

August 6, 2008

**SHAWCOR LTD.
 (TSX: SCL.A, SCL.B)**
PRESS RELEASE
SHAWCOR LTD. ANNOUNCES SECOND QUARTER 2008 RESULTS
Financial Summary

(In thousands of Canadian dollars except per share amounts)	Three Months Ended June. 30		Six Months Ended June. 30	
	2008	2007	2008	2007
Operating Results				
Revenue	\$ 295,118	\$ 276,440	\$ 588,475	\$ 497,769
EBITDA (note 1)	46,475	57,050	101,066	95,457
Operating income from continuing operations	33,449	47,036	74,668	75,008
Income from continuing operations	22,207	30,267	49,338	53,575
Income (loss) from discontinued operations	10,553	(48)	10,484	(103)
Net income	32,760	30,219	59,822	53,472
Net income (loss) per share (Class A and B) – Basic				
Continuing operations	0.31	0.41	0.69	0.73
Discontinued operations	0.15	0.00	0.15	0.00
Total	0.46	0.41	0.84	0.73
Net income (loss) per share (Class A and B) - Diluted				
Continuing operations	0.31	0.41	0.69	0.72
Discontinued operations	0.15	0.00	0.15	0.00
Total	0.46	0.41	0.84	0.72
Cash Flow				
Cash from operating activities	74,334	24,254	64,819	54,107
Additions to property, plant and equipment	26,653	23,868	38,914	39,361
Financial Position				
Working capital			171,860	284,231
Total assets			1,146,410	921,442
Shareholders' equity per share (Class A and B) (note2)			\$ 9.09	\$ 8.08

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 of property, plant and equipment. 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. The following is the calculation of EBITDA for the periods presented above:

Income from continuing operations	22,207	30,267	49,338	53,575
Add (deduct):				
Income taxes	10,191	18,261	24,621	24,977
Interest (income) expense	895	(1,229)	982	(2,828)
Amortization of property, plant and equipment	13,182	9,751	26,125	19,733
EBITDA	46,475	57,050	101,066	95,457

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.

Consolidated revenue from continuing operations for the second quarter of 2008 totaled \$295.1 million, 6.8% higher than the second quarter of 2007 and marginally higher than the first quarter of the current year, with the year over year growth reflecting increased activity at the Company's Pipeline and Pipe Services segment businesses, partially offset by lower revenue in the Petrochemical and Industrial segment. The growth in consolidated revenue was achieved despite the adverse impact of the stronger Canadian dollar in the quarter. Compared with the second quarter of 2007, the 8.0% strengthening of the Canadian dollar against the U.S. dollar reduced reported revenue by \$12.9 million.

Consolidated income from continuing operations for the quarter totaled \$22.2 million (\$0.31 per share, diluted) compared to \$27.1 million (\$0.38 per share, diluted) last quarter and \$30.3 million (\$0.41 per share, diluted) in the second quarter of 2007, with the reduction in income from prior quarters attributable to decreased operating margins in both business segments.

A settlement of US\$43.5 million was reached in the quarter with the plaintiff in the Dirt Inc. lawsuit related to the closed Mobile, Alabama facility. This settlement is to be shared between the Company and Halliburton Energy Services Inc. and is significantly less than the previously announced jury award of \$108 million. The apportionment of the settlement between the Company and Halliburton is still to be determined. As a result of the settlement, the Company reduced its reserves related to this matter by \$10.6 million (\$0.15 per share, diluted), net of income taxes.

Net income in the quarter totaled \$32.8 million (\$0.46 per diluted share), compared to \$27.1 million (\$0.38 per diluted share) last quarter and \$30.2 million (\$0.41 per share, diluted) in the second quarter of last year.

On a year to date basis, consolidated revenue from continuing operations totaled \$588.5 million, 18.2% higher than in the first half of 2007, while income from continuing operations totaled \$49.3 million (\$0.69 per share, diluted) compared to \$53.6 million (\$0.72 per share, diluted) for the same period of 2007. Net income for the first six months of 2008 totaled \$59.8 million (\$0.84 per share, diluted) compared to \$53.5 million (\$0.72 per share, diluted) in the corresponding period of last year.

During the quarter, the Company completed the sale of its investment in Bredero Shaw Nigeria Ltd. (BSNL) for net proceeds of \$5.6 million and accordingly recorded a gain on the transaction of \$1.1 million. The Company will continue to operate the facility on behalf of the purchaser under the terms of a technical services agreement.

On June 27, 2008, the Company completed the purchase of the outstanding shares of Flexpipe Systems Inc. ("Flexpipe") for \$133.7 million, including assumed debt. Flexpipe manufactures and sells a proprietary, flexible, non-metallic, corrosion-resistant pipeline product marketed primarily to oil and natural gas producers in Canada and the United States. This product is used by oil and gas producers in applications that benefit from the product's ease and speed of installation and its pressure and corrosion resistance capabilities. Flexpipe is based in Calgary, Alberta and has sales offices and service depots in Saskatchewan, Colorado and Texas. The acquisition of Flexpipe has provided ShawCor with an attractive new product line to address a growing opportunity that is emerging within the global pipeline industry.

The Company's backlog of \$475.6 million at June 30, 2008 increased 15% during the second quarter and includes several large pipe coating contracts that were announced during the second quarter, reflecting strong international large diameter and offshore project activity. The strong backlog and continuing high level of quotations and bids underpins the Company's continuing positive outlook. The revenue growth experienced in the first half of the year is expected to continue for the balance of the year and into 2009, primarily driven by buoyant pipeline-related activity. The reported backlog at June 30, 2008 does not include contracted orders of the recently acquired Flexpipe Systems business. The acquisition of Flexpipe Systems adds an important new technology and range of products to the Company's portfolio and is expected to provide a strong source of revenue growth for the Company.

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 2007 Annual Report.

Revenue, Income from Operations and Net Income

Consolidated Results

Current Quarter versus Q2 2007

Consolidated revenue from continuing operations for the second quarter of 2008 totaled \$295.1 million, 6.8% higher than the \$276.4 million recorded in the second quarter of 2007, despite the impact of the stronger Canadian dollar during the period. The Canadian dollar strengthened against the U.S. dollar by approximately 8.0% on average, during the second quarter of 2008 compared with the second quarter of last year, which adversely impacted revenue, operating income from continuing operations and net income by approximately \$12.9 million, \$2.4 million and \$1.4 million, respectively. Offsetting the effect of the stronger Canadian dollar on reported revenue was the impact of higher material costs which have been passed through to customers.

Operating income from continuing operations totaled \$33.4 million (11.3% of revenue from continuing operations) in the quarter, compared to \$47.0 million (17.0% of revenue from continuing operations) in the second quarter of last year. The lower operating margin (operating income from continuing operations divided by revenue from continuing operations) in the quarter, compared to the prior year, reflects the impact of higher manufacturing fixed costs and depreciation associated with the ramp up of production at the new plants in Camrose, Alberta and Ras Al Khaimah, U.A.E. Also negatively impacting operating margins were costs incurred in commissioning the Pluto project at the Company's pipe coating plant in Orkanger, Norway, together with operating cost increases in the Middle East, the Far East due to government mandated fuel price increases in the quarter and generally rising inflation rates.

Income from discontinued operations totaled \$10.6 million in the quarter (\$0.15 per share, diluted) and reflected a reduction in reserves related to the Dirt Inc. lawsuit, net of income taxes. A settlement of US\$43.5 million was reached in the quarter with the plaintiff in the lawsuit, which is to be shared between the Company and Halliburton Energy Services Inc. and is significantly less than the previously announced jury award of \$108 million.

Net income in the quarter totaled \$32.8 million (\$0.46 per share, diluted) compared to \$30.2 million (\$0.41 per share, diluted) in the second quarter of 2007, with the improvement in earnings per share reflecting the impact of the lawsuit settlement partially offset by the lower income from continuing operations in the quarter.

Current Quarter versus Q1 2008

Consolidated revenue from continuing operations in the second quarter was marginally higher than the level achieved last quarter as slightly higher revenue in the Pipeline and Pipe Services segment was partially offset by a small decline in the Petrochemical and Industrial segment.

Operating income from continuing operations in the second quarter was 81.1% of the \$41.2 million recorded last quarter and was adversely impacted by lower operating margins at Bredero Shaw and in the Petrochemical and Industrial segment.

Net income in the quarter increased \$5.7 million (\$0.08 per share, diluted) from \$27.1 million (\$0.38 per share, diluted) in the previous quarter.

Year-To-Date 2008 vs. 2007

Consolidated revenue from continuing operations for the six months ended June 30, 2008 totaled \$588.5 million, 18.2% higher than \$497.8 million recorded in the corresponding period of last year, while operating income from continuing operations totaled \$74.7 million (12.7% of revenue from continuing operations) compared to \$75.0 million (15.1% of revenue from continuing operations) in the first six months of 2007. On a year-to-date basis, net income totaled \$59.8 million (\$0.84 per share, diluted) compared to \$53.5 million (\$0.72 per share, diluted) in the first half of 2007.

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)	June. 30 2008	Mar. 31 2008	June. 30 2007
Revenue from continuing operations	\$258,984	\$255,794	\$238,964
Income from continuing operations	\$34,420	\$38,508	\$46,378
Operating margin	13.3%	15.1%	19.4%

Current Quarter versus Q2 2007

In the Pipeline and Pipe Services segment, revenue from continuing operations in the second quarter of 2008 totaled \$259.0 million, 8.4% higher than in the second quarter of last year, and reflected growth at Bredero Shaw, Canusa-CPS and Shaw Pipeline Services. At Bredero Shaw, revenue from continuing operations increased 2.2% over the second quarter of last year with growth achieved mainly in the Far East and Middle East regions, partially offset by softness in the North American and Europe/Africa regions. In North America, revenue in the quarter was adversely impacted by a short term reduction in large-diameter pipe coating activity while in the Europe/Africa region, revenue reflected lower pipe coating activity as the Thermotite facility in Orkanger, Norway prepared for the Pluto project. In the segment's other business units, revenue increased at Shaw Pipeline Services, Guardian and Canusa-CPS as these divisions experienced buoyant business activity during the quarter.

Operating income from continuing operations for the segment was \$34.4 million (13.3% of revenue from continuing operations) in the quarter compared to \$46.4 million (19.4% of revenue from continuing operations) in the second quarter of last year, with the decrease in operating margins (operating income from continuing operations divided by revenue from continuing operations) reflecting the impact of higher manufacturing fixed costs and depreciation associated with the ramp up of production at the new plants in Camrose, Alberta and Ras Al Khaimah, U.A.E. Also negatively impacting operating margins were costs incurred in commissioning the Pluto project at the Company's pipe coating plant in Orkanger, Norway, together with operating cost increases in the Middle East and the Far East due to government mandated fuel price increases in the quarter and generally rising inflation rates.

Current Quarter versus Q1 2008

Revenue for the segment in the second quarter was 1.2% higher than in the prior quarter as increases at Bredero Shaw and Guardian were partially offset by a small decrease at Canusa-CPS. The increase at Bredero Shaw reflected the ramp-up of production at the division's new pipe coating plant in Ras Al Khaimah, and a strengthening of pipe coating volumes at the plants in Kuantan, Malaysia and Kabil, Indonesia, partially offset by lower volumes in North America and Europe.

Operating income from continuing operations in the quarter was 89.4% of the level achieved in the prior quarter with the segment's operating margin decreasing by 1.9 percentage points. This decrease was attributable to costs incurred in commissioning the Pluto project and manufacturing cost inflation increases experienced at facilities in the Middle East and Far East.

Year-to-Date 2008 vs. Year-to-Date 2007

Revenue for the six months ended June 30, 2008 for the Pipeline and Pipe Services segment totaled \$514.8 million, 22.2% higher than the revenue recorded during the same period of 2007. Operating income from continuing operations for the segment for the first six months of the year totaled \$72.9 million (14.2% of revenue from continuing operations) compared to \$70.9 million (16.8% of revenue from continuing operations) during the corresponding period of last year.

Petrochemical and Industrial

Three months ended (In thousands of Canadian dollars)	June. 30 2008	Mar. 31 2008	June. 30 2007
Revenue from continuing operations	\$36,585	\$38,137	\$38,179
Income from continuing operations	\$5,316	\$6,075	\$6,500
Operating margin	14.5%	15.9%	17.0%

Current Quarter versus Q2 2007

In the Petrochemical and Industrial segment, revenue in the quarter totaled \$36.6 million and was 4.2% lower than in the second quarter of last year, reflecting the impact of the stronger Canadian dollar on the translation of DSG-Canusa's significant U.S dollar based revenue combined with a slowdown in the industrial and energy markets served by ShawFlex. Operating income in the second quarter of 2008 of \$5.3 million (14.5% of revenue from continuing operations) compares to \$6.5 million (17.0% of revenue from continuing operations) in the second quarter of 2007 with the decrease in operating margin reflecting the impact of the stronger Canadian dollar on DSG-Canusa's results together with the impact of volume reductions on capacity utilization at ShawFlex.

Current Quarter versus Q1 2008

Revenue for the segment in the second quarter was 95.9% of the level achieved last quarter and reflected the impact of slower business activity at ShawFlex partially offset by growth at DSG-Canusa. Operating income from continuing operations in the quarter was 87.5% of the level achieved in the first quarter of 2008 and reflected the impact of lower revenue and lower operating margins stemming primarily from higher raw material prices and lower factory through put.

Year-to-Date 2008 vs. Year-to-Date 2007

Revenue for the Petrochemical and Industrial segment for the six months ended June 30, 2008 totaled \$74.7 million compared to \$77.7 million in the same period of last year, while operating income from continuing operations for the first six months of the year totaled \$11.4 million (15.2% of revenue from continuing operations) compared to \$13.5 million (17.4% of revenue from continuing operations) in 2007.

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 a net foreign exchange loss of \$1.1 million, totaled \$5.2 million compared to \$4.1 million in the second quarter of last year, before a net foreign exchange loss of \$1.8 million, with the increase in corporate costs mainly the result of increased professional and other fees connected to acquisition activity. Financial and corporate costs in the second quarter, excluding foreign exchange losses, were \$1.3 million lower than in the prior quarter. On a year-to-date basis, financial and corporate costs totaled \$11.7 million, excluding foreign exchange gains of \$2.1 million, compared to \$8.3 million in the same period of 2007, excluding foreign exchange losses of \$1.0 million. Year to date financial and corporate costs include a \$1.5 million writedown on the Company's investment in Garneau Inc. that was recorded in the first quarter.

Interest Income

Net interest expense totaled \$895 thousand in the quarter, compared to interest income of \$1.2 million in the second quarter of 2007 and interest expense of \$87 thousand last quarter, and reflected the impact of lower cash balances in the quarter, together with lower rates of interest earned on cash and cash equivalents in the U.S and Canada.

Income Taxes

Income tax expense related to continuing operations in the quarter was \$10.2 million, an effective rate (income tax expense divided by income before income taxes and non-controlling interest) of 31.3% compared to \$18.3 million (effective rate of 37.8%) in the second quarter of last year and \$14.4 million (effective rate of 35.1%) in the first quarter of 2008. The effective tax rate in the quarter was slightly lower than the Company's Canadian statutory tax rate of 34.1% having been favourably impacted by earnings of certain subsidiaries located in lower tax rate jurisdictions. The effective tax rate in the second quarter of 2007 and in the first quarter of 2008 were adversely impacted by tax losses at certain subsidiaries for which tax benefits had not been recognized. Additionally, the effective tax rate in the first quarter of 2008 was adversely impacted by the write down of the Company's investment in Garneau Inc. for which no tax benefit was recorded.

Cash Flow

Cash flow generated by continuing operating activities in the quarter totaled \$74.3 million, compared to \$24.3 million in the second quarter of 2007 and cash used of \$9.5 million last quarter, and included the impact of a \$31.4 million reduction in working capital, due to lower accounts receivable balances and higher accounts payable, partially offset by higher inventories incurred to support increasing business activity.

Cash flow used in continuing investing activities in the quarter totaled \$153.7 million, compared to \$14.3 million last quarter and \$20.1 million in the second quarter of 2007, and was comprised of cash paid to purchase the outstanding shares of Flexpipe Systems Inc. in the amount of \$121.9 million, \$2.5 million paid to acquire 20% of the outstanding shares of PT Bredero Shaw Indonesia, one of the Company's non-wholly owned subsidiaries, capital expenditures of \$26.7 million and investment in deferred project costs of \$8.3 million, partially offset by proceeds received on the disposal of one of the Company's Nigerian subsidiaries of \$5.6 million. Major capital additions in the quarter included capacity expansions programs at the Regina Saskatchewan, Camrose Alberta, and Pearland Texas pipe coating plants.

Cash flow generated by continuing financing activities in the quarter totaled \$59.4 million, compared to cash used of \$16.2 million last quarter and \$70.6 million in the second quarter of 2007, and consisted of an increase to bank indebtedness of \$63.0 million related to the acquisition of Flexpipe and cash received on the issuance of shares on exercise of stock options of \$976 thousand, partially offset by dividends paid to shareholders of \$4.5 million.

Other Comprehensive Income

Other comprehensive income in the quarter totaled \$2.3 million, representing unrealized foreign currency translation gains on translation of the financial statements of foreign subsidiaries, net of hedging activities, reflecting the slight weakening of the Canadian dollar versus the U.S. dollar in the second quarter.

Liquidity and Capitalization

At June 30, 2008, the Company recorded a working capital ratio (the ratio of current assets to current liabilities) of 1.44 to 1 compared to 1.98 to 1 at December 31, 2007. Operating working capital, excluding cash, cash equivalents, bank indebtedness, the current portion of long-term debt and working capital of discontinued operations, decreased \$1.7 million during the quarter to \$173.2 million, as a result of lower accounts receivable balances and higher accounts payable, partially offset by increased inventories, and the assumption of \$22.7 million in operating working capital on the acquisition of Flexpipe.

Change in Accounting Policies

The following are changes in the Company's accounting policies which came into effect in the first quarter of 2008:

a) *General Standards of Financial Statements Presentation*

Effective, January 1, 2008, the Company adopted changes to the Canadian Institute of Chartered Accountants' ("CICA") Handbook Section 1400, *General Standards of Financial Statement Presentation*. Amendments to this Handbook section require management to evaluate, as at each balance sheet date, the Company's ability to continue as a going concern. When management concludes that the company can no longer operate as a going concern, this fact, along with information relevant to that assessment, is required to be disclosed in the financial statements. When financial statements are not prepared on a going concern basis, this fact is to be disclosed along with a description of the basis of preparation.

b) *Capital Disclosures*

Effective January 1, 2008, the Company adopted CICA Handbook Section 1535, *Capital Disclosures*. This new Handbook section establishes standards for disclosing information about an entity's capital and how it is managed and includes the requirement for disclosure of information about an entity's objectives, policies and processes for managing capital. The disclosures related to this new handbook section are included in note 17.

c) *Financial Instruments*

Effective January 1, 2008, the Company adopted the following CICA Handbook Sections: 3862, *Financial Instruments – Disclosure*; and 3863, *Financial Instruments – Presentation*, which outline the disclosure requirements related to the Company's financial instruments. The adoption of the standards did not have any impact on the classification and valuation of the Company's financial instruments. The new disclosures required by these Handbook sections are included in note 16.

d) *Inventories*

On January 1, 2008, the Company adopted CICA Handbook Section 3031, *Inventories*. As required, this new accounting standard has been adopted retroactively with an adjustment to retained earnings. Prior year figures have not been restated. The following adjustments were made to the Company's balance sheet as a result of adopting this new accounting standard:

(in thousands of Canadian dollars)	January 1, 2008
Increase in assets:	
Inventories	\$ 2,624
Total increase in assets	<u>\$ 2,624</u>
Increase in shareholders' equity:	
Retained earnings	<u>2,624</u>
Total increase to shareholders' equity	<u>2,624</u>
Total increase to liabilities and shareholders' equity	<u>\$ 2,624</u>

The following is a description of the accounting policy adopted by the Company as a result of implementing this accounting change:

Inventories are valued at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis except in certain project based pipe coating businesses where the average cost basis is employed, and includes direct materials, direct labour and variable and fixed manufacturing overheads. Net realizable value for finished goods and work-in-process is the amount which would be realized on the sale, less the cost of transport, and for raw materials and supplies is replacement cost. Ownership of inbound inventories is recognized at the time title passes to the Company, which coincides with the invoicing and release of such inventories by suppliers.

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 June 30, 2008:

(in thousands)	June 30, 2008
Canadian dollars sold for Great Britain Pounds	
Less than one year	CAD\$410
Weighted average rate	2.0027
U.S. dollars sold for Canadian dollars	
Less than one year	US\$12,000
Weighted average rate	1.0093
Euros sold for U.S. dollars	
Less than one year	Euro 4,150
Weighted average rate	1.4985
One year to two years	Euro 2,150
Weighted average rate	1.4490
Two years to three years	Euro 2,200
Weighted average rate	1.4465
U.S. dollars sold for Norwegian Kroners	
Less than one year	US\$9,543
Weighted average rate	5.3273
U.S. dollars sold for Malaysian Ringgit	
Less than one year	US\$3,800
Weighted average rate	3.2785

At June 30, 2008, the Company had notional amounts of \$39.3 million of forward contracts outstanding (March 30, 2008 - \$44.2 million) with the fair value of the Company's net obligation from all foreign exchange forward contracts totaling \$1.5 million (March 31, 2008 - \$297 thousand, net benefit).

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 2007 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 contained in the Company’s 2007 Annual Report.

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 ten most recently completed quarters:

(In thousands of Canadian dollars
except per share amounts)

	First	Second	Third	Fourth	Full Year
Revenue (Restated – see note below)					
2008	\$ 293,357	\$ 295,118	\$ -	\$ -	\$ -
2007	221,329	276,440	264,892	285,438	1,048,099
2006	262,547	269,433	251,324	276,315	1,059,619
Operating income from continuing operations (Restated – see note below)					
2008	41,219	33,449	-	-	-
2007	27,972	47,036	45,500	39,493	160,001
2006	37,478	35,835	23,677	41,790	138,780
Income from continuing operations					
2008	27,131	22,207	-	-	-
2007	23,308	30,267	30,191	34,053	117,819
2006	24,755	24,898	16,549	26,722	92,924

(In thousands of Canadian dollars
except per share amounts)

	First	Second	Third	Fourth	Full Year
Income (loss) from discontinued operations					
2008	(69)	10,553	-	-	-
2007	(55)	(48)	(59)	(30,300)	(30,462)
2006	(35)	(192)	7	(69)	(289)
Net income					
2008	27,062	32,760	-	-	-
2007	23,253	30,219	30,132	3,753	87,357
2006	24,720	24,706	16,556	26,653	92,635
Operating income from continuing operations per share (Classes A and B)					
Basic					
2008	0.58	0.47	-	-	-
2007	0.38	0.64	0.63	0.55	2.21
2006	0.51	0.48	0.32	0.56	1.87
Diluted					
2008	0.57	0.47	-	-	-
2007	0.37	0.63	0.63	0.54	2.18
2006	0.51	0.48	0.32	0.56	1.87
Income from continuing operations per share (Classes A and B)					
Basic					
2008	0.38	0.31	-	-	-
2007	0.31	0.41	0.42	0.48	1.62
2006	0.33	0.34	0.22	0.36	1.25
Diluted					
2008	0.38	0.31	-	-	-
2007	0.31	0.41	0.42	0.47	1.60
2006	0.33	0.34	0.22	0.36	1.25
Income (loss) from discontinued operations per share (Classes A and B)					
Basic					
2008	0.00	0.15	-	-	-
2007	0.00	0.00	0.00	(0.42)	(0.42)
2006	0.00	0.00	0.00	0.00	0.00
Diluted					
2008	0.00	0.15	-	-	-
2007	0.00	0.00	0.00	(0.42)	(0.41)
2006	0.00	0.00	0.00	0.00	0.00
Net income per share (Classes A and B)					
Basic					
2008	0.38	0.46	-	-	-
2007	0.31	0.41	0.42	0.06	1.20
2006	0.33	0.34	0.22	0.36	1.25
Diluted					
2008	0.38	0.46	-	-	-
2007	0.31	0.41	0.42	0.05	1.19
2006	0.33	0.34	0.22	0.36	1.25

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. 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.

Outstanding Share Capital

As at July 28, 2008, the Company had 57,922,183 Class A Subordinate Voting Shares ("Class A") outstanding and 13,077,909 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 July 31, 2008, the Company had stock options outstanding to purchase up to 2,510,200 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 backlog increased 15% during the second quarter to \$475.6 million at June 30, 2008. Several large pipe coating contracts were announced during the quarter including the \$35 million Gumusut-Kakap deepwater project, the \$30 million Vega project and the \$50 million Alberta Clipper project. In addition, the Company announced in the quarter the \$20 million Baydaratskaya Bay project in Russia to be performed for Gazprom, the world's largest natural gas producer.

The Company's outlook for the balance of the year continues to be positive with year over year growth, excluding the impact of the Flexpipe acquisition, in the range of 12% to 15%. Pipeline-related activity continues to be buoyant in each of the Company's global regions, underpinned by the strong backlog and a large number of project opportunities that are at the bid stage, with the result that revenue growth is expected to continue into next year and beyond. Success in winning and executing these activities will be crucial to achieving the Company's growth targets. The acquisition of Flexpipe Systems adds an important new technology and range of products to the Company's portfolio and is expected to provide a strong source of growth.

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 August 7, 2008 at 10:00 am ET to discuss the Company's second quarter 2008 financial results. Please visit our website at www.shawcor.com for further details.

For further information, please contact:

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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 June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Revenue	\$ 295,118	\$ 276,440	\$ 588,475	\$ 497,769
Cost of goods sold	195,024	161,516	382,678	292,580
Gross profit	100,094	114,924	205,797	205,189
Selling, general and administrative expenses (notes 2, 3 and 4)	51,740	56,418	101,603	107,209
Amortization of property, plant and equipment	13,182	9,751	26,125	19,733
Research and development expense	1,723	1,719	3,401	3,239
Operating income from continuing operations	33,449	47,036	74,668	75,008
Interest income (expense) (note 5)	(895)	1,229	(982)	2,828
Income before income taxes and non-controlling interest	32,554	48,265	73,686	77,836
Income taxes	10,191	18,261	24,621	24,977
Income before non-controlling interest	22,363	30,004	49,065	52,859
Non-controlling interest	(156)	263	273	716
Income from continuing operations	22,207	30,267	49,338	53,575
Loss from discontinued operations (note 6)	10,553	(48)	10,484	(103)
Net income	\$ 32,760	\$ 30,219	\$ 59,822	\$ 53,472
Earnings per share, Class A and B - Basic (note 20)				
Continuing operations	\$ 0.31	\$ 0.41	\$ 0.69	\$ 0.73
Discontinued operations	0.15	-	0.15	-
Total	\$ 0.46	\$ 0.41	\$ 0.84	\$ 0.73
Earnings per share Class A and B - Diluted (note 20)				
Continuing operations	\$ 0.31	\$ 0.41	\$ 0.69	\$ 0.72
Discontinued operations	0.15	-	0.15	-
Total	\$ 0.46	\$ 0.41	\$ 0.84	\$ 0.72

SEGMENTED INFORMATION

	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Revenue				
Pipeline and Pipe Services	\$ 258,984	\$ 238,964	\$ 514,778	\$ 421,332
Petrochemical and Industrial	36,585	38,179	74,722	77,698
Intersegment Eliminations	(451)	(703)	(1,025)	(1,261)
	\$ 295,118	\$ 276,440	\$ 588,475	\$ 497,769
Income (loss) from operations				
Pipeline and Pipe Services	\$ 34,420	\$ 46,378	\$ 72,928	\$ 70,914
Petrochemical and Industrial	5,316	6,500	11,391	13,483
Financial and Corporate	(6,287)	(5,842)	(9,651)	(9,389)
	\$ 33,449	\$ 47,036	\$ 74,668	\$ 75,008

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

CONSOLIDATED STATEMENTS OF CASH FLOW

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2008	2007	2008	2007
Operating activities:				
Income from continuing operations	\$ 22,207	\$ 30,267	\$ 49,338	\$ 53,575
Items not requiring an outlay of cash:				
Amortization of property, plant and equipment	13,182	9,751	26,125	19,733
Amortization of deferred project costs	2,986	3,277	6,708	8,953
Asset retirement obligation expense	666	1,043	1,732	1,238
Stock-based compensation (note 2)	806	697	1,693	1,372
Future income taxes	3,469	792	(265)	635
Gain on disposal of property, plant and equipment	112	(121)	103	(203)
Impairment of available-for-sale financial asset (note 9)	-	-	1,498	-
Non-controlling interest in earnings of subsidiaries	156	(263)	(273)	(716)
Gain on disposal of subsidiary (note 21)	(1,063)	-	(1,063)	-
Settlement of asset retirement obligations	(415)	(1,424)	(1,374)	(2,597)
Change in employee future benefits	866	927	1,632	1,762
Change in non-cash working capital	31,362	(20,692)	(21,035)	(29,645)
Cash provided by continuing operating activities	<u>74,334</u>	<u>24,254</u>	<u>64,819</u>	<u>54,107</u>
Investing activities:				
Purchases of property, plant and equipment	(26,653)	(23,868)	(38,914)	(39,361)
Proceeds on disposal of property, plant and equipment	-	101	32	202
Increase in deferred project costs	(8,294)	3,995	(10,348)	(2,579)
Acquisition of subsidiaries (note 21)	(124,376)	-	(124,376)	-
Proceeds on disposal of subsidiaries (note 21)	5,635	-	5,635	-
Investment in shares	-	(301)	-	(301)
Cash used in continuing investing activities	<u>(153,688)</u>	<u>(20,073)</u>	<u>(167,971)</u>	<u>(42,039)</u>
Financing activities:				
Increase (decrease) in bank indebtedness	62,961	(2,700)	62,970	(3,667)
Issue of shares	976	2,359	1,435	3,684
Purchase of shares for cancellation	-	(66,104)	(12,642)	(76,762)
Dividends paid to shareholders	(4,533)	(4,171)	(8,548)	(8,359)
Cash provided by (used in) continuing financing activities	<u>59,404</u>	<u>(70,616)</u>	<u>43,215</u>	<u>(85,104)</u>
Foreign exchange on foreign cash and cash equivalents	<u>(1,225)</u>	<u>(11,921)</u>	<u>4,493</u>	<u>(11,766)</u>
Net cash used in continuing operations	<u>(21,175)</u>	<u>(78,356)</u>	<u>(55,444)</u>	<u>(84,802)</u>
Net cash provided by (used in) discontinued operations (note 6)	2,676	(1,267)	3,936	(1,946)
Cash and cash equivalents at beginning of period	<u>142,008</u>	<u>302,197</u>	<u>175,017</u>	<u>309,322</u>
Cash and cash equivalents at end of period	<u>\$ 123,509</u>	<u>\$ 222,574</u>	<u>\$ 123,509</u>	<u>\$ 222,574</u>
Supplemental information:				
Cash interest paid	\$ 1,374	1,462	\$ 2,563	\$ 3,496
Cash income taxes paid	\$ 3,747	11,509	\$ 12,048	\$ 35,705

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

CONSOLIDATED BALANCE SHEETS

	June 30	December 31
	2008	2007
	<hr/>	<hr/>
Assets		
Current assets		
Cash and cash equivalents (note 7)	\$ 123,509	\$ 175,017
Accounts receivable	247,793	203,547
Taxes receivable	8,418	3,169
Inventories	155,030	102,486
Prepaid expenses	10,466	11,362
Derivative financial instruments	485	1,508
Current future income taxes	5,638	2,770
Current assets of discontinued operation (note 6)	9,785	16,305
	<hr/>	<hr/>
	561,124	516,164
Property, plant and equipment, net	280,293	242,783
Goodwill	209,408	159,480
Intangible assets (note 8)	60,258	1,558
Future income taxes	20,264	24,463
Other assets (note 9)	15,063	15,878
	<hr/>	<hr/>
	\$ 1,146,410	\$ 960,326
	<hr/>	<hr/>
Liabilities		
Current liabilities		
Bank indebtedness (note 10)	\$ 68,077	\$ 107
Accounts payable and accrued liabilities	148,382	153,116
Taxes payable	50,718	32,030
Derivative financial instruments	519	-
Deferred revenues	55,001	24,021
Current portion of long-term debt	28,369	-
Current liabilities of discontinued operation (note 6)	38,198	51,265
	<hr/>	<hr/>
	389,264	260,539
Long-term debt	53,292	72,726
Future income taxes	40,290	33,006
Derivative financial instruments	343	-
Other non-current liabilities (note 11)	17,475	10,740
	<hr/>	<hr/>
	500,664	377,011
	<hr/>	<hr/>
Non-controlling interest in subsidiaries	404	3,283
	<hr/>	<hr/>
Shareholders' Equity		
Capital stock (note 12)	203,778	203,252
Contributed surplus (note 13)	12,924	11,729
Retained earnings	529,211	486,548
Accumulated other comprehensive loss (note 14)	(100,571)	(121,497)
	<hr/>	<hr/>
	645,342	580,032
	<hr/>	<hr/>
	\$ 1,146,410	\$ 960,326
	<hr/>	<hr/>

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

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Balance at beginning of period	\$ 500,984	\$ 507,715	\$ 486,548	\$ 498,001
Transitional adjustment (note 1)	-	-	2,624	-
Adjusted balance at beginning of year	500,984	507,715	489,172	498,001
Net income	32,760	30,219	59,822	53,472
	<u>533,744</u>	<u>537,934</u>	<u>548,994</u>	<u>551,473</u>
Excess of purchase price paid over stated value of shares (note 12)	-	(58,813)	(11,235)	(68,164)
Dividends declared	(4,533)	(4,171)	(8,548)	(8,359)
Balance at end of period	<u>\$ 529,211</u>	<u>\$ 474,950</u>	<u>\$ 529,211</u>	<u>\$ 474,950</u>

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Net income	\$ 32,760	\$ 30,219	\$ 59,822	\$ 53,472
Other comprehensive income (loss), net of income taxes:				
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	1,197	(28,133)	23,300	(29,225)
Gain (loss) on hedges of unrealized foreign currency translation	1,060	6,893	(2,218)	7,275
Income tax expense	-	(1,237)	-	(1,237)
Unrealized foreign currency translation gain (loss), net of hedging activities	<u>2,257</u>	<u>(22,477)</u>	<u>21,082</u>	<u>(23,187)</u>
Unrealized loss on available-for-sale financial assets arising during the period	-	(643)	(911)	(1,283)
Unrealized loss on available-for-sale financial assets transferred to net income in the current period	-	-	1,498	-
Income tax expense transferred to net income in the period	-	218	253	436
Change in unrealized loss on available-for-sale financial assets	<u>-</u>	<u>(425)</u>	<u>840</u>	<u>(847)</u>
Gain on derivatives designated as cash flow hedges	-	2,028	-	2,145
Income tax expense	-	(688)	-	(728)
Loss (gain) on derivatives designated as cash flow hedges in prior periods transferred to net income in the current period	-	(104)	(1,508)	34
Income tax expenses (benefits) transferred to net income in the current period	-	35	512	(12)
Change in gain (loss) on derivatives designated as cash flow hedges	<u>-</u>	<u>1,271</u>	<u>(996)</u>	<u>1,439</u>
Other comprehensive income (loss)	<u>2,257</u>	<u>(21,631)</u>	<u>20,926</u>	<u>(22,595)</u>
Comprehensive income	<u>\$ 35,017</u>	<u>\$ 8,588</u>	<u>\$ 80,748</u>	<u>\$ 30,877</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 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, 2007. Accordingly, these interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements.

a) Intangible Assets

Intangible assets, including intellectual property, are recorded at their allocated cost at the date of acquisition of the related subsidiary. Amortization is provided for intangible assets with definite lives, including intellectual property, on a straight-line basis over their estimated useful lives of up to 25 years.

b) General Standards of Financial Statements Presentation

Effective January 1, 2008, the Company adopted changes to the Canadian Institute of Chartered Accountants’ (“CICA”) Handbook Section 1400, *General Standards of Financial Statement Presentation*. Amendments to this Handbook section require management to evaluate, as at each balance sheet date, the Company’s ability to continue as a going concern. If management concludes that the Company can no longer operate as a going concern, that fact, along with information relevant to that assessment, is required to be disclosed in the financial statements. When financial statements are not prepared on a going concern basis, this fact is to be disclosed along with a description of the basis of preparation. This change had no impact on the Company’s unaudited interim consolidated financial statements.

c) Capital Disclosures

Effective January 1, 2008, the Company adopted CICA Handbook Section 1535, *Capital Disclosures*. This Handbook section establishes standards for disclosing information about the Company’s capital and how it is managed and includes the requirement for disclosure of information about the Company’s objectives, policies and processes for managing capital. The disclosures related to this handbook section are included in note 17.

d) Financial Instruments

Effective January 1, 2008, the Company adopted the following CICA Handbook Sections: 3862, *Financial Instruments – Disclosure*; and 3863, *Financial Instruments – Presentation*, the former of which outlines the disclosure requirements related to the Company’s financial instruments. The adoption of the standards did not have any impact on the classification and valuation of the Company’s financial instruments. The disclosures required by these Handbook sections are included in note 16.

e) Inventories

On January 1, 2008, the Company adopted CICA Handbook Section 3031, *Inventories*. As required, this accounting standard has been adopted prospectively with an adjustment to retained earnings. Prior year figures have not been restated. The following adjustments were made to the Company's balance sheet as a result of adopting this accounting standard:

(in thousands of Canadian dollars)	January 1, 2008	
Increase in assets:		
Inventories	\$	2,624
Total increase in assets.....	\$	2,624
Increase in shareholders' equity:		
Retained earnings		2,624
Total increase to shareholders' equity		2,624
Total increase to liabilities and shareholders' equity	\$	2,624

The following is a description of the accounting policy adopted by the Company as a result of implementing this accounting change:

Inventories are valued at the lower of cost or net realizable value. Cost is determined on a first-in, first-out basis, except in certain project based pipe coating businesses where the average cost basis is employed, and includes direct materials, direct labour and variable and fixed manufacturing overheads. Net realizable value for finished goods and work-in-process is the amount which would be realized on the sale, less the cost of transport, and for raw materials and supplies is replacement cost. Ownership of inbound inventories is recognized at the time title passes to the Company, which coincides with the invoicing and release of such inventories by suppliers.

2. Stock-based compensation

The Board of Directors approved the granting of 30,000 stock options on May 26, 2008 and 398,600 on February 22, 2008 under the 2001 Employee Plan. The total fair value of the stock options granted during six months ended June 30, 2008 was \$4.1 million and the weighted average fair value of the options was \$10.54 (2007 - \$8.15), calculated using the Black-Scholes pricing model with the following assumptions:

	2008	2007
Expected life of options	6.25 years	6.25 years
Expected stock price volatility	29.63%	29.02%
Expected dividend yield	0.75%	0.92%
Risk-free interest rate	3.20%	4.04%

The fair value of options granted under the 2001 Employee plan will be amortized to compensation expense over the 5 year vesting period of options. The compensation cost from the continuing amortization of granted stock options for the three months and six months ended June 30, 2008, included in selling, general and administrative expenses, is \$806 thousand and \$1.7 million, respectively (June 30, 2007 - \$697 thousand and \$1.7 million, respectively).

3. Foreign exchange gains and losses

Included in selling, general and administrative expenses for the three months and six months ended June 30, 2008 are foreign exchange losses of \$1.1 million and gains of \$2.1 million, respectively, (June 30, 2007 – losses of \$1.0 million and \$1.8 million, respectively).

4. Employee future benefits

The Company's cost under both defined benefit and defined contribution arrangements included in selling, general and administrative expenses for the three months and six months ended June 30, 2008 is \$2.4 million and \$4.8 million (June 30, 2007 - \$2.5 million and \$4.9 million).

5. Interest income (expense)

(in thousands of Canadian dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Interest on short-term deposits	\$ 610	\$ 2,625	\$ 2,062	\$ 5,808
Interest on bank indebtedness	(315)	(108)	(671)	(305)
Interest on long-term debt	(1,190)	(1,288)	(2,373)	(2,675)
	<u>\$ (895)</u>	<u>\$ 1,229</u>	<u>\$ (982)</u>	<u>\$ 2,828</u>

6. Discontinued operations

On November 2, 2004, the Company announced its decision to close the Mobile, Alabama pipe coating facility (the "Mobile Facility") and by December 31, 2005, operations at the Mobile Facility had ceased. The Company adopted discontinued operation accounting treatment for the Mobile Facility in 2005. The Mobile Facility was part of the Pipeline and Pipe Services market segment.

On July 17, 2008, the Company announced that it had reached a settlement of the Alabama lawsuit brought by Dirt, Inc. against Bredero Price Company, Bredero Shaw LLC, ShawCor Ltd. and Halliburton Energy Services, Inc., which resulted in the previously announced verdict of US\$100 million in compensatory damages and punitive damages of US\$2 million against each defendant plus interest. The matter was settled, at a mediation ordered by the Alabama Supreme Court as part of the appeal proceedings, for a total of US\$43.5 million against all parties. The Company and its co-shareholder of Bredero Price Company are now discussing apportionment of the settlement amount. As a result of this settlement, the Company has reduced its reserves related to this lawsuit to \$36.0 million, less anticipated income tax recoveries of \$12.6 million, with the result that income from discontinued operations was recorded in the three months ended June 30, 2008 in amount of \$10.6 million, net of an income tax recovery of \$6.6 million.

The following table summarizes the financial results and cash flows from discontinued operations for the three months and six months ended June 30, 2008 and 2007 and the assets and liabilities of the discontinued operations as at those dates:

(in thousands of Canadian dollars)	Three Months Ended June 30		Six Months Ended June 30	
	2008	2007	2008	2007
Revenue	\$ -	\$ -	\$ -	\$ -
Income (loss) from operations	17,156	(48)	17,087	(103)
Interest expenses	-	-	-	-
Income (loss) from discontinued operations before income taxes	17,156	(48)	17,087	(103)
Income tax expense	6,603	-	6,603	-
Income (loss) from discontinued operations	\$ 10,553	\$ (48)	\$ 10,484	\$ (103)
Cash flow provided by (used in) operating activities	\$ 2,676	\$ (1,267)	\$ 3,936	\$ (1,946)
Current assets			\$ 9,785	\$ 2
Property, plant and equipment, net			-	-
Current liabilities			\$ 38,198	\$ 5,792

7. Cash and cash equivalents

(in thousands of Canadian dollars)	June 30 2008	Dec. 31 2007
Cash	\$ 87,996	\$ 122,655
Cash equivalents	35,513	52,362
	\$ 123,509	\$ 175,017

8. Intangible assets

(in thousands of Canadian dollars)	June 30 2008	Dec. 31 2007
Intellectual property with limited life, net of accumulated amortization of nil (2007 - nil)	\$ 57,927	\$ 827
Intangible assets with limited life net of accumulated amortization of nil (2007 - nil)	400	400
Intangible assets with indefinite life	1,931	331
	\$ 60,258	\$ 1,558

Intellectual property represents the costs of certain technology and know-how obtained in acquisitions. Intangible assets include trademarks, brand names and customer relationships obtained in acquisitions.

9. Other assets

(in thousands of Canadian dollars)	June 30 2008	Dec. 31 2007
Long-term investments	\$ 1,690	\$ 2,589
Deferred project costs	8,966	8,492
Accrued employee future benefit asset	4,407	4,797
	<u>\$ 15,063</u>	<u>\$ 15,878</u>

Other assets include a long-term investment in Garneau Inc. (“Garneau”), a Canadian-based, publicly traded pipe coating company. The Company has reviewed the 2007 financial performance of Garneau, as outlined in its public filings, and the protracted decline in its share price and has concluded that the decrease in fair value, based on quoted market prices, of the investment from original cost is other than temporary. The Company has recorded a charge to selling, general and administrative expenses, in the financial and corporate segment, during the three months ended March 31, 2008 of \$1.5 million.

10. Bank indebtedness

On June 24, 2008, the Company negotiated a \$65.8 million increase in its operating credit lines, in support of the Company’s acquisition of Flexpipe Systems Inc. (“Flexpipe”) on June 27, 2008. In addition, Flexpipe has a line of credit of \$15.0 million. At June 30, 2008, the Company had total operating credit lines of \$257.8 million (December 31, 2007 - \$172.0 million), of which \$122.8 million has been drawn for various standby letters of credit for performance, bid and surety bonds (December 31, 2007 - \$107.0 million) and bank indebtedness of \$68.7 million (December 31, 2007 - nil), to yield unutilized credit facilities of \$66.3 million (December 31, 2007 - \$64.7 million), excluding the Company’s proportionate share of the bank indebtedness of its joint venture, Arabian Pipecoating Company Limited.

As part of the acquisition of Flexpipe, the Company acquired Flexpipe’s long-term debt in the amount of \$6.6 million. This debt bears interest at bank prime plus 0.75% and is repayable in monthly installments of \$229 thousand. Principal repayments of this debt are estimated to be:

(in thousands of Canadian dollars)	Total
2008	\$ 1,996
2009	2,743
2010	1,829
	<u>6,568</u>

11. Other non-current liabilities

(in thousands of Canadian dollars)	June 30 2008	Dec. 31 2007
Non-current asset retirement obligations	\$ 13,471	\$ 7,977
Accrued employee future benefit obligations	4,004	2,763
	\$ 17,475	\$ 10,740

12. Capital stock

(in thousands of Canadian dollars)	June 30 2008	Dec. 31 2007
Number of shares: Class A		
Balance, beginning of the period	58,234,570	60,914,175
Issued - stock options	92,380	320,295
Conversions Class B to Class A	233	-
Purchase - normal course issuer bid	(405,000)	(2,999,900)
Balance, end of the period	57,922,183	58,234,570
Number of shares: Class B	13,077,909	13,078,142
Total number of shares	71,000,092	71,312,712

Stated value:

Balance, beginning of the period	\$202,248	\$205,848
Issued - stock options	1,435	4,955
Conversions Class B to Class A	-	-
Purchase - normal course issuer bid	(1,407)	(10,194)
Compensation cost on exercised options	498	1,639
Balance, end of the period	202,774	202,248
Stated value: Class B	1,004	1,004
Total stated value	\$ 203,778	\$203,252

During the six months ended June 30, 2008, the Company repurchased and cancelled 405,000 Class A Subordinated Voting Shares ("Class A shares") (June 30, 2007 – 2,540,100) under the terms of a Normal Course Issuer Bid ("NCIB"). The excess of cost over stated capital of the acquired shares, which for the six months ended June 30, 2008 totaled \$11.2 million (June 30, 2007 – \$68.2 million), was charged to retained earnings. The repurchase of shares was made on the open market at prevailing market prices for a total of \$12.6 million.

13. Contributed surplus

(in thousands of Canadian dollars)	Three months ended		Six months ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
Balance, beginning of period	\$ 12,415	\$ 10,830	\$ 11,729	\$ 10,603
Stock compensation expense (note 2)	806	697	1,693	1,373
Fair value of stock options exercised	(297)	(704)	(498)	(1,153)
Balance, end of period	\$ 12,924	\$ 10,823	\$ 12,924	\$ 10,823

14. Accumulated other comprehensive loss

(in thousands of Canadian dollars)	June 30 2008	Dec. 31 2007
Unrealized foreign currency translation losses, net of hedging activities	\$ (100,571)	\$ (121,653)
Unrealized loss on available-for-sale financial asset	-	(840)
Gain on derivatives designated as cash flow hedges	-	996
Balance, at end of period	<u>\$ (100,571)</u>	<u>\$ (121,497)</u>

15. Stock option plans

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

	June 30, 2008		Dec. 31, 2007	
	Total Shares	Weighted Average Exercise Price	Total Shares	Weighted Average Exercise Price
Balance outstanding, beginning of year	2,173,980	17.24	2,269,395	15.76
Granted	428,600	30.03	371,800	25.02
Exercised	(92,380)	15.52	(320,295)	15.64
Forfeited	-	-	(142,000)	17.42
Expired	-	-	(4,920)	17.91
Balance outstanding, end of period	2,510,200	19.49	2,173,980	17.24

Options Outstanding				Options Exercisable	
Range of exercise prices	Outstanding at June 30, 2008	Weighted average remaining contractual life in years	Weighted average exercise price	Exercisable at June 30, 2008	Weighted average exercise price
\$10.00 to \$15.00	479,200	4.92	\$12.64	448,720	\$12.73
\$15.01 to \$20.00	1,211,960	5.85	\$16.83	817,876	\$16.75
\$20.01 to \$25.00	40,000	7.01	\$20.90	18,400	\$21.03
\$25.01 to \$30.00	749,040	9.04	\$27.62	70,088	\$25.02
\$30.01 to \$35.00	30,000	9.51	\$31.77	-	-
	2,510,200			1,355,084	
Options Outstanding				Options Exercisable	
Range of exercise prices	Outstanding at December 31, 2007	Weighted average remaining contractual life in years	Weighted average exercise price	Exercisable at December 31, 2007	Weighted average exercise price
\$10.00 to \$15.00	518,620	5.28	\$12.69	387,616	\$12.80
\$15.01 to \$20.00	1,259,760	6.36	\$16.81	645,568	\$16.71
\$20.01 to \$25.00	40,000	7.51	\$20.90	11,200	\$21.19
\$25.01 to \$30.00	355,600	9.01	\$25.02	-	-
	2,173,980			1,044,384	

16. Financial instruments and financial risk management

a) Categories of Financial Assets and Financial Liabilities

Under Canadian GAAP, financial instruments are classified into one of the following categories: held-for-trading, held-to-maturity investments, loans and receivables, available-for-sale financial assets, derivatives and other financial liabilities. The Company has classified its financial instruments as follows:

(in thousands of Canadian dollars)	June 30, 2008		Dec. 31, 2007	
Financial assets:				
Held for trading, measured at fair value				
Cash	\$	87,996	\$	122,655
Held to maturity, recorded at amortized cost				
Cash equivalents		35,513		52,362
Loans and receivables, recorded at amortized cost				
Accounts receivable		247,793		203,547
Taxes receivable		8,418		3,169

(in thousands of Canadian dollars)	June 30, 2008	Dec. 31, 2007
Available for sale, measured at fair value		
Long-term investments	1,690	2,589
Derivatives, measured at fair value		
Derivative financial instruments	(377)	1,508
Financial liabilities:		
Other liabilities, recorded at amortized cost:		
Bank indebtedness	68,077	107
Accounts payable and accrued liabilities	148,382	153,116
Taxes payable	50,718	32,030
Long-term debt	81,661	72,726

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. The fair values of the Company's financial instruments are not materially different from their carrying values, with the exception of the Company's Senior Notes of \$75.1 million (December 31, 2007 - \$72.7 million). Based on current interest rates for debt with similar terms and maturities, the fair value of the Senior Notes is estimated to be \$75.6 million (December 31, 2007 - \$74.9 million).

b) Foreign Exchange Forward Contracts and Other Hedging Arrangements

The Company utilizes financial instruments to manage the risk associated with foreign exchange rates. The Company formally documents all relationships between hedging instruments and the hedge items, as well as its risk management objective and strategy for undertaking various hedge transactions.

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 June 30, 2008:

(in thousands)	June 30, 2008
Canadian dollars sold for Great Britain Pounds	
Less than one year	CAD\$410
Weighted average rate	2.0027
U.S. dollars sold for Canadian dollars	
Less than one year	US\$12,000
Weighted average rate	1.0093
Euros sold for U.S. dollars	
Less than one year	Euro 4,150

(in thousands)	June 30, 2008
Weighted average rate	1.4985
One year to two years	Euro 2,150
Weighted average rate	1.4490
Two years to three years	Euro 2,200
Weighted average rate	1.4465
U.S. dollars sold for Norwegian Kroners	
Less than one year	US\$9,543
Weighted average rate	5.3273
U.S. dollars sold for Malaysian Ringgit	
Less than one year	US\$3,800
Weighted average rate	3.2785

At June 30, 2008, the Company had notional amounts of \$39.3 million of forward contracts outstanding (December 31, 2007 - \$35.7 million) with the fair value of the Company's net obligation from all foreign exchange forward contracts totaling \$1.5 million (December 31, 2007 - \$1.5 million, net benefit).

c) Financial Risk Management

The Company's operations expose it to a variety of financial risks including: market risk (including foreign exchange and interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and financial performance. Risk management is the responsibility of Company management. Material risks are monitored and are regularly reported to the Audit Committee of the Board of Directors.

Foreign exchange risk

The majority of the Company's business is transacted outside of Canada through subsidiaries operating in several countries. The net investments in these subsidiaries as well as their revenue, operating expenses and non-operating expenses are based in foreign currencies. As a result, the Company's consolidated revenue, expenses and financial position, may be impacted by fluctuations in foreign exchange rates as these foreign currency items are translated into Canadian dollars. As of June 30, 2008, fluctuations of +/- 5% in the Canadian dollar, relative to those foreign currencies, would impact the Company's consolidated revenue, operating income from continuing activities and income from continuing activities for the three months then ended by approximately \$7.4 million, \$1.6 million and \$900 thousand, respectively, prior to hedging activities. The Company utilizes foreign exchange forward contracts to manage foreign exchange risk from its underlying customer contracts. The Company does not enter into foreign exchange contracts for speculative purposes.

The Company's 5.11% Senior Notes and associated interest expense are denominated in U.S. dollars. Fluctuations in the exchange rate between the Canadian and U.S. dollar would impact the carrying value of the Notes in terms of Canadian dollars as well as amount of interest expenses when translated into Canadian dollars. Effective July 3, 2003, the Company designated the Senior Notes as a hedge of a portion of its net investment in the Company's U.S. dollar based operations. Gains and losses from the translation of this debt are not included in the income statement, but are shown in accumulated other comprehensive income. As of June 30, 2008, fluctuations of +/- 5% in the Canadian dollar, relative to the U.S. dollar, would impact the Company's accumulated other comprehensive income and interest expense by \$3.8 million and \$50 thousand, respectively, for the three months then ended.

The objective of the Company's foreign exchange risk management activities is to minimize transaction exposures associated with the Company's foreign currency-denominated cash streams and the resulting variability of the Company's earnings. The Company utilizes foreign exchange forward contracts to manage this foreign exchange risk. The Company does not enter into foreign exchange contracts for speculative purposes. With the exception of the Company's U.S. dollar based operations, the Company does not hedge translation exposures.

Interest rate risk

The following table summarizes the Company's exposure to interest rate risk at June 30, 2008:

(in thousands)	Floating rate	Fixed interest rate maturing in		Total
		1 year or less	Greater than 1 year	
Financial assets				
Cash and cash equivalents	\$87,996	\$35,513	\$ -	\$123,509
Total	\$87,996	\$35,513	\$ -	\$123,509
Weighted average fixed rate of cash equivalents	-	1.94%	-	
Financial liabilities				
Bank indebtedness	\$68,077	\$ -	\$ -	\$68,077
Long-term debt	6,568	25,289	49,804	81,661
Total	\$74,645	\$ 25,289	\$49,804	\$149,738
Weighted average fixed rate of debt	-	-	5.11%	

The Company's interest rate risk arises primarily from its floating rate bank indebtedness, and is not currently considered to be material.

Credit risk

Credit risk arises from cash and cash equivalents held with banks, forward foreign exchange contracts, as well as credit exposure of customers, including outstanding accounts receivable. The maximum credit risk is equal to the carrying value of the financial instruments.

The objective of managing counter party credit risk is to prevent losses in financial assets. The Company assesses the credit quality of the counter parties, taking into account their financial position, past experience and other factors. Management also establishes and regularly reviews credit limits of counter parties and monitors utilization of those credit limits on an ongoing basis.

The carrying value of accounts receivable are reduced through the use of an allowance for doubtful accounts and the amount of the loss is recognized in the income statement with a charge to selling, general and administrative expenses. When a receivable balance is considered to be uncollectible, it is written off against the allowance for doubtful accounts. Subsequent recoveries of amounts previously written off are credited against selling, general and administrative expenses.

The aging of trade accounts receivable and the balance of the allowance for doubtful accounts as of June 30, 2008 are as follows:

(in thousands of Canadian dollars)	June 30, 2008	
Not past due	\$	203,606
Past due 1 to 30 days		28,562
Past due 31 to 60 days		9,699
Past due 61 to 90 days		5,182
Past due for more than 90 days		4,895
Total trade receivables		<u>251,944</u>
Less: allowance for doubtful accounts		4,151
Net receivables	\$	<u><u>247,793</u></u>

The following is an analysis of the change in the allowance for doubtful accounts for the three months ended June 30, 2008:

(in thousands of Canadian dollars)	Six Months Ended	
	June 30, 2008	
Balance, beginning of period	\$	4,165
Bad debt expense		295
Write-offs of bad debts		(251)
Impact of change in foreign exchange rates		(58)
Balance, end of period	\$	<u><u>4,151</u></u>

Liquidity Risk

The Company's objective in managing liquidity risk is to maintain sufficient, readily available cash reserves in order to meet its liquidity requirements at any point in time. The Company achieves this by maintaining sufficient cash and cash equivalents and through the availability of funding from committed credit facilities. As of June 30, 2008, the Company has cash and cash equivalents totaling \$124.2 million and had unutilized lines of credit available to use of \$66.3 million. The following are the contractual maturities of the Company's financial liabilities as of June 30, 2008:

(in thousands of Canadian dollars)	Less than one year		After one year	
	\$		\$	
Accounts payable and accrued liabilities	\$	146,279	\$	-
Asset retirement obligations		2,103		13,471
Bank indebtedness		68,077		-
Long-term debt		28,369		53,292
Interest on financial instruments		3,877		3,876
Derivative financial instruments		34		343

17. Capital management

The Company defines capital that it manages as the aggregate of its shareholders' equity and interest bearing debt. The Company's objectives when managing capital are to ensure that the Company will continue to operate as a going concern and continue to provide products and services to its customers, preserve its ability to finance expansion opportunities as they arise, and provide returns to its shareholders.

As at June 30, 2008, total managed capital was \$795.1 million (December 31, 2007 - \$652.7 million), comprised of shareholders equity of \$645.3 million (December 31, 2007 - \$580.0 million), long-term debt of \$81.7 (December 31, 2007 - \$72.7 million) and bank indebtedness of \$68.1 million (December 31, 2007 - \$107 thousand).

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, the risk characteristics of the underlying assets and business investment opportunities. To maintain or adjust the capital structure, the Company may attempt to issue or re-acquire shares, acquire or dispose of assets, or adjust the amount of cash, cash equivalent, bank indebtedness or long-term debt balances. The Company's capital is not subject to any capital requirements imposed by any regulators; however, it is limited by the terms of its credit facility and long-term debt agreements. Specifically, the Company is required to maintain a Fixed Charge Coverage Ratio (Earnings Before Interest, Taxes, Depreciation and Amortization ["EBITDA"] divided by interest expense) of more than 2.5 to 1 and a debt to total capitalization ratio of less than 0.45 to one. The Company's capital structure at June 30, 2008 was within the parameters established by these agreements.

18. 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 months and six months ended June 30, 2008 and 2007, and goodwill and total assets as of those dates by segment are as follows:

(in thousands of Canadian dollars)	Three months ended June 30		Six months ended June 30	
	2008	2007	2008	2007
Revenue				
Pipeline and Pipe Services	258,984	238,964	514,778	421,332
Petrochemical and Industrial	36,585	38,179	74,722	77,698
Intersegment Eliminations	(451)	(703)	(1,025)	(1,261)
	295,118	276,440	588,475	497,769
Income (loss) from operations				
Pipeline and Pipe Services	34,420	46,378	72,928	70,914
Petrochemical and Industrial	5,316	6,500	11,391	13,483
Intersegment Eliminations	(6,287)	(5,842)	(9,651)	(9,389)
	33,449	47,036	74,668	75,008
Goodwill				
Pipeline and Pipe Services			190,779	150,122
Petrochemical and Industrial			18,629	16,999
			209,408	167,121
Total assets				
Pipeline and Pipe Services			1,207,161	911,997
Petrochemical and Industrial			84,242	80,400
Financial and Corporate			945,960	1,143,581
Elimination			(1,090,953)	(1,214,068)
			1,146,410	921,910

19. Joint venture operations

The Company's joint venture operations 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 of Canadian dollars)	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2008	2007	2008	2007
Revenue	\$ 21,277	\$ 12,203	\$ 37,965	\$ 25,743
Operating and other expenses	17,180	8,715	31,339	19,002
Net income before income taxes	4,097	3,488	6,626	6,741
Provision for taxes	820	312	1,221	710
Net income	<u>\$ 3,277</u>	<u>\$ 3,176</u>	<u>\$ 5,405</u>	<u>\$ 6,031</u>
Cash provided by (used in):				
Operating activities	\$ 4,099	\$ (1,170)	\$ 5,404	\$ (2,335)
Investing activities	(1,627)	-	(3,799)	-
Financing activities	-	-	(2,872)	-
Current assets	-	-	26,621	19,238
Property, plant and equipment, net	-	-	14,426	10,695
Goodwill	-	-	5,135	5,013
Current liabilities	-	-	16,610	13,463

20. Earnings per share

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

	Six Months Ended June 30	
	2008	2007
Basic		
Class A	57,922,183	58,613,990
Class B	13,077,909	13,078,142
Total	<u>71,000,092</u>	<u>71,692,132</u>
Dilutive effect of stock options		
Class A	873,513	2,509,289
Class B	-	-
Total	<u>873,513</u>	<u>2,509,289</u>
Diluted		
Class A	58,795,696	61,123,279
Class B	13,077,909	13,078,142
Total	<u>71,873,605</u>	<u>74,201,421</u>

21. Acquisitions and divestitures

On April 14, 2008, the Company acquired 20% of the outstanding shares of PT Bredero Shaw Indonesia for \$2.5 million.

The excess of the proportionate fair value of the net assets of this company over the amount of the disbursement that was made to acquire the shares has been allocated as a reduction to fixed assets. Subsequent to this transaction, the Company owns 95% of the outstanding shares of this subsidiary.

On June 27, 2008, the Company announced the acquisition of the outstanding shares of Flexpipe. Flexpipe is a leading manufacturer of spoolable, composite line pipe which is used by oil and gas producers in applications that benefit from the product's ease and speed of installation and its pressure and corrosion resistance capabilities and is based in Canada. This transaction is being accounted for using the purchase method with the balance sheet and financial results of Flexpipe included in the Company's consolidated financial statements from the date of acquisition. 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 within the next twelve months. 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	\$	36,583
Property, plant and equipment		17,898
Goodwill		43,825
Other intangible assets		58,700
Current liabilities		(13,272)
Future income taxes		(9,392)
Other long-term liabilities		(640)
	\$	133,702
Consideration given:		
Cash, net of cash acquired of \$1,376	\$	121,905
Indebtedness assumed		11,797
	\$	133,702

On June 30, 2008, the Company recorded the sale of its wholly-owned division Bredero Shaw Nigeria Ltd. ("BSNL") for proceeds of \$5.6 million and consequently recorded a gain of \$1.1 million representing the excess of the purchase price over the carrying value of the net assets sold. The following is a summarized balance sheet of BSNL at the time of sale:

(in thousands of Canadian dollars)

Current assets	\$	5,581
Property, plant and equipment, net		129
Current liabilities		799

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"). The following are the finalized details of the acquisition:

(In thousands of Canadian dollars)

Net assets acquired at assigned values:	
Current assets	\$ 2,323
Property, plant and equipment	329
Goodwill	560
Other intangible assets	1,558
Current liabilities	(1,984)
	<u>\$ 2,786</u>
Consideration given:	
Cash	2,786
	<u>\$ 2,786</u>

22. Upcoming accounting changes

In February 2008, the CICA issued new Handbook section 3064, *Goodwill and Intangible Assets*, which is effective for fiscal years beginning on or after October 1, 2008. The Company is currently evaluating the impact of the new accounting standards on its financial position, results of operations and disclosures.

23. Comparative figures

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