2008. The Company continues to pursue significant business opportunities globally, and is in the process of bidding major offshore pipeline projects in Northern Europe. Success in securing these projects, together with the buoyant market outlook in North America, the Middle East and the Far East could result in significant revenue growth during the next few years.

Forward Looking Information

This document includes certain statements that reflect management's expectations and objectives for ShawCor's future performance, opportunities and growth which constitute forward-looking information under applicable securities laws. 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," "expect", "believe", "predict", "estimate," "continue," "intend," "plan," and variations of these words or other similar expressions. These statements are based on assumptions, estimates and analysis made by ShawCor 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. 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 known and unknown risks and uncertainties that could cause actual results to differ materially from those predicted, expressed or implied by the forward-looking statements. Significant risks facing ShawCor 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; political, economic and other risks arising from ShawCor's international operations; compliance with environmental, trade and other laws; liability claims; fluctuations in foreign exchange rates; fluctuations in prices of raw materials, as well as other risks and uncertainties.

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 November 2, 2007 at 10:00 a.m. ET to discuss the Company's third quarter 2007 financial results. Please visit our website at 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)

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006 Restated (note 1)	2007	2006 Restated (note 1)
Revenue	\$ 264,892	\$ 251,324	\$ 762,661	\$ 783,304
Operating expenses (notes 2, 3 and 4)	207,431	212,876	607,219	648,828
Amortization	10,050	13,397	29,783	33,215
Research and development	1,911	1,375	5,150	4,272
	<u>219,392</u>	<u>227,648</u>	<u>642,152</u>	<u>686,315</u>
Operating income from continuing operations	45,500	23,676	120,509	96,989
Interest income (note 5)	811	881	3,638	1,364
Income before income taxes and non-controlling interest	46,311	24,557	124,147	98,353
Income taxes	15,943	7,954	40,920	31,123
Income before non-controlling interest	30,368	16,603	83,227	67,230
Non-controlling interest	(177)	(54)	539	(1,028)
Income from continuing operations	30,191	16,549	83,766	66,202
Income (loss) from discontinued operations (note 7)	(59)	7	(162)	(220)
Net income	<u>\$ 30,132</u>	<u>\$ 16,556</u>	<u>\$ 83,604</u>	<u>\$ 65,982</u>
Earnings per share, Class A and B - Basic (note 19)				
Continuing operations	\$ 0.42	\$ 0.22	\$ 1.15	\$ 0.89
Discontinued operations	-	-	-	-
Total	<u>\$ 0.42</u>	<u>\$ 0.22</u>	<u>\$ 1.15</u>	<u>\$ 0.89</u>
Earnings per share Class A and B - Diluted (note 19)				
Continuing operations	\$ 0.42	\$ 0.22	\$ 1.14	\$ 0.89
Discontinued operations	-	-	-	-
Total	<u>\$ 0.42</u>	<u>\$ 0.22</u>	<u>\$ 1.14</u>	<u>\$ 0.89</u>

SEGMENTED INFORMATION

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006 Restated (note 1)	2007	2006 Restated (note 1)
Revenue				
Pipeline and Pipe Services	\$ 227,779	\$ 216,889	\$ 649,111	\$ 678,377
Petrochemical and Industrial	37,517	34,910	115,215	106,143
Intersegment Eliminations	(404)	(475)	(1,665)	(1,216)
	<u>\$ 264,892</u>	<u>\$ 251,324</u>	<u>\$ 762,661</u>	<u>\$ 783,304</u>
Income (loss) from operations				
Pipeline and Pipe Services	\$ 42,738	\$ 24,075	\$ 113,652	\$ 97,667
Petrochemical and Industrial	6,274	5,039	19,757	13,603
Financial and Corporate	(3,512)	(5,438)	(12,900)	(14,281)
	<u>\$ 45,500</u>	<u>\$ 23,676</u>	<u>\$ 120,509</u>	<u>\$ 96,989</u>

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

CONSOLIDATED STATEMENTS OF CASH FLOW

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006 Restated (note 1)	2007	2006 Restated (note 1)
Operating activities:				
Income from continuing operations	\$ 30,191	\$ 16,549	\$ 83,766	\$ 66,202
Items not requiring an outlay of cash:				
Amortization of property plant and equipment	10,050	13,397	29,783	33,215
Amortization of deferred financing costs	146	140	433	368
Stock-based compensation (note 2)	696	738	2,068	2,139
Accretion expense on asset retirement obligations	160	58	549	174
Future income taxes	(496)	(1,793)	139	(4,680)
Non-controlling interest in earnings of subsidiaries	177	54	(539)	1,028
Change in employee future benefits	457	675	2,219	853
Change in non-cash working capital and other	(7,680)	35,041	(28,057)	43,710
Cash provided by continuing operating activities	<u>33,701</u>	<u>64,859</u>	<u>90,361</u>	<u>143,009</u>
Investing activities:				
Purchases of property, plant and equipment	(23,943)	(22,710)	(63,304)	(42,591)
Proceeds on disposal of property, plant and equipment	503	76	705	117
Acquisition of subsidiary (note 18)	-	(8,555)	(2,579)	(8,555)
Investment in shares	-	-	(301)	-
Remediation of asset retirement obligations	47	(565)	(2,506)	(565)
Cash used in continuing investing activities	<u>(23,393)</u>	<u>(31,754)</u>	<u>(67,985)</u>	<u>(51,594)</u>
Financing activities:				
Decrease in bank indebtedness	(351)	(1,027)	(4,018)	(1,793)
Issue of shares	1,028	378	4,712	956
Purchase of shares for cancellation	(1,161)	(3,609)	(77,923)	(7,797)
Dividends paid to shareholders	(4,054)	(3,275)	(12,413)	(6,557)
Cash used in continuing financing activities	<u>(4,538)</u>	<u>(7,533)</u>	<u>(89,642)</u>	<u>(15,191)</u>
Foreign exchange on foreign cash and cash equivalents	<u>(8,637)</u>	<u>(5)</u>	<u>(20,403)</u>	<u>(5,726)</u>
Net cash provided by (used in) continuing operations	<u>(2,867)</u>	<u>25,567</u>	<u>(87,669)</u>	<u>70,498</u>
Net cash used in discontinued operations (note 7)	<u>(3,896)</u>	<u>(957)</u>	<u>(5,842)</u>	<u>(695)</u>
Cash and cash equivalents at beginning of period	<u>222,574</u>	<u>245,528</u>	<u>309,322</u>	<u>200,335</u>
Cash and cash equivalents at end of period	<u>\$ 215,811</u>	<u>\$ 270,138</u>	<u>\$ 215,811</u>	<u>\$ 270,138</u>

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

CONSOLIDATED BALANCE SHEETS

	Sept. 30 2007	Dec. 31 2006
Assets		
Current assets		
Cash and cash equivalents	\$ 215,811	\$ 309,322
Accounts receivable	192,019	188,865
Inventories	85,644	79,662
Taxes receivable	3,194	4,293
Prepaid expenses	17,079	12,897
Derivative financial instruments	1,301	-
Future income taxes	807	-
Current assets of discontinued operation (note 7)	2	156
	<u>515,857</u>	<u>595,195</u>
Property, plant and equipment, net	226,896	202,078
Goodwill	161,297	175,813
Future income taxes	21,256	25,404
Other assets (note 8)	6,653	9,536
	<u>\$ 931,959</u>	<u>\$ 1,008,026</u>
Liabilities		
Current liabilities		
Bank indebtedness (note 9)	\$ 76	\$ 4,094
Accounts payable and accrued liabilities	155,308	169,387
Deferred revenues	22,092	10,907
Taxes payable	48,842	57,010
Current liabilities of discontinued operation (note 7)	1,955	7,789
	<u>228,273</u>	<u>249,187</u>
Long-term debt	73,834	87,480
Future income taxes	25,642	30,496
Other non-current liabilities (note 10)	8,909	5,923
	<u>336,658</u>	<u>373,086</u>
Non-controlling interest in subsidiaries	3,453	5,013
Shareholders' Equity		
Capital stock (note 11)	204,379	206,852
Contributed surplus (note 12)	11,139	10,603
Retained earnings	499,987	498,001
Accumulated other comprehensive loss (note 13)	(123,657)	(85,529)
	<u>591,848</u>	<u>629,927</u>
	<u>\$ 931,959</u>	<u>\$ 1,008,026</u>

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

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Balance at beginning of period	\$ 474,950	\$ 464,292	\$ 498,001	\$ 421,547
Net income	30,132	16,556	83,604	65,982
	<u>505,082</u>	<u>480,848</u>	<u>581,605</u>	<u>487,529</u>
Excess of purchase price paid over stated value of shares (Note 11)	(1,041)	(2,957)	(69,205)	(6,356)
Dividends paid	(4,054)	(3,275)	(12,413)	(6,557)
Balance at end of period	<u>\$ 499,987</u>	<u>\$ 474,616</u>	<u>\$ 499,987</u>	<u>\$ 474,616</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
	2007	2006	2007	2006
Net income	\$ 30,132	\$ 16,556	\$ 83,604	\$ 65,982
Other comprehensive income (loss), net of income taxes:				
Unrealized loss on translating financial statements of self-sustaining foreign operations	(19,553)	(860)	(48,778)	(5,135)
Gain on hedges of unrealized foreign currency translation	5,198	-	12,473	-
Income tax expense	(883)	-	(2,120)	-
Unrealized foreign currency translation loss, net of hedging activities	(15,238)	(860)	(38,425)	(5,135)
Unrealized loss on available-for-sale financial assets arising during the period	(312)	-	(1,595)	-
Income tax benefit	106	-	542	-
Change in unrealized loss on available-for-sale financial assets	(206)	-	(1,053)	-
Gain on derivatives designated as cash flow hedges	1,151	-	3,296	-
Income tax expense	(393)	-	(1,121)	-
Gain on derivatives designated as cash flow hedges in prior periods transferred to net income in the current period	(1,104)	-	(1,070)	-
Income tax expenses transferred to net income in the current period	376	-	364	-
Change in gain on derivatives designated as cash flow hedges	30	-	1,469	-
Other comprehensive loss	(15,414)	(860)	(38,009)	(5,135)
Comprehensive income	<u>\$ 14,718</u>	<u>\$ 15,696</u>	<u>\$ 45,595</u>	<u>\$ 60,847</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. Except as noted below, 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, 2006. Accordingly, these interim financial statements should be read in conjunction with the Company’s annual consolidated financial statements.

In the fourth quarter of 2006, the Company adopted the proportionate consolidation method of accounting for its 30% investment in the Arabian Pipecoating Company. This change in accounting policy was applied retroactively with comparative figures restated. The Company previously accounted for this investment using the equity method.

On January 1, 2007, the Company adopted the Canadian Institute of Chartered Accountants’ Handbook Section 1530, *Comprehensive Income*; Section 3251, *Equity*, Section 3855, *Financial Instruments – Recognition and Measurement*; Section 3861, *Financial Instruments – Disclosure and Presentation*; and Section 3865, *Hedges*. As required, these new accounting standards have been adopted prospectively with an adjustment to accumulated other comprehensive income. Prior period figures have not been restated. The following adjustments were made to the Company’s balance sheet as a result of these changes:

(in thousands of Canadian dollars)	Jan. 1, 2007
Increase (decrease) in assets	
Other assets	\$ (760)
Total increase (decrease) in assets	<u>\$ (760)</u>
Increase (decrease) in liabilities	
Derivative financial instruments liability	\$ 925
Current future taxes payable	(315)
Future taxes	253
Long-term debt	(1,504)
Total increase (decrease) in liabilities	<u>(641)</u>
Increase (decrease) in shareholders' equity	
Accumulated other comprehensive income related to available-for-sale financial assets	491
Accumulated other comprehensive income related to cash flow hedges	(611)
Total increase (decrease) in shareholders' equity	<u>(119)</u>
Total increase (decrease) in liabilities and shareholders' equity	<u>\$ (760)</u>

The following is a description of the accounting policies adopted by the Company as a result of implementing these accounting changes:

a) Comprehensive income

The Company's comprehensive income is comprised of net income and other comprehensive income, which is made up of unrealized foreign currency gains or losses on the translation of the financial statements of self-sustaining foreign operations, unrealized gains or losses on available-for-sale financial assets and changes in unrealized gains or losses on derivatives designated as effective cash flow hedges.

b) Accumulated other comprehensive income

Accumulated other comprehensive income is included on the consolidated balance sheet as a separate component of shareholders' equity and includes accumulated unrealized foreign currency gains or losses on the translation of the financial statements of self-sustaining foreign operations, accumulated unrealized gains or losses on available-for-sale financial assets and accumulated unrealized gains or losses on derivatives designated as effective cash flow hedges.

c) Financial instruments

Held-for-trading financial assets are financial assets which are acquired for resale prior to maturity. Held-for trading financial assets are reflected in the consolidated balance sheet at fair value with changes in fair value during a period charged to operating expenses. Held-to-maturity financial assets are non-derivative financial assets with a fixed maturity which the Company intends to hold until maturity. Such assets are measured at amortized cost. Available-for-sale financial assets are those non-derivative financial assets which are so designated by the Company or that do not fall into another category. Available-for-sale financial assets are carried on the consolidated balance sheet at fair value with gains or losses from changes in fair value in a period included in other comprehensive income. Derivative financial instruments designated as effective cash flow hedges are reflected in the consolidated balance sheet at fair value with any gains or losses resulting from fair value changes included in other comprehensive income to the extent of hedge effectiveness. Derivatives with positive exposures are classified as assets while those with negative exposures are classified as liabilities. Derivative financial instruments not designated as effective cash flow hedges are carried at fair value in the consolidated balance sheet with gains or losses resulting from changes in fair value in a period charged to operating expenses. Loans and receivables and other liabilities not held for trading are accounted for at amortized cost.

The following is a summary of the classes of financial instruments included in the Company's consolidated balance sheet as well as their designation by the Company under the new accounting standards:

Balance sheet item	Designation
Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Long-term investments	Available-for-sale
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities
Bank indebtedness	Held-for-trading

d) Transaction costs

Transaction costs related to the acquisition or issue of held-for-trading financial instruments are charged to net income as incurred. Transaction costs related to financial instruments not designated as held-for-trading are included in the financial instrument's initial recognition amount.

2. Stock-based compensation

The compensation cost from the continuing amortization of granted stock options for the three months and nine months ended September 30, 2007, included in operating expenses, is \$ 696 thousand and \$2.1 million, respectively (September 30, 2006 - \$738 thousand and \$ 2.1million, respectively).

3. Foreign exchange gains and losses

Included in operating expenses for the three months ended September 30, 2007 are foreign exchange gains totaling \$1.5 million, while foreign exchange gains for the nine months ended September 30, 2007 totaled \$428 thousand (September 30, 2006 – gains of \$1.5 million and \$2.0 million, respectively). These gains arise from foreign currency transactions and from the translation of the financial statements of foreign integrated subsidiaries.

4. Employee future benefits

The Company's cost under both defined benefit and defined contribution arrangements included in operating expenses for the three months and nine months ended September 30, 2007 is \$2.3 million and \$7.2 million, respectively (September 30, 2006 - \$2.8 million and \$8.0 million, respectively)

5. Interest income (expense)

<u>(in thousands of Canadian dollars)</u>	<u>Three Months Ended Sept. 30</u>		<u>Nine Months Ended Sept. 30</u>	
	<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
Interest on short-term deposits	\$ 2,291	\$ 2,275	\$ 8,099	\$ 6,313
Interest on bank indebtedness	(225)	(115)	(531)	(973)
Interest on long-term debt	(1,255)	(1,279)	(3,930)	(3,976)
	<u>\$ 811</u>	<u>\$ 881</u>	<u>\$ 3,638</u>	<u>\$ 1,364</u>

Net interest paid during the three months and nine months ended September 30, 2007 totaled \$811 thousand and \$4.7 million, respectively (September 30, 2006 – \$945 thousand and \$1.4 million, respectively).

6. Income taxes

Net income taxes paid during the three months and nine months ended September 30, 2007 totaled \$11.5 million and \$49.5 million, respectively (September 30, 2006 – \$8.8 million and \$31.8 million, respectively).

7. Discontinued operations

On November 2, 2004, the Company announced its decision to close the Mobile, Alabama pipe-coating facility and operations at the facility ceased in the fourth quarter of 2005. The Company adopted discontinued operations accounting treatment for the Mobile facility in the fourth quarter of 2005.

The following table summarizes the financial results and cash flows from discontinued operations for the three months and nine months ended September 30, 2007 and 2006 and the assets and liabilities of the discontinued operations as at those dates, respectively:

(in thousands of Canadian dollars)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2007	2006	2007	2006
Revenue	\$ -	\$ -	\$ -	\$ 60
Loss from operations	(59)	7	(162)	(220)
Interest expenses			-	-
Loss from discontinued operations before income taxes	(59)	7	(162)	(220)
Income tax expense	-	-	-	-
Loss from discontinued operations	\$ (59)	\$ 7	\$ (162)	\$ (220)
Cash flow from (used in) operating activities	\$ (3,896)	\$ (957)	\$ (5,842)	\$ (695)
Current assets			\$ 2	\$ 108
Property, plant and equipment, net			-	4,659
Current liabilities			\$ 1,955	\$ 7,770

8. Other assets

(in thousands of Canadian dollars)	Sept. 30	Dec. 31
	2007	2006
Long-term investment	\$ 2,325	\$ 2,875
Deferred financing costs	483	2,089
Accrued employee future benefit asset	3,845	4,572
Total	\$ 6,653	\$ 9,536

Other assets include a long-term investment in Garneau Inc., a Canadian-based, publicly traded pipe-coating company. This investment is classified as available-for-sale under the new accounting standards related to financial instruments and accordingly, subsequent to January 1, 2007, is carried at fair value with changes in fair value charged to other comprehensive income.

9. Bank indebtedness

At September 30, 2007, the Company had operating credit lines of \$175.0 million (December 31, 2006 - \$204.1 million), net of \$75.6 million of various standby letters of credit for performance and bid bonds (December 31, 2006 - \$74.1 million) and bank indebtedness of nil (December 31, 2006 - \$3.0 million), excluding the Company's proportionate share of the bank indebtedness of its joint venture, Arabian Pipecoating Company Limited.

10. Other non-current liabilities

(in thousands of Canadian dollars)	Sept. 30 2007	Dec. 31 2006
Non-current asset retirement obligations	\$ 5,055	\$ 3,561
Accrued employee future benefit obligations	3,854	2,362
Total	\$ 8,909	\$ 5,923

11. Capital stock

(in thousands of Canadian dollars except share information)	Sept. 30, 2007	Dec. 31, 2006
Number of shares: Class A		
Balance, beginning of the period	60,914,175	61,006,045
Issued - stock options	303,195	331,157
Conversions Class B to Class A	-	9,873
Purchase and cancelled under Normal Course Issuer Bid	(2,574,600)	(432,900)
Balance, end of the period	58,642,770	60,914,175
Number of shares: Class B	13,078,142	13,078,142
Total number of shares	71,720,912	73,992,317
Stated value: Class A		
Balance, beginning of the period	\$ 205,848	\$ 203,716
Issued – stock options	6,245	3,573
Conversion Class B to Class A	-	-
Purchased and cancelled under Normal Course Issuer Bid	(8,718)	(1,441)
Balance, end of the period	203,375	205,848
Stated Value: Class B	1,004	1,004
Total stated value Class A and Class B	\$ 204,379	\$ 206,852

During the three months and nine months ending September 30, 2007, the Company repurchased and cancelled 34,500 and 2,574,600 Class A Subordinated Voting Shares (“Class A shares”), respectively (September 30, 2006 – 197,000 and 432,900, respectively) under the terms of a Normal Course Issuer Bid (“NCIB”). The excess of cost over stated capital of the acquired shares, which for the three and nine months ended September 30, 2007 totaled \$1.0 million and \$69.2 million, respectively (September 30, 2006 – \$3.0 million and \$6.4 million, respectively), was charged to retained earnings. Under the terms of the NCIB, which expires on November 30, 2007, the Company is entitled to repurchase up to 2,675,400 more Class A shares.

12. Contributed surplus

(in thousands of Canadian dollars)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2007	2006	2007	2006
Balance, beginning of period	\$ 10,823	\$ 10,351	\$ 10,603	\$ 9,231
Adjustment for stock-based compensation	-	-	-	-
Stock compensation expense (note 2)	696	738	2,069	2,139
Fair value of stock options exercised	(380)	(138)	(1,533)	(419)
Balance, end of period	\$ 11,139	\$ 10,951	\$ 11,139	\$ 10,951

13. Accumulated other comprehensive loss

(in thousands of Canadian dollars)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2007	2006	2007	2006
Balance, beginning of period	\$ (108,243)	\$ (104,535)	\$ (85,529)	\$ (100,260)
Transitional adjustment on adoption of new accounting policies (note 1)	-	-	(119)	-
Unrealized foreign currency translation losses, net of hedging activities	(15,238)	(860)	(38,425)	(5,135)
Unrealized loss on available-for-sale financial assets	(206)	-	(1,053)	-
Gain on derivatives designated as cash flow hedges	30	-	1,469	-
Balance, end of period	<u>\$ (123,657)</u>	<u>\$ (105,395)</u>	<u>\$ (123,657)</u>	<u>\$ (105,395)</u>

14. Stock option plans

A summary of the status of the Company's stock option plans and changes during the period are presented below:

	Sept. 30, 2007				Dec. 31, 2006	
	Market Growth Plan (1)	Other Plans	Total Shares	Weighted Average Exercise Price	Total Shares	Weighted Average Exercise Price
Balance outstanding, beginning of year	7,875	2,261,520	2,269,395	\$15.76	2,578,165	\$15.76
Granted	-	371,800	371,800	25.02	457,700	17.27
Exercised	(2,955)	(300,240)	(303,195)	15.73	(331,157)	16.43
Forfeited	-	-	-	-	(66,890)	15.75
Expired	(4,920)	(92,800)	(97,720)	16.72	(368,423)	17.31
Balance outstanding, end of period	-	2,240,280	2,240,280	17.25	2,269,395	\$15.76

(1) This maximum number is achieved only when the market value of the shares at the time of exercise is equal to no less than four times the value at the date of the grant.

Options Outstanding				Options Exercisable	
Range of exercise prices	Outstanding at Sep 30, 2007	Weighted average remaining contractual life in years	Weighted average exercise price	Exercisable at Sep 30, 2007	Weighted average exercise price
\$10.00 to \$15.00	534,120	4.07	\$12.70	400,976	\$12.81
\$15.01 to \$20.00	1,297,560	6.71	\$16.81	658,928	\$16.71
\$20.01 to \$25.00	40,000	7.76	\$20.90	11,200	\$21.19
\$25.01 to \$30.00	368,600	9.26	\$25.02	-	-
	2,240,280			1,071,104	
Options Outstanding				Options Exercisable	
Range of exercise prices	Outstanding at Dec. 31, 2006	Weighted average remaining contractual life	Weighted average exercise price	Exercisable at Dec. 31, 2006	Weighted average exercise price
\$10.00 to \$15.00	626,920	6.13	\$12.78	626,920	\$12.78
\$15.01 to \$20.00	1,600,475	7.26	\$16.79	1,237,275	\$16.75
\$20.01 to \$25.00	42,000	8.53	\$20.90	4,000	\$21.90
	2,269,395			1,868,195	

15. Financial instruments

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. 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. The methods and assumptions used to estimate the fair value of financial instruments as well as related interest rate credit and foreign exchange risk are described below:

a) Accounts receivable, accounts payable and accrued liabilities, and income taxes

Due to the short period to maturity of the financial instruments, the carrying values as presented in the consolidated balance sheet are reasonable estimates of fair values.

b) Long-term debt

The fair value of the Company's long-term debt is based on current rates for debt with similar terms and maturities and is not materially different from its carrying values.

The following are key risks associated with the Company's financial instruments:

a) Interest rate risk

The following table summarizes the Company's exposure to interest rate risk at September 30, 2007:

(in thousands of Canadian dollars)	Floating rate	Fixed interest rate maturing in		Total
		1 year or less	Greater than 1 year	
Financial assets				
Cash and cash equivalents	\$215,811	\$ -	\$ -	\$ 215,811
Total	\$215,811	\$ -	\$ -	\$ 215,811
Financial liabilities				
Bank indebtedness	\$ 76	\$ -	\$ -	\$ 76
Long-term debt	-	-	73,834	73,834
Total	\$ 76	\$ -	\$ 73,834	\$ 73,910
Average fixed rates of debt	-	-	5.11%	

b) Credit risk

Certain of the Company's financial assets are exposed to credit risk.

Cash and cash equivalents consist of deposits and short-term term deposits, with major financial institutions, which are readily convertible into cash.

The Company, in the normal course of business, is exposed to credit risk from its customers, substantially all of which are in the energy industry. These accounts receivable are subject to normal industry credit risks.

The Company is also exposed to credit risk from the potential default by any of its counterparties on its foreign exchange forward contracts. The Company mitigates this credit risk by dealing with counterparties who are major financial institutions and which the Company anticipates will satisfy their obligations under the contracts.

c) Foreign exchange risk

The Company operates in several countries, which gives rise to a risk that its earnings and cash flows may be adversely impacted by fluctuations in foreign exchange. The Company utilizes foreign exchange forward contracts to manage foreign exchange risk from its underlying customer contracts. In particular, the Company uses foreign exchange forward contracts for the sole purpose of hedging a portion of its projected foreign currency inflows, consisting primarily of foreign currency sales to the Company's customers. Gains or losses on these hedging instruments are recognized in other comprehensive income to the extent of hedge effectiveness and then transferred to net income in the same period as, and as part of, the hedged transactions. The Company does not enter into foreign exchange contracts for speculative purposes. The Company does not generally attempt to hedge the net investment and equity of self-sustaining foreign operations, except that the U.S. dollar long-term note payable is designated as a hedge of a portion of its net investment in Bredero Shaw's U.S. dollar-based operations. The following table sets out the notional amounts outstanding under foreign exchange contracts, the average contractual exchange rates and the settlement of these contracts as at September 30, 2007:

(in thousands)

Maturity	
U.S. dollars sold for Canadian dollars	
Less than one year	US\$11,750
Weighted average rate	1.1108

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 September 30, 2007, the Company had notional amounts of \$11.8 million of forward contracts outstanding (December 31, 2006 - \$38.7 million). These amounts are used to express the volume of transactions and are not recognized in the consolidated financial statements. These financial instruments are contracted with major, chartered banks; as a result, credit and liquidity risks related to these instruments are considered to be low.

The fair values of foreign exchange forward contracts represent an approximation of the amounts the Company would have paid to or received from counterparties to unwind its positions at September 30, 2007. The fair value of the Company's net benefit for all foreign exchange forward contracts at September 30, 2007 was \$1.3 million (December 31, 2006 - \$3.1 million net liability) and has been recognized on the consolidated balance sheet through a charge to other comprehensive income. If these contracts ceased to be effective as hedges, unrecognized gains or losses pertaining to the portion of the hedging transactions in excess of projected foreign-denominated cash flows would be transferred from accumulated other comprehensive income and recognized in net income at the time this condition was identified.

16. Segmented information

The company classifies its operations into two general segments of the global energy industry: Pipeline and Pipe Services and Petrochemical and Industrial. Revenue and income (loss) from operations for the three and nine months ended September 30, 2007 and 2006, and goodwill and total assets as of those dates by segments are as follows:

(in thousands)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2007	2006-restated	2007	2006-restated
Revenue				
Pipeline and Pipe Services	\$ 227,779	\$ 216,889	\$ 649,111	\$ 678,377
Petrochemical and Industrial	37,517	34,910	115,215	106,143
Intersegment Eliminations	(404)	(475)	(1,665)	(1,216)
	<u>\$ 264,892</u>	<u>\$ 251,324</u>	<u>\$ 762,661</u>	<u>\$ 783,304</u>
Income (loss) from operations				
Pipeline and Pipe Services	\$ 42,738	\$ 24,075	\$ 113,652	\$ 97,667
Petrochemical and Industrial	6,274	5,039	19,757	13,603
Financial and Corporate	(3,512)	(5,438)	(12,900)	(14,281)
	<u>\$ 45,500</u>	<u>\$ 23,676</u>	<u>\$ 120,509</u>	<u>\$ 96,989</u>
Goodwill			Sept. 30, 2007	Dec 31, 2006
Pipeline and Pipe Services			\$ 144,645	\$ 159,218
Petrochemical and Industrial			16,652	16,595
			<u>\$ 161,297</u>	<u>\$ 175,813</u>
Total assets			\$	\$
Pipeline and Pipe Services			924,390	1,011,029
Petrochemical and Industrial			81,255	79,612
Financial and Corporate			941,744	1,170,083
Elimination			(1,015,430)	(1,252,698)
			<u>\$ 931,959</u>	<u>\$ 1,008,026</u>

17. Joint venture operations

The Company's joint venture operations consist of its 50% interests in Bredero Shaw Revestimentos de Tubos Ltda. and Thermotite Brasil Ltda. and its 30% interest in the jointly controlled Arabian Pipecoating Company Limited. These investments have been accounted for through proportionate consolidation with the Company's share of each joint venture's assets, liabilities, revenue, expenses, net income and cash flows consolidated based on the Company's ownership position. The figures related to these joint ventures included in the Company's consolidated financial statements are summarized as follows:

(in thousands)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2007	2006	2007	2006
Revenue	\$ 18,785	\$ 6,941	\$ 44,528	\$ 18,262
Operating and other expenses	13,540	5,496	32,542	13,822
Net income before income taxes	5,245	1,445	11,986	4,440
Provision for taxes	375	59	1,085	289
Net income	\$ 4,870	\$ 1,386	\$ 10,901	\$ 4,151
Cash provided by (used in):				
Operating activities	\$ 962	\$ 4,091	\$ (1,373)	\$ 3,892
Investing activities	69	(1,175)	69	(1,948)
Financing activities	4,108	(2,273)	4,108	(1,324)
Current assets			\$ 19,058	\$ 11,310
Property, plant and equipment, net			11,130	7,992
Goodwill			4,366	4,828
Current liabilities			13,382	6,723

18. Acquisition

On June 6, 2007, the Company purchased all of the outstanding shares of X-Tek Industrial Limited from X-Tek Systems Limited. The name of the company was subsequently changed to Shaw Inspection Systems Limited ("SISL"). SISL provides specialized, real-time/digital non-destructive weld testing services to the onshore and offshore pipeline industry and is based in the United Kingdom. The allocation of the purchase price has not yet been finalized pending the completion of an appraisal of the acquired assets and liabilities. This is expected to be completed in the fourth quarter of the year. The following are the preliminary details of the acquisition. These details may be adjusted pending the finalization of the purchase equation:

(in thousands of Canadian dollars)	
Net assets acquired at assigned values:	
Current assets	1,708
Property, plant and equipment	1,059
Goodwill	1,335
Current liabilities	(1,523)
	2,579
Consideration given:	
Cash	2,579
	2,579

19. Earnings per share

The weighted average number of common shares for the purpose of the earnings per share calculations was as follows:

	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2007	2006	2007	2006
Basic				
Class A	58,613,020	60,969,096	59,807,549	60,969,096
Class B	13,078,142	13,078,142	13,078,142	13,078,142
Total	71,691,162	74,047,238	72,885,691	74,047,238
Diluted				
Class A	59,534,305	60,937,045	60,610,245	60,937,045
Class B	13,078,142	13,078,142	13,078,142	13,078,142
Total	72,612,447	74,015,187	73,688,387	74,015,187

20. Contingent liability

Dirt, Inc. has brought suit in Alabama against Bredero Price Company, Bredero Shaw LLC, Halliburton Energy Services, Inc., and ShawCor Ltd., claiming that Bredero Price, during the time it operated as a joint venture between ShawCor Ltd. and Halliburton Energy Services, Inc., began disposal of hazardous waste in a construction materials landfill owned by Dirt, Inc. The operations of Bredero Price Company were acquired by Bredero Shaw LLC on October 1, 2002. Bredero had offered to take responsibility for remediation of the site. The plaintiff has not accepted that offer, and the amount of such remediation cost is disputed, with expert opinions ranging from \$6 million to \$135 million. The plaintiff is also seeking punitive damages, which under Alabama law could be an amount up to three times actual damages; we believe, however, that we have valid legal defenses to the imposition of any punitive damages. The trial commenced October 22, 2007 and we are vigorously defending this action. We have accrued in a prior year an amount which is near the low end of the range of possible outcomes, for our 50% portion of an estimate of what we believe, based on technical advice from our environmental consultant, it will cost to remediate the site.

21. Comparative figures

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