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

(In thousands of Canadian dollars except per share amounts)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2008	2007	2008	2007
Operating Results				
Revenue	\$ 357,249	\$ 264,892	\$ 945,724	\$ 762,661
EBITDA (note 1)	67,232	55,373	168,298	150,831
Operating income from continuing operations	50,486	45,500	125,154	120,509
Income from continuing operations	32,682	30,191	82,020	83,766
Income (loss) from discontinued operations	(82)	(59)	10,402	(162)
Net income	32,600	30,132	92,422	83,604
Net income (loss) per share (Class A and B) – Basic				
Continuing operations	0.46	0.42	1.15	1.15
Discontinued operations	0.00	0.00	0.15	0.00
Total	0.46	0.42	1.30	1.15
Net income (loss) per share (Class A and B) - Diluted				
Continuing operations	0.46	0.42	1.14	1.14
Discontinued operations	0.00	0.00	0.14	0.00
Total	0.46	0.42	1.28	1.14
Cash Flow				
Cash from operating activities	29,906	37,550	94,723	105,848
Additions to property, plant and equipment	23,085	23,943	61,999	63,304
Financial Position				
Working capital			168,227	287,584
Total assets			1,138,595	931,959
Shareholders' equity per share (Class A and B) (note2)			\$ 9.28	\$ 8.25

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	32,682	30,191	82,020	83,766
Add (deduct):				
Income taxes	15,192	15,943	39,813	40,920
Interest (income) expense	2,523	(811)	3,505	(3,638)
Amortization of property, plant and equipment	16,835	10,050	42,960	29,783
EBITDA	67,232	55,373	168,298	150,831

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 in the third quarter of 2008 totaled \$357.2 million and exceeded revenue in the prior quarter and the third quarter of 2007 by 21.1% and 34.9%, respectively. Revenue in the quarter reached record levels for the second quarter in a row, driven by continuing strength in the Company's Pipeline and Pipe Services segment.

Consolidated income from continuing operations in the quarter totaled \$32.7 million (\$0.46 per share, diluted) compared to \$22.2 million (\$0.31 per share, diluted) in the second quarter of 2008 and \$30.2 million (\$0.42 per share, diluted) in the third quarter of 2007. Operating margins (operating income from continuing operations divided by revenue from continuing operations) improved by approximately 3 percentage points over the second quarter 2008 as a result of improved operating performance at Bredero Shaw due to improved capacity utilization and the completion of the commissioning of two new plants, and at the Petrochemical and Industrial segment businesses reflecting effective operating cost containment.

Net income in the third quarter totaled \$32.6 million (\$0.46 per diluted share), compared to \$32.8 million (\$0.46 per diluted share) in the second quarter 2008 (which result included a gain from discontinued operations of \$10.5 million) and \$30.1 million (\$0.42 per share, diluted) in the third quarter of last year.

On a year-to-date basis, consolidated revenue from continuing operations totaled \$945.7 million, 24.0% higher than in the corresponding period of 2007, while income from continuing operations totaled \$82.0 million (\$1.14 per share, diluted) compared to \$83.8 million (\$1.14 per share, diluted) for the same period of 2007. Net income for the first nine months of 2008 totaled \$92.4 million (\$1.28 per share, diluted) compared to \$83.6 million (\$1.14 per share, diluted) in the same period of last year.

The Company's backlog of \$528.6 million at September 30, 2008 increased 11.1% during the third quarter, reflecting continuing strength in international large diameter and offshore project activity and the effect of including the backlog of the recently acquired Flexpipe Systems business.

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 Q3 2007

Consolidated revenue from continuing operations in the third quarter of 2008 totaled \$357.2 million and reached a new quarterly record for the Company. Revenue in the quarter was 34.9% higher than the \$264.9 million recorded in the third quarter of 2007, driven by continuing strength in the Pipeline and Pipe Services segment businesses.

Operating income from continuing operations totaled \$50.5 million (14.1% of revenue from continuing operations) in the quarter, compared to \$45.5 million (17.2% of revenue from continuing operations) in the third 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 increased manufacturing fixed costs and depreciation associated with new plants in Camrose, Alberta and Ras Al Khaimah, U.A.E, together with operating cost increases in the Middle East, the Far East, and in the Petrochemical and Industrial segment businesses.

Net income in the quarter totaled \$32.6 million (\$0.46 per share, diluted) compared to \$30.1 million (\$0.42 per share, diluted) in the third quarter of 2007, with the improvement in earnings per share reflecting revenue growth, partially offset by the impact of lower operating margins compared to the third quarter of 2007.

Current Quarter versus Q2 2008

Consolidated revenue from continuing operations in the third quarter increased 21.1% over the level achieved in the prior quarter as significant revenue growth in the Pipeline and Pipe Services segment was partially offset by a decline in the Petrochemical and Industrial segment.

Operating income from continuing operations at \$50.5 million in the third quarter was 50.9% higher than the \$33.4 million recorded in the second quarter of 2008, a result of the revenue increase and the benefit from a 2.8 percentage point improvement in consolidated operating margins reflecting improved operating performance at Bredero Shaw due to improved capacity utilization and the completion of the commissioning of two new plants, and at the Petrochemical and Industrial segment businesses as a result of effective operating cost containment.

Income from continuing operations in the third quarter increased by \$10.5 million (\$0.15 per share, diluted) over the second quarter of 2008 due to the operating income improvement while net income was marginally lower. Net income in the second quarter of 2008 included income from discontinued operations of \$10.6 million (\$0.15 per share, diluted) related to the settlement of a lawsuit pertaining to the Company's closed Mobile, Alabama pipe coating operation.

Year-To-Date 2008 vs. 2007

Consolidated revenue from continuing operations for the nine months ended September 30, 2008 totaled \$945.7 million, 24.0% higher than the revenue recorded in the corresponding period of last year, and reflected higher levels of business activity in the Pipeline and Pipe Services segment, partially offset by the impact of market softness in the Petrochemical and Industrial segment. Operating income from continuing operations for the period totaled \$125.2 million (13.2% of revenue from continuing operations) compared to \$120.5 million (15.8% of revenue from continuing operations) in the same period of 2007, with the margin decrease reflecting the impact of higher manufacturing fixed costs and depreciation expense associated with new pipe coating plants. On a year-to-date basis, net income totaled \$92.4 million (\$1.28 per share, diluted) compared to \$83.6 million (\$1.14 per share, diluted) in the first nine months 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)	Sept. 30 2008	June 30 2008	Sept. 30 2007
Revenue from continuing operations	\$323,346	\$258,984	\$227,778
Income from continuing operations	51,142	\$34,420	42,738
Operating margin	15.8%	13.3%	18.8%

Current Quarter versus Q3 2007

In the Pipeline and Pipe Services segment, revenue from continuing operations in the third quarter of 2008 totaled \$323.3 million, 42.0% higher than in the third quarter of last year, and reflected growth at all divisions in the segment together with the inclusion of revenue from Flexpipe Systems, which was acquired by the Company on June 27, 2008. At Bredero Shaw, revenue from continuing operations increased 28.6% over the third quarter of last year with growth achieved in all regions. In the Americas region, revenue grew by 9.3% reflecting commencement of the Deep Panuke offshore pipe coating project, which contributed \$25.4 million in the quarter, partially offset by lower revenue in the United States. In the Europe, Africa and Russia region, revenue increased 93.9% due to the impact of the Badaratskaya Bay project, which contributed \$21.1 million in the quarter at the division's pipe coating plant in Leith, Scotland, and the Pluto project, which contributed \$9.3 million in the quarter at the division's plant in Orkanger, Norway. In the Middle East region, revenue increased 85.7% over the level in the third quarter of 2007 when the division's plant in Ras Al Khaimah was undergoing a major plant upgrade. Finally, in the Far East region, revenue in the quarter was broadly unchanged compared with the third quarter of 2007. Revenue in the quarter at each of the segment's other divisions increased over the levels achieved in the third quarter of last year reflecting continuing strong global pipeline market activity.

Operating income from continuing operations for the segment was \$51.1 million (15.8% of revenue from continuing operations) in the quarter compared to \$42.7 million (18.8% of revenue from continuing operations) in the third quarter of last year, with the decrease in operating margins (operating income from continuing operations divided by revenue from continuing operations) reflecting the increased fixed manufacturing costs and depreciation associated with the Company's new pipe coating plants in Ras Al Khamaih, and Camrose Alberta, and costs associated with the continued ramp up of production on the technically complex Pluto project at the Bredero Shaw plants in Norway and Malaysia.

Current Quarter versus Q2 2008

Revenue for the Pipeline and Pipe Services segment in the third quarter was 24.9% higher than in the second quarter of this year, reflecting the inclusion of revenue from the acquired Flexpipe Systems business together with strong revenue growth at the segment's Bredero Shaw and Shaw Pipeline Services divisions. At Bredero Shaw, the most significant sources of the revenue growth were the Badaratskaya Bay project in Leith, Scotland and the Deep Panuke project offshore Canada. The acquisition of Flexpipe Systems contributed revenue growth of approximately \$26 million compared with the second quarter.

Operating income from continuing operations in the quarter was \$16.7 million or 49% higher than the level achieved in the second quarter 2008, reflecting the higher revenue in the period together with a 2.5 percentage point improvement in operating margins. The second quarter 2008 operating margins had been impacted by several factors related to the operating performance at Bredero Shaw. In the third quarter, margins benefited from improved capacity utilization, a reduction in product and plant launch costs, and a modest impact from price increases to offset operating cost increases.

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

Revenue for the nine months ended September 30, 2008 for the Pipeline and Pipe Services segment totaled \$838.1 million, 29.1% higher than the revenue recorded during the same period of 2007, and reflected year over year growth at all of the divisions in the segment, underpinned by continuing buoyant activity levels in global pipeline markets. Operating income from continuing operations for the segment for the first nine months of the year totaled \$124.1 million (14.8% of revenue from continuing operations) compared to \$113.74 million (17.5% of revenue from continuing operations) during the corresponding period of last year. Operating income was positively impacted by the higher revenue in the period, but this was partially offset by the impact of lower operating margins stemming from increased manufacturing costs and depreciation expense related to new pipe coating capacity.

Petrochemical and Industrial

Three months ended (In thousands of Canadian dollars)	Sept. 30 2008	June. 30 2008	Sept. 30 2007
Revenue from continuing operations	\$34,247	\$36,585	\$37,518
Income from continuing operations	5,170	\$5,316	6,274
Operating margin	15.1%	14.5%	16.7%

Current Quarter versus Q3 2007

In the Petrochemical and Industrial segment, revenue in the quarter totaled \$34.2 million and was 91.3% of the level in the third quarter of last year, reflecting the continuing slowdown in the markets served by ShawFlex, the result of weak industrial markets in North America, partially offset by moderate revenue growth at DSG-Canusa's European operations. Operating income for the segment in the third quarter of 2008 of \$5.2 million (15.1% of revenue from continuing operations) compared to \$6.3 million (16.7% of revenue from continuing operations) in the third quarter of 2007 with the decrease in operating margins reflecting the impact of lower production volumes at ShawFlex.

Current Quarter versus Q2 2008

Revenue for the segment in the third quarter was 93.6% of the level achieved in the second quarter of the year and reflected the impact of slower business activity at both ShawFlex and DSG-Canusa. Operating income from continuing operations in the quarter was 97.3% of the level achieved in the prior quarter and reflected the impact of the lower revenue in the quarter, partially offset by the impact of a 0.6 percentage point improvement in operating margins stemming from effective cost containment activities.

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

Revenue for the Petrochemical and Industrial segment for the nine months ended September 30, 2008 totaled \$109.0 million, compared to \$115.2 million in the same period of last year, reflecting lower revenue at both ShawFlex and DSG-Canusa stemming from the weakening economic environment in North America and the related impact on the segment's industrial markets. Operating income from continuing operations for the first nine months of the year totaled \$16.6 million (15.2% of revenue from continuing operations) compared to \$19.8 million (17.1% of revenue from continuing operations) in 2007 with the reduction reflecting the lower revenue in the period together with the impact of lower operating margins resulting from lower production volumes and increased operating costs.

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 gain of \$233 thousand, totaled \$6.1 million compared to \$5.0 million in the third quarter of last year, before a net foreign exchange gain of \$1.5 million with the increase due to increased costs for recruitment and management development. Financial and corporate costs in the third quarter, excluding foreign exchange losses, increased by \$829 thousand over the second quarter of 2008. On a year-to-date basis, financial and corporate costs totaled \$17.8 million, excluding foreign exchange gains of \$2.3 million, compared to \$13.3 million in the same period of 2007, excluding foreign exchange losses of \$428 thousand. Year-to-date financial and corporate costs include a \$1.5 million write-down of the Company's investment in Garneau Inc. that was recorded in the first quarter of this year.

Interest Income

Net interest expense totaled \$2.5 million in the quarter, compared to interest income of \$811 thousand in the third quarter of 2007 and interest expense of \$895 thousand in the second quarter of 2008, with the increase due to the impact of higher levels of debt associated with the acquisition of Flexpipe Systems at the end of the second quarter of 2008. On a year-to-date basis, interest expense for the nine months ended September 30, 2008 totaled \$3.5 million compared to interest income in the same period of 2007 of \$3.6 million with the change mainly reflecting the impact of lower cash balances in 2008 together with higher levels of bank indebtedness due to the Flexpipe Systems acquisition.

Income Taxes

Income tax expense related to continuing operations in the quarter was \$15.2 million, an effective rate (income tax expense divided by income before income taxes and non-controlling interest) of 31.7% compared to \$15.9 million (effective rate of 34.4%) in the third quarter of last year and \$10.2 million (effective rate of 31.3%) in the second 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. On a year-to-date basis, income tax expense totaled \$39.8 million (effective rate of 32.7%) in the nine months ended September 30, 2008 compared to \$40.9 million (effective rate of 33.0%) in the same period of 2007.

Cash Flow

Cash flow generated by continuing operating activities in the quarter totaled \$29.9 million, compared to \$37.6 million in the third quarter of 2007 and \$74.3 million in the second quarter of 2008, and reflected a \$31.7 million investment in working capital balances, related to the higher accounts receivable and prepaid expenses incurred solely to support the higher business levels generated in the third quarter. Cash flow generated by continuing operating activities totaled \$94.7 million for the nine months ended September 30, 2008 compared to \$105.8 million in the same period of 2007, with the decrease from the prior year reflecting increased levels of working capital investment, partially offset by higher income from continuing operations before amortization expense.

Cash flow used in continuing investing activities in the quarter totaled \$29.0 million, compared to \$153.7 million in the second quarter of 2008 and \$27.2 million in the third quarter of 2007, and was comprised of capital expenditures of \$23.1 million and investment in deferred project costs of \$5.9 million. Major capital additions in the quarter included capacity expansions programs at the Regina, Saskatchewan and Camrose, Alberta pipe coating plants and project-related capital expenditures at Bredero Shaw's Leith Scotland and Orkanger Norway pipe coating plants. Cash flow used in continuing investing activities for the nine months ended September 30, 2008 totaled \$197.0 million compared to \$83.5 million in the same period of 2007 with the increase mainly resulting from the \$121.9 million acquisition of Flexpipe Systems Inc. on June 27, 2008.

Cash flow used in continuing financing activities in the quarter totaled \$24.4 million, compared to \$4.5 million in the third quarter of 2007 and cash generated of \$59.4 million in the second quarter of 2008, and consisted of a decrease in bank indebtedness of \$10.0 million, \$10.2 million paid to repurchase 400,000 Class A shares under the Company's Normal Course Issuer Bid ("NCIB"), and dividends paid to shareholders of \$4.5 million, partially offset by cash received on the issuance of shares on the exercise of stock options in the amount of \$304 thousand. On a year-to-date basis, cash flow generated by continuing financing activities totaled \$18.8 million compared to cash flow used in continuing financing activities of \$89.6 million in the corresponding period of 2007, with the change mainly due to an increase in bank indebtedness in 2008 of \$53.0 million, representing financing for the Flexpipe Systems acquisition, compared to repayments of bank indebtedness in 2007 of \$4.0 million, as well as a lower level of share repurchases under the NCIB in 2008 compared with 2007.

Cash flow used in discontinued operations totaled \$37.6 million in the quarter, compared to \$3.9 million in the third quarter of 2007 and cash flow generated by discontinued operations of \$2.7 million in the second quarter of 2008, and reflected the payment of the settlement reached on July 17, 2008 with the plaintiff in a lawsuit related to the discontinued Mobile, Alabama pipe coating facility. On a year-to-date basis, cash flow used in discontinued operations totaled \$33.7 million compared to \$5.8 million in the same period of last year.

Other Comprehensive Loss

Other comprehensive loss in the quarter totaled \$8.3 million, representing unrealized foreign currency translation losses on translation of the financial statements of foreign subsidiaries, net of hedging activities, a result of the weakening of the Canadian dollar versus the U.S. dollar in the third quarter, together with an unrealized loss of \$959 thousand on the Company's investment in the shares of Garneau Inc. On a year-to-date basis, other comprehensive income totaled \$13.0 million, representing unrealized foreign currency translation gains on translation of the financial statements of foreign subsidiaries, net of hedging activities, compared to the other comprehensive loss of \$38.0 million in the same period of last year that had consisted of losses on translation of the financial statements of foreign subsidiaries, net of hedging activities.

Liquidity and Capitalization

At September 30, 2008, the Company recorded a working capital ratio (the ratio of current assets to current liabilities) of 1.46 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, increased \$5.5 million during the quarter to \$178.7 million and reflected increased accounts receivable and prepaid expense balances incurred solely to support increasing levels of business activity, partially offset by the related impact of increased accounts payables and accrued liabilities.

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.

Effective August 30, 2008, the Company adopted the following Emerging Issues Committee abstract; EIC-172 Financial Instruments – Income Statement Representation Of Tax Loss Carryforward Recognized Following An Unrealized Gain Recorded In Other Comprehensive Income. As required, this accounting standard has been adopted retroactively with restatement of prior periods. 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:	
Future taxes	\$ 3,288
Total increase in assets	<u>\$ 3,288</u>
Increase in liabilities:	
Future taxes	\$ 4,533
Total increase in liabilities	<u>\$ 4,533</u>
Increase (decrease) in shareholders' equity:	
Retained earnings	3,288
Accumulated other comprehensive loss	(4,533)
Total increase to shareholders' equity.	<u>(1,245)</u>
Total increase to liabilities and shareholders' equity	<u>\$ 3,288</u>

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	\$ 3,067
Total increase in assets	<u>\$ 3,067</u>
Increase in shareholders' equity:	
Retained earnings	<u>3,067</u>
Total increase to shareholders' equity.	<u>3,067</u>
Total increase to liabilities and shareholders' equity	<u>\$ 3,067</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 September 30, 2008:

(in thousands)	Sept. 30, 2008
U.S. dollars sold for Canadian dollars	
Less than one year	US\$12,000
Weighted average rate	1.0107
Euros sold for U.S. dollars	
Less than one year	Euro 4,150
Weighted average rate	1.4969
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\$4,685
Weighted average rate	5.4000
U.S. dollars sold for Euros	
Less than one year	US\$3,160
Weighted average rate	1.4698

At September 30, 2008, the Company had notional amounts of \$30.3 million of forward contracts outstanding (June 30, 2008 - \$39.3 million) with the fair value of the Company's net obligation from all foreign exchange forward contracts totaling \$1.1 million (June 30, 2008 - \$1.5 million).

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 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)					
2008	\$ 293,357	\$ 295,118	\$ 357,249	\$ -	\$ -
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	50,486	-	-
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	32,682	-	-
2007	23,308	30,267	30,191	34,053	117,819
2006	24,755	24,898	16,549	26,722	92,924
Income (loss) from discontinued operations					
2008	(69)	10,553	(82)	-	-
2007	(55)	(48)	(59)	(30,300)	(30,462)
2006	(35)	(192)	7	(69)	(289)
Net income					
2008	27,062	32,760	32,600	-	-
2007	23,253	30,219	30,132	3,753	87,357
2006	24,720	24,706	16,556	26,653	92,635

(In thousands of Canadian dollars except per share amounts)	First	Second	Third	Fourth	Full Year
Operating income from continuing operations per share (Classes A and B)					
Basic					
2008	0.58	0.47	0.71	-	-
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	0.70	-	-
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	0.46	-	-
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	0.46	-	-
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	0.00	-	-
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	0.00	-	-
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	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	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 October 29, 2008, the Company had 57,559,237 Class A Subordinate Voting Shares ("Class A") outstanding and 13,060,209 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 29, 2008, the Company had stock options outstanding to purchase up to 2,487,166 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 totaled \$528.6 million at September 30, 2008, representing an increase of 11.1% during the third quarter of the year, with bidding activity remaining strong throughout the quarter. The Company's outlook for the balance of the year continues to be positive with expected strong fourth quarter revenue resulting in significant year over year growth in 2008. While the Company is carefully monitoring the potential negative impact that the global financial market crisis could have on the Company's markets, ShawCor is well positioned to take advantage of the opportunities that could emerge during a downturn by leveraging the Company's strong balance sheet and significant global competitive position. Longer term, the industry fundamentals of supply, demand, and particularly depletion, are expected to require increased investment in energy infrastructure globally with resulting growth opportunities for ShawCor.

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 7, 2008 at 10:00 am ET to discuss the Company's third quarter 2008 financial results. Please visit our website at www.shawcor.com for future 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 September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
Revenue	\$ 357,249	\$ 264,892	\$ 945,724	\$ 762,661
Cost of goods sold	236,292	155,651	618,970	448,231
Gross profit	120,957	109,241	326,754	314,430
Selling, general and administrative expenses (notes 2, 3 and 4)	51,706	51,780	153,309	158,988
Amortization of property, plant and equipment	16,835	10,050	42,960	29,783
Research and development expense	1,930	1,911	5,331	5,150
Operating income from continuing operations	50,486	45,500	125,154	120,509
Interest income (expense) (note 5)	(2,523)	811	(3,505)	3,638
Income before income taxes and non-controlling interest	47,963	46,311	121,649	124,147
Income taxes	15,192	15,943	39,813	40,920
Income before non-controlling interest	32,771	30,368	81,836	83,227
Non-controlling interest	(89)	(177)	184	539
Income from continuing operations	32,682	30,191	82,020	83,766
Income (loss) from discontinued operations (note 6)	(82)	(59)	10,402	(162)
Net income	\$ 32,600	\$ 30,132	\$ 92,422	\$ 83,604
Earnings per share, Class A and B - Basic (note 20)				
Continuing operations	\$ 0.46	\$ 0.42	\$ 1.15	\$ 1.15
Discontinued operations	-	-	0.15	-
Total	\$ 0.46	\$ 0.42	\$ 1.30	\$ 1.15
Earnings per share Class A and B - Diluted (note 20)				
Continuing operations	\$ 0.46	\$ 0.42	\$ 1.14	\$ 1.14
Discontinued operations	-	-	0.14	-
Total	\$ 0.46	\$ 0.42	\$ 1.28	\$ 1.14

SEGMENTED INFORMATION

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
Revenue				
Pipeline and Pipe Services	\$ 323,346	\$ 227,778	\$ 838,125	\$ 649,111
Petrochemical and Industrial	34,247	37,518	108,968	115,215
Intersegment Eliminations	(344)	(404)	(1,369)	(1,665)
	\$ 357,249	\$ 264,892	\$ 945,724	\$ 762,661
Income (loss) from operations				
Pipeline and Pipe Services	\$ 51,142	\$ 42,738	\$ 124,069	\$ 113,652
Petrochemical and Industrial	5,170	6,274	16,561	19,757
Financial and Corporate	(5,826)	(3,512)	(15,476)	(12,900)
	\$ 50,486	\$ 45,500	\$ 125,154	\$ 120,509

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

CONSOLIDATED STATEMENTS OF CASH FLOW

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2008	2007	2008	2007
Operating activities:				
Income from continuing operations	\$ 32,682	\$ 30,191	\$ 82,020	\$ 83,766
Items not requiring an outlay of cash:				
Amortization of property, plant and equipment	16,835	10,050	42,960	29,783
Amortization of deferred project costs	8,498	6,521	15,206	19,650
Asset retirement obligation expense	170	(88)	1,902	1,150
Stock-based compensation (note 2)	836	696	2,529	2,068
Future income taxes	674	(496)	409	139
Gain on disposal of property, plant and equipment	255	-	358	-
Impairment of available-for-sale financial asset (note 9)	-	-	1,498	-
Non-controlling interest in earnings of subsidiaries	89	177	(184)	(539)
Gain on disposal of subsidiary (note 21)	-	-	(1,063)	-
Settlement of asset retirement obligations	716	(163)	(658)	(2,760)
Change in employee future benefits	857	457	2,489	2,219
Change in non-cash working capital	(31,706)	(9,795)	(52,742)	(29,628)
Cash provided by continuing operating activities	29,906	37,550	94,723	105,848
Investing activities:				
Purchases of property, plant and equipment	(23,085)	(23,943)	(61,999)	(63,304)
Proceeds on disposal of property, plant and equipment	-	503	33	705
Increase in deferred project costs	(5,939)	(3,802)	(16,287)	(17,993)
Acquisition of subsidiaries (note 21)	-	-	(124,376)	(2,579)
Proceeds on disposal of subsidiaries	-	-	5,635	-
Investment in shares	-	-	-	(301)
Cash used in continuing investing activities	(29,024)	(27,242)	(196,994)	(83,472)
Financing activities:				
Increase (decrease) in bank indebtedness	(10,005)	(351)	52,965	(4,018)
Issue of shares	304	1,028	1,739	4,712
Purchase of shares for cancellation	(10,154)	(1,161)	(22,796)	(77,923)
Dividends paid to shareholders	(4,537)	(4,054)	(13,085)	(12,413)
Cash provided by (used in) continuing financing activities	(24,392)	(4,538)	18,823	(89,642)
Foreign exchange on foreign cash and cash equivalents	1,531	(8,637)	6,024	(20,403)
Net cash used in continuing operations	(21,979)	(2,867)	(77,423)	(87,669)
Net cash provided by (used in) discontinued operations (note 6)	(37,638)	(3,896)	(33,702)	(5,842)
Cash and cash equivalents at beginning of period	123,509	222,574	175,017	309,322
Cash and cash equivalents at end of period	\$ 63,892	\$ 215,811	\$ 63,892	\$ 215,811
Supplemental information:				
Cash interest paid	\$ 2,484	1,082	\$ 5,047	\$ 4,025
Cash income taxes paid	\$ 5,010	13,795	\$ 17,058	\$ 49,500

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

CONSOLIDATED BALANCE SHEETS

	September 30	December 31
	2008	2007
	<u> </u>	<u>Restated - Note 1</u>
Assets		
Current assets		
Cash and cash equivalents (note 7)	\$ 63,892	\$ 175,017
Accounts receivable	274,952	203,547
Taxes receivable	9,332	3,169
Inventories	152,110	102,486
Prepaid expenses	16,055	11,362
Derivative financial instruments	529	1,508
Current future income taxes	3,888	2,770
Current assets of discontinued operation (note 6)	10,374	16,305
	<u>531,132</u>	<u>516,164</u>
Property, plant and equipment, net	288,487	242,783
Goodwill	212,071	159,480
Intangible assets (note 8)	59,440	1,558
Future income taxes	31,599	27,751
Other assets (note 9)	15,866	15,878
	<u>\$ 1,138,595</u>	<u>\$ 963,614</u>
Liabilities		
Current liabilities		
Bank indebtedness (note 10)	\$ 58,072	\$ 107
Accounts payable and accrued liabilities	178,393	153,116
Taxes payable	52,949	32,030
Derivative financial instruments	1,160	-
Deferred revenues	45,671	24,021
Current portion of long-term debt	25,429	-
Current liabilities of discontinued operation (note 6)	1,231	51,265
	<u>362,905</u>	<u>260,539</u>
Long-term debt	51,653	72,726
Future income taxes	50,549	37,539
Other non-current liabilities (note 11)	17,373	10,740
	<u>482,480</u>	<u>381,544</u>
Non-controlling interest in subsidiaries	<u>432</u>	<u>3,283</u>
Shareholders' Equity		
Capital stock (note 12)	202,754	203,252
Contributed surplus (note 13)	13,686	11,729
Retained earnings	552,253	489,836
Accumulated other comprehensive loss (note 14)	(113,010)	(126,030)
	<u>655,683</u>	<u>578,787</u>
	<u>\$ 1,138,595</u>	<u>\$ 963,614</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	
	2008	2007	2008	2007
Balance at beginning of period	\$ 529,211	\$ 474,950	\$ 486,548	\$ 498,001
Transitional adjustment (note 1.f)	443	-	3,067	-
Transitional adjustment (note 1.e)	3,288	-	3,288	-
Adjusted balance at beginning of year	532,942	474,950	492,903	498,001
Net income	32,600	30,132	92,422	83,604
	565,542	505,082	585,325	581,605
Excess of purchase price paid over stated value of shares (note 12)	(8,752)	(1,041)	(19,987)	(69,205)
Dividends declared	(4,537)	(4,054)	(13,085)	(12,413)
Balance at end of period	\$ 552,253	\$ 499,987	\$ 552,253	\$ 499,987

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
	2008	2007	2008	2007
Net income	\$ 32,600	\$ 30,132	\$ 92,422	\$ 83,604
Other comprehensive income (loss), net of income taxes:				
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	(5,868)	(19,553)	17,432	(48,778)
Gain (loss) on hedges of unrealized foreign currency translation	(1,757)	5,198	(3,975)	12,473
Income tax benefit (expense)	300	(883)	678	(2,120)
Unrealized foreign currency translation gain (loss), net of hedging activities	(7,325)	(15,238)	14,135	(38,425)
Unrealized loss on available-for-sale financial assets arising during the period	(959)	(312)	(1,870)	(1,595)
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	-	106	253	542
Change in unrealized loss on available-for-sale financial assets	(959)	(206)	(119)	(1,053)
Gain on derivatives designated as cash flow hedges	-	1,151	-	3,296
Income tax expense	-	(393)	-	(1,121)
Loss (gain) on derivatives designated as cash flow hedges in prior periods transferred to net income in the current period	-	(1,104)	(1,508)	(1,070)
Income tax expenses (benefits) transferred to net income in the current period	-	376	512	364
Change in gain (loss) on derivatives designated as cash flow hedges	-	30	(996)	1,469
Other comprehensive income (loss)	(8,284)	(15,414)	13,020	(38,009)
Comprehensive income	\$ 24,316	\$ 14,718	\$ 105,442	\$ 45,595

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 and intellectual property are recorded at their allocated cost at the date of acquisition of the related subsidiary. Amortization is recorded for intangible assets and intellectual property with limited lives on a straight-line basis over their estimated useful lives of up to 15 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) Financial Instruments

Effective August 30, 2008, the Company adopted the following Emerging Issues Committee abstract; EIC-172 *Financial Instruments – Income Statement Representation Of Tax Loss Carryforward Recognized Following An Unrealized Gain Recorded In Other Comprehensive Income*. As required, this accounting standard has been adopted retroactively with restatement of prior periods. 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:	
Future taxes.....	\$ 3,288
Total increase in assets.....	\$ 3,288
Increase in liabilities:	
Future taxes.....	\$ 4,533
Total increase in liabilities.....	\$ 4,533
Increase (decrease) in shareholders' equity:	
Retained earnings	3,288
Accumulated other comprehensive loss.....	(4,533)
Total increase to shareholders' equity	(1,245)
Total increase to liabilities and shareholders' equity	\$ 3,288

f) 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	\$ 3,067
Total increase in assets.....	<u>\$ 3,067</u>
Increase in shareholders' equity:	
Retained earnings	3,067
Total increase to shareholders' equity	<u>3,067</u>
Total increase to liabilities and shareholders' equity	<u>\$ 3,067</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.

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 nine months ended September 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 nine months ended September 30, 2008, included in selling, general and administrative expenses, is \$836 thousand and \$2.5 million, respectively (September 30, 2007 - \$696 thousand and \$2.1 million, respectively).

3. Foreign exchange gains and losses

Included in selling, general and administrative expenses for the three months and nine months ended September 30, 2008 are foreign exchange gains of \$233 thousand and \$2.3 million, respectively, (September 30, 2007 – gains of \$1.5 million and \$428 thousand, 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 nine months ended September 30, 2008 is \$2.5 million and \$7.3 million (September 30, 2007 - \$2.3 million and \$7.2 million).

5. Interest income (expense)

(in thousands of Canadian dollars)	Three Months Ended Sept. 30		Nine Months Ended Sept. 30	
	2008	2007	2008	2007
Interest on short-term deposits	\$ 224	\$ 2,291	\$ 2,286	\$ 8,099
Interest on bank indebtedness	(1,495)	(225)	(2,166)	(531)
Interest on long-term debt	(1,252)	(1,255)	(3,625)	(3,930)
	<u>\$ (2,523)</u>	<u>\$ 811</u>	<u>\$ (3,505)</u>	<u>\$ 3,638</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.

The Company previously 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. As a result of this settlement, in the second quarter of 2008, the Company has reduced its reserves related to this lawsuit to \$36.0 million, less anticipated income tax recoveries of \$12.6 million. During the three months ended September 30, 2008, all amounts related to the settlement were paid.

The following table summarizes the financial results and cash flows from discontinued operations for the three months and nine months ended September 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 Sept. 30		Nine Months Ended Sept. 30	
	2008	2007	2008	2007
Revenue	\$ -	\$ -	\$ -	\$ -
Income (loss) from operations	(35)	(59)	17,052	(162)
Interest expense	-	-	-	-
Income (loss) from discontinued operations before income taxes	(35)	(59)	17,052	(162)
Income tax expense	47	-	6,650	-
Income (loss) from discontinued operations	\$ (82)	\$ (59)	\$ 10,402	\$ (162)
Cash flow used in operating activities	\$ (37,638)	\$ (3,896)	\$ (33,702)	\$ (5,842)
Current assets			\$ 10,374	\$ 2
Property, plant and equipment, net			-	-
Current liabilities			\$ 1,231	\$ 1,955

7. Cash and cash equivalents

(in thousands of Canadian dollars)	Sept. 30 2008	Dec. 31 2007
Cash	\$ 63,207	\$ 122,655
Cash equivalents	685	52,362
	\$ 63,892	\$ 175,017

8. Intangible assets

(in thousands of Canadian dollars)	Sept. 30 2008	Dec. 31 2007
Intellectual property with limited life, net of accumulated amortization of \$951 thousand (2007 - nil)	\$ 57,109	\$ 827
Intangible assets with limited life net of accumulated amortization of nil (2007 - nil)	400	400
Intangible assets with indefinite life	<u>1,931</u>	331
	<u>\$ 59,440</u>	<u>\$ 1,558</u>

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)	Sept. 30 2008	Dec. 31 2007
Long-term investments	\$ 719	\$ 2,589
Deferred project costs	10,843	8,492
Accrued employee future benefit asset	4,304	4,797
	<u>\$ 15,866</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

At September 30, 2008, the Company had total operating credit lines of \$248.4 million (December 31, 2007 - \$172.0 million), of which \$74.6 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 \$58.1 million (December 31, 2007 - nil), to yield unutilized credit facilities of \$115.7 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. At June 27, 2008, as part of the acquisition of Flexpipe, the company assumed Flexpipe’s bank debt which was repaid during the three months ended September 30, 2008.

11. Other non-current liabilities

(in thousands of Canadian dollars)	Sept. 30 2008	Dec. 31 2007
Non-current asset retirement obligations	\$ 12,615	\$ 7,977
Accrued employee future benefit obligations	4,758	2,763
	<u>\$ 17,373</u>	<u>\$ 10,740</u>

12. Capital stock

(in thousands of Canadian dollars)	Sept. 30 2008	Dec. 31 2007
Number of shares: Class A		
Balance, beginning of the period	58,234,570	60,914,175
Issued - stock options	111,734	320,295
Conversions Class B to Class A	233	-
Purchase - normal course issuer bid	(805,000)	(2,999,900)
Balance, end of the period	57,541,537	58,234,570
Number of shares: Class B	13,077,909	13,078,142
Total number of shares	<u>70,619,446</u>	<u>71,312,712</u>

Stated value:

Balance, beginning of the period	\$202,248	\$205,848
Issued - stock options	1,739	4,955
Conversions Class B to Class A	-	-
Purchase - normal course issuer bid	(2,809)	(10,194)
Compensation cost on exercised options	572	1,639
Balance, end of the period	<u>201,750</u>	<u>202,248</u>
Stated value: Class B	1,004	1,004
Total stated value	<u>\$ 202,754</u>	<u>\$203,252</u>

During the nine months ended September 30, 2008, the Company repurchased and cancelled 805,000 Class A Subordinated Voting Shares (“Class A shares”) (September 30, 2007 – 2,574,600) under the terms of a Normal Course Issuer Bid (“NCIB”). The excess of cost over stated capital of the acquired shares, which for the nine months ended September 30, 2008 totaled \$20.0 million (September 30, 2007 – \$69.2 million), was charged to retained earnings. The repurchase of shares was made on the open market at prevailing market prices for a total of \$22.8 million.

13. Contributed surplus

(in thousands of Canadian dollars)	Three months ended Sept. 30		Nine months ended Sept. 30	
	2008	2007	2008	2007
Balance, beginning of period	\$ 12,924	\$ 10,823	\$ 11,729	\$ 10,603
Adjustment for stock-based compensation	-	-	-	-
Stock compensation expense (note 2)	836	696	2,529	2,069
Fair value of stock options exercised	(74)	(380)	(572)	(1,533)
Balance, end of period	<u>\$ 13,686</u>	<u>\$ 11,139</u>	<u>\$ 13,686</u>	<u>\$ 11,139</u>

14. Accumulated other comprehensive loss

(in thousands of Canadian dollars)	Sept. 30 2008	Dec. 31 2007
Unrealized foreign currency translation losses, net of hedging activities	\$ (112,051)	\$ (126,186)
Unrealized loss on available-for-sale financial asset	(959)	(840)
Gain on derivatives designated as cash flow hedges	-	996
Balance, at end of period	<u>\$ (113,010)</u>	<u>\$ (126,030)</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:

	September 30, 2008		December 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	(111,734)	\$15.56	(320,295)	\$15.64
Forfeited	(3,680)	\$26.08	(142,000)	\$17.42
Expired	-	-	(4,920)	\$17.91
Balance outstanding, end of period	2,487,166	\$19.51	2,173,980	\$17.24

Options Outstanding				Options Exercisable	
Range of exercise prices	Outstanding at Sept. 30, 2008	Weighted average remaining contractual life in years	Weighted average exercise price	Exercisable at Sept. 30, 2008	Weighted average exercise price
\$10.00 to \$15.00	476,566	4.66	\$12.64	446,086	\$12.73
\$15.01 to \$20.00	1,194,760	5.64	\$16.84	801,396	\$16.77
\$20.01 to \$25.00	40,000	6.75	\$20.90	18,400	\$21.03
\$25.01 to \$30.00	745,840	8.77	\$27.61	69,848	\$25.02
\$30.01 to \$35.00	30,000	9.26	\$31.77	-	\$0.00
	2,487,166			1,335,730	
Options Outstanding				Options Exercisable	
Range of exercise prices	Outstanding at Dec. 31, 2007	Weighted average remaining contractual life in years	Weighted average exercise price	Exercisable at Dec. 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)	Sept. 30, 2008		Dec. 31, 2007	
Financial assets:				
Held for trading, measured at fair value				
Cash	\$	63,207	\$	122,655
Held to maturity, recorded at amortized cost				
Cash equivalents		685		52,362
Loans and receivables, recorded at amortized cost				
Accounts receivable		274,952		203,547
Taxes receivable		9,332		3,169
Available for sale, measured at fair value				
Long-term investments		719		2,589
Derivatives, measured at fair value				
Derivative financial instruments		(631)		1,508
Financial liabilities:				
Other liabilities, recorded at amortized cost:				
Bank indebtedness		58,072		107
Accounts payable and accrued liabilities		178,393		153,116
Taxes payable		52,949		32,030
Long-term debt		77,082		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. The Company's Senior Notes with a carrying value of \$77.1 million (December 31, 2007 - \$72.7 million) has a fair value estimated to be \$74.9 million (December 31, 2007 - \$74.9 million), based on current interest rates for debt with similar terms and maturities.

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 September 30, 2008:

(in thousands)	Sept. 30, 2008
U.S. dollars sold for Canadian dollars	
Less than one year	US\$12,000
Weighted average rate	1.0107
Euros sold for U.S. dollars	
Less than one year	Euro 4,150
Weighted average rate	1.4969
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\$4,685
Weighted average rate	5.4000
U.S. dollars sold for Euros	
Less than one year	US\$3,160
Weighted average rate	1.4698

At September 30, 2008, the Company had notional amounts of \$30.3 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 \$1.1 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 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 September 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 operations and income from continuing operations for the three months then ended by approximately \$12.3 million, \$3.0 million and \$1.8 million, 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 the amount of interest expense 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 September 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 September 30, 2008:

(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	\$63,207	\$685	\$ -	\$63,892
Total	\$63,207	\$685	\$ -	\$63,892
Weighted average fixed rate of cash equivalents	-	3.01%	-	-
Financial liabilities				
Bank indebtedness	\$58,072	\$ -	\$ -	\$58,072
Long-term debt	-	25,429	51,653	77,082
Total	\$58,072	\$ 25,429	\$51,653	\$135,154
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 is subject to considerable concentration of credit risk since the majority of its customers operate within the global energy industry and are therefore affected to a large extent by the same macroeconomic conditions and risks. The Company manages this credit risk by assessing the credit quality of all 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 September 30, 2008 are as follows:

(in thousands of Canadian dollars)	Sept. 30, 2008
Not past due	\$ 214,072
Past due 1 to 30 days	34,056
Past due 31 to 60 days	16,134
Past due 61 to 90 days	6,068
Past due for more than 90 days	8,114
Total trade receivables	<u>278,444</u>
Less: allowance for doubtful accounts	3,492
Net receivables	<u>\$ 274,952</u>

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

(in thousands of Canadian dollars)	Nine Months Ended Sept. 30, 2008
Balance, beginning of period	\$ 4,165
Bad debt expense	(1,015)
Write-offs of bad debts	(3)
Impact of change in foreign exchange rates	<u>345</u>
Balance, end of period	<u>\$ 3,492</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 September 30, 2008, the Company has cash and cash equivalents totaling \$63.9 million and had unutilized lines of credit available to use of \$115.7 million. The following are the contractual maturities of the Company's financial liabilities as of September 30, 2008:

(in thousands of Canadian dollars)	Less than one year		After one year	
Accounts payable and accrued liabilities	\$	175,599	\$	-
Asset retirement obligations		2,906		14,594
Bank indebtedness		58,072		-
Long-term debt		25,429		51,653
Interest on financial instruments		3,636		3,306
Derivative financial instruments		631		-

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 September 30, 2008, total managed capital was \$790.8 million (December 31, 2007 - \$652.7 million), comprised of shareholders equity of \$655.7 million (December 31, 2007 - \$580.0 million), long-term debt of \$77.1 million (December 31, 2007 - \$72.7 million) and bank indebtedness of \$58.1 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 September 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 nine months ended September 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 Sept. 30		Nine months ended Sept. 30	
	2008	2007	2008	2007
Revenue				
Pipeline and Pipe Services	323,346	227,778	838,125	649,111
Petrochemical and Industrial	34,247	37,518	108,968	115,215
Intersegment Eliminations	(344)	(404)	(1,369)	(1,665)
	357,249	264,892	945,724	762,661
Income (loss) from operations				
Pipeline and Pipe Services	51,142	42,738	124,069	113,652
Petrochemical and Industrial	5,170	6,274	16,561	19,757
Financial and Corporate	(5,826)	(3,512)	(15,476)	(12,900)
	50,486	45,500	125,154	120,509
Goodwill				
Pipeline and Pipe Services			194,039	144,645
Petrochemical and Industrial			18,032	16,652
			212,071	161,297
Total assets				
Pipeline and Pipe Services			1,244,519	924,390
Petrochemical and Industrial			81,907	81,255
Financial and Corporate			881,982	941,744
Elimination			(1,069,813)	(1,015,430)
			1,138,595	931,959

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 Sept. 30		Nine Months Ended Sept. 30	
	2008	2007	2008	2007
Revenue	\$ 44,728	\$ 18,785	\$ 82,693	\$ 44,528
Operating and other expenses	30,738	13,540	62,077	32,542
Net income before income taxes	13,990	5,245	20,616	11,986
Provision for taxes	4,172	375	5,393	1,085
Net income	\$ 9,818	\$ 4,870	\$ 15,223	\$ 10,901
Cash provided by (used in):				
Operating activities	\$ 6,297	\$ 962	\$ 11,701	\$ (1,373)
Investing activities	(486)	69	(4,285)	69
Financing activities	(4,448)	4,108	(7,320)	4,108
Current assets	-	-	40,310	19,058
Property, plant and equipment, net	-	-	14,133	11,130
Goodwill	-	-	4,681	4,366
Current liabilities	-	-	25,327	13,382

20. 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	
	2008	2007	2008	2007
Basic				
Class A	57,834,682	58,613,020	57,943,554	59,807,549
Class B	13,077,909	13,078,142	13,077,909	13,078,142
Total	70,912,591	71,691,162	71,021,463	72,885,691
Dilutive effect of stock options				
Class A	701,861	921,285	728,059	802,696
Class B	-	-	-	-
Total	701,861	921,285	728,059	802,696
Diluted				
Class A	58,536,543	59,534,305	58,671,613	60,610,245
Class B	13,077,909	13,078,142	13,077,909	13,078,142
Total	71,614,452	72,612,447	71,749,522	73,688,387

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 Systems Inc. (“Flexpipe”). Flexpipe is based in Canada and 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. This transaction is being accounting 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 nine 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		46,816
Other intangible assets		58,700
Current liabilities		(16,263)
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)
	\$	2,786
Consideration given:		
Cash		2,786
	\$	2,786

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.

On February 13, 2008, The Accounting Standards Board confirmed that the use of International Financial Reporting Standards (“IFRS”) will be required in Canada for publicly accountable profit-oriented enterprises for fiscal years beginning on or after January 1, 2011 and the Company will be required to report using IFRS beginning on this date. The Company has begun the process of evaluating the effect of and the planning for the transition to IFRS. The impact of the ultimate adoption of IFRS on the Company has not yet been finalized.

23. Comparative figures

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