



August 10, 2011

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

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES SECOND QUARTER 2011 RESULTS

- Second quarter revenue of \$265 million increased by 13% from the \$235 million reported in the second quarter of 2010 but was 5% lower than the \$279 million reported in the first quarter of 2011.
- EBITDA in the second quarter of \$35.3 million increased by 12% from \$31.4 million in the second quarter of 2010 but was lower by 15% compared with the \$41.4 million reported in the first quarter of 2011.
- Net income in the second quarter was \$15.7 million (or \$0.21 per share diluted) compared with \$12.0 million (or \$0.17 per share diluted) in the second quarter of the prior year and compared with \$20.5 million (or \$0.29 per share diluted) in the first quarter of 2011.

ShawCor's second quarter financial results continued to reflect year over year improvement in revenue and operating income although at lower levels from the first quarter of this year as a result of lower project volumes in the EMAR and Asia Pacific regions. In the second half of 2011, a modest improvement is expected with project activity picking up in EMAR and a gradual improvement in market conditions in Mexico and Brazil.

"The Company currently has over \$1.5 billion in outstanding firm project bids. These projects are moving toward final investment approval and the Company expects to begin to secure coating orders for some of these projects in the second half of 2011, with production starting in 2012. In light of the recent global economic uncertainty, the possibility for project delays exists. However, several of the largest projects included in the outstanding bids involve the long-term supply of natural gas to emerging markets in Asia and are thus expected to proceed," said Bill Buckley, President and CEO of ShawCor Ltd.

Effective January 1, 2011, ShawCor Ltd. (the "Company") began reporting its financial results in accordance with Internal Financial Reporting Standards ("IFRS"). Prior year comparative amounts have been changed to reflect results as if the Company had always prepared its financial results using IFRS. Additional disclosure regarding the transition to IFRS is contained in Section 4 of this news release.

	Three Months ended June 30,		Six Months ended June 30,	
	2011	2010	2011	2010
Revenue	\$ 264,541	\$ 234,546	\$ 544,007	\$ 459,118
Cost of goods sold	169,895	141,793	344,307	280,207
Gross profit	94,646	92,753	199,700	178,911
Selling, general and administrative expenses	60,019	56,388	121,669	111,137
Research and development expenses	3,691	2,656	6,608	5,280
Foreign exchange (gains) losses	(4,367)	2,316	(5,715)	660
EBITDA^(a)	35,303	31,393	77,138	61,834
Amortization of property, plant and equipment	10,789	11,354	20,787	22,153
Amortization of intangible assets	1,854	1,095	3,596	2,190
Income from operations	22,660	18,944	52,755	37,491
Investment loss on long-term investment	3,583	–	5,018	–
Interest expense – net	1,200	841	2,213	1,845
Income before income taxes	17,877	18,103	45,524	35,646
Income taxes	2,174	6,072	9,336	11,876
Net income for the period	\$ 15,703	\$ 12,031	\$ 36,188	\$ 23,770

(a) EBITDA is a non-GAAP measure calculated by adding back to net income the sum of net interest expense, taxes, depreciation/amortization of property, plant and equipment and intangible assets, and impairment of intangible assets and goodwill. EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures provided by other companies. EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools. The above is the calculation of EBITDA for the periods presented.

1.0 OUTLOOK

The outlook for market activity in the Company's Pipeline and Pipe Services Segment and in the Petrochemical and Industrial Segment is outlined below:

Pipeline Segment - North America

The increased level of well drilling and completions throughout North America has bolstered demand for the Company's small diameter pipe coating, composite pipe, and joint protection products on a year over year basis. The improvements have been particularly significant in the U.S. where the Company has experienced strong growth in pipe coating and has made major advances in gaining market share with the Flexpipe spoolable composite small diameter pipe. The trend of improvement is expected to continue, particularly now that the spring break up in Western Canada is complete and well completion activity can start up. Also expected to benefit revenue and operating income in the second half of 2011 will be the start up of the \$40 million Jack St. Malo project at the Brigden facility in Beaumont, Texas, with this project reaching full production in the fourth quarter and continuing through the first quarter of 2012.

Pipeline Segment - Latin America

The Company continued to experience weak market conditions in both Mexico and Brazil in the second quarter. In Mexico, a gradual improvement in activity is expected in the second half based on increased production at the pipe coating plants in Veracruz and Monterrey. In Brazil, a significant improvement in revenue will be realized once the \$20 million P55 Risers pipe coating project launches production. The P55 Risers project will commence in the third quarter with product validation, however full production will not be reached until the fourth quarter of 2011.

Pipeline Segment – EMAR

As expected, project activity in the “EMAR” region was impacted by the gap in the production schedule for the U.S.\$93 million Total Laggan-Tormore project. The Laggan project is being executed in stages with the 18” pipe portion of the project having been completed in the first quarter and the 30” pipe portion not scheduled to reach full production until the third quarter. The Company’s pipe coating facility in Leith, Scotland is expected to operate at a high level of utilization in the second half of 2011 based on both the Laggan project and the Gundrun concrete weight coating project which will start production in September. Also expected to have improved utilization will be the Orkanger, Norway flow assurance insulation facility based on the receipt of several letters of intent for coating projects that are expected to be in full production by the fourth quarter.

Pipeline Segment - Asia Pacific

The Company’s Asia Pacific region is now expecting a reduction in activity in the second half of 2011 compared with the first half as a result of the deferral of a number of large projects to 2012. The Company has secured the PTTEP Zawtika Development Project pipe coating contract with a value in excess of \$60 million, however, the schedule for the receipt of pipe on this project indicates that coating production will not commence until early 2012. Other large projects in Indonesia and Malaysia that the Company has bid are now estimated to commence production in 2012. In the second half of 2011, the Company will complete the PNG LNG project, however it is now probable that full year revenue for 2011 will be significantly lower than the \$268 million reported in 2010. The Company’s outlook for 2012 is, however, very encouraging based both on the level of projects booked and those that have been bid for which orders are expected by year end. It remains the Company’s view that the Asia Pacific region will be a strong source of revenue and profit growth in 2012 and 2013.

Petrochemical and Industrial Segment

The improved revenue and operating income generated by the Petrochemical and Industrial segment businesses is expected to continue in the second half of 2011. Key factors underlying this outlook are the continued ramp up in demand for heat shrink tubular products and wire and cable.

Order Backlog

The Company’s order backlog, representing customer orders expected to be completed within one year, improved in the second quarter to \$369 million from a total of \$333 million at March 31, 2011, primarily as a result of having secured the Zawtika Development Project in Asia Pacific with a contract value in excess of \$60 million. The Company continues to have outstanding firm project bids totaling in excess of \$1.5 billion. These bids relate to projects that are progressing towards client final investment approval decisions. ShawCor’s backlog has the potential to increase as these bids translate into firm production orders.

2.0 RESULTS FROM OPERATIONS

2.1 Consolidated Information

Revenue

The following table sets forth revenue by reportable operating segment for the following periods:

	Three months ended			Six Months ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Pipeline and Pipe Services	\$ 230,624	246,468	204,350	477,092	398,930
Petrochemical and Industrial	35,787	33,362	30,590	69,149	60,984
Elimination	(1,870)	(364)	(394)	(2,234)	(796)
	\$ 264,541	279,466	234,546	544,007	459,118

Second Quarter 2011 versus Second Quarter 2010

Consolidated revenue increased by \$30.0 million, or 13%, from \$234.5 million during the second quarter of 2010 to \$264.5 million during the second quarter of 2011, primarily due to an increase of \$26.3 million in the Pipeline and Pipe Services segment.

Revenue for the Pipeline and Pipe Services segment was higher in the second quarter of 2011 than in the second quarter of 2010, mainly because of significant growth in North America, partially offset by lower revenue in EMAR, Latin America and Asia Pacific. See section 3.3 – Segment Information for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Second Quarter 2011 versus First Quarter 2011

Consolidated revenue decreased by \$15.0 million, or 5%, from \$279.5 million during the first quarter of 2011 to \$264.5 million during the second quarter of 2011, mainly due to a decrease of \$15.8 million in the Pipeline and Pipe Services segment, partially offset by an increase of \$2.4 million in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment was \$15.8 million lower in the second quarter of 2011 than in the first quarter of 2011, because of lower revenue in EMAR and Asia Pacific, which was partially offset by higher revenue in North America and Latin America. See section 3.3 – Segment Information for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

Revenue for the Petrochemical and Industrial segment increased \$2.4 million in the second quarter of 2011 compared to the first quarter of 2011, primarily due to higher revenue in North America. See section 3.3 – Segment Information for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Six Months ended June 30, 2011 versus Six Months ended June 30, 2010

Consolidated revenue increased by \$84.9 million, or 18.0%, from \$459.1 million for the six month period ended June 30, 2010, to \$544.0 million for the six month period ended June 30, 2011, mainly due to strong growth in both the Pipeline and Pipe Services segment (\$78.2 million) and the Petrochemical and Industrial segment (\$8.2 million).

Revenue for the Pipeline and Pipe Services segment was \$78.2 million higher during the six month period ended June 30, 2011 than in the six month period ended June 30, 2010 because of higher revenue in North America and EMAR of \$61.5 million and \$31.0 million, respectively, partially offset by lower revenue in Asia Pacific and Latin America. See section 3.3 – Segment Information for additional information with respect to the change in revenue in the Pipeline and Pipe Services segment. Revenue for the Petrochemical and Industrial segment grew due to strong growth in all regions. See section 3.3 – Segment Information for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Income from operations

The following table sets forth income from operations ("Operating Income") and operating margin for the following periods:

	Three months ended			Six Months ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Operating Income	\$ 22,660	30,095	18,944	52,755	37,491
Operating Margin ^(a)	8.6%	10.8%	8.1%	9.7%	8.2%

(a) Operating margin is defined as operating income divided by revenue.

Second Quarter 2011 versus Second Quarter 2010

Operating Income increased by \$3.7 million, or 20%, from \$18.9 million in the second quarter of 2010 to \$22.7 million in the second quarter of 2011, mainly due to higher gross profit of \$1.9 million from the increase in revenue as explained above and higher net foreign exchange gains of \$6.7 million. This was partially offset by an increase in selling, general and administration expenses of \$3.6 million driven primarily by the inclusion of CSI and the additional 50% of the Brazil joint venture, which are consolidated in the Pipeline and Pipe Services segment in the second quarter of 2011 but not in the second quarter of 2010, and an increase in salaries and associated benefits, travel and rental expenses, partially offset by lower management incentive compensation.

Second Quarter 2011 versus First Quarter 2011

Operating Income decreased by \$7.4 million, or 25%, from \$30.1 million during the first quarter of 2011 to \$22.7 million during the second quarter of 2011, mainly due to a decrease in gross profit of \$10.4 million from lower revenue as explained above and higher amortization expenses of \$0.9 million. This was partially offset by a decrease in selling, general and administration expenses of \$2.1 million, driven primarily by lower management compensation and an increase in foreign exchange gain of \$3.0 million.

Six Months ended June 30, 2011 versus Six Months ended June 30, 2010

Operating income increased by \$15.3 million, or 41%, from \$37.5 million for the six month period ended June 30, 2010, to \$52.8 million for the six month period ended June 30, 2011. This was driven by higher gross profit of \$20.8 million from the increase in revenue as explained above and higher foreign exchange gains of \$6.4 million. This was partially offset by higher selling, general and administration expenses of \$10.5 million driven primarily by the inclusion of CSI and the additional 50% of the Brazil joint venture, which are consolidated in the Pipeline and Pipe Services segment in 2011 but not in 2010, and an increase in salaries and associated benefits, travel and rental expenses combined with increased research and development expenses of \$1.3 million.

Income taxes*Second Quarter 2011 versus Second Quarter 2010*

The Company recorded income tax expense of \$2.2 million (12.2% of income before income taxes) in the second quarter of 2011, compared to income tax expense of \$6.1 million (33.5% of income before income taxes) in the second quarter of 2010. The effective income tax rate in the second quarter of 2011 was lower than the Company's effective income tax rate in the second quarter of 2010 due to a reduction of the statutory Canadian tax rate year over year and due to the fact that a substantial portion of the Company's taxable income in the second quarter of 2011 was earned in Asia Pacific and other jurisdictions where the expected tax rate is 25% or less. Also, benefitting the effective tax rate in the second quarter of 2011 by 8.4 percentage points was the recognition of previously unrecognized deferred tax assets as a result of reorganizing the corporate structure in certain foreign jurisdictions.

Second Quarter 2011 versus First Quarter 2011

The Company recorded income tax expense of \$2.2 million (12.2% of income before income taxes) in the second quarter of 2011, compared to income tax expense of \$7.2 million (25.9% of income before income taxes) in the first quarter of 2011. The effective income tax rate in the second quarter was lower than the Company's statutory Canadian income tax rate of 27.0% for the reasons discussed above. Also, benefitting the effective tax rate in the second quarter of 2011 by 8.4 percentage points was the recognition of previously unrecognized deferred tax assets as a result of reorganizing the corporate structure in certain foreign jurisdictions.

Six Months ended June 30, 2011 versus Six Months ended June 30, 2010

For the first half of 2011, the Company recorded income tax expense of \$9.3 million (20.5% of income before income taxes), compared to the six months ended June 2010 where the Company recorded an income tax expense of \$11.9 million (33.3% of income before income taxes). The effective income tax rate was lower in 2011 than 2010 for the reasons discussed above.

Net income

Net income increased by \$3.7 million, or 31%, from \$12.0 million in the second quarter of 2010 to \$15.7 million in the second quarter of 2011. The increase was primarily driven by the increased operating income of \$3.7 million as discussed above and lower tax expense of \$3.9 million, partly offset by the loss on long term investment of \$3.6 million, representing the Company's pro rata share of the net loss recorded by Fineglade Ltd.

Net income for the six months ended June 30, 2011 increased \$12.4 million or 52% as compared to the same period in the prior year, due to the increase in operating income of \$15.3 million as explained above and lower tax expenses of \$2.5 million, partly offset by the loss on long term investment of \$5.0 million, representing the Company's pro rata share of the net loss recorded by Fineglade Ltd.

Foreign Exchange Impact

The following table sets forth the significant currencies in which the Company operates and the average year-to-date foreign exchange rates for these currencies versus Canadian dollars, for the following periods:

	Three Months ended June 30,		Six Months ended June 30,	
	2011	2010	2011	2010
U.S. dollar	0.9694	1.0333	0.9812	1.0393
Euro	1.3860	1.3120	1.3683	1.3890
British Pounds	1.5725	1.5417	1.5766	1.5944

The following table sets forth the impact on revenues, income from operations and net income, compared with the noted prior period, as a result of foreign exchange fluctuations on the translation of foreign currency operations.

	3 months ended June 2011 versus 3 months ended March 31, 2011	3 months ended June 30, 2011 versus 3 months ended June 30, 2010	6 months ended June 30, 2011 versus 6 months ended June 30, 2010
Revenue	\$ (6,427)	(6,585)	(15,892)
Income from operations	(1,448)	(1,692)	(3,487)
Net income	(1,415)	(1,746)	(2,903)

3.0 SEGMENT INFORMATION

3.1 Pipeline and Pipe Services segment

The following table sets forth, by geographic location, the revenue, income from operations ("Operating Income") and operating margin for the Pipeline and Pipe Services segment for the following periods:

	Three months ended			Six Months ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
North America	\$ 127,564	\$ 115,188	\$ 89,046	\$ 242,753	\$ 181,227
Latin America	6,942	3,475	11,028	10,416	19,764
EMAR	43,384	68,189	47,862	111,572	80,601
Asia Pacific	52,734	59,616	56,414	112,351	117,338
Total Revenue	\$ 230,624	\$ 246,468	\$ 204,350	\$ 477,092	\$ 398,930
Operating Income	\$ 18,435	\$ 34,661	\$ 25,168	\$ 53,096	\$ 47,170
Operating Margin	8.0%	14.1%	12.3%	11.1%	11.8%

Second Quarter 2011 versus Second Quarter 2010

Revenue in the second quarter of 2011 was \$230.6 million, an increase of \$26.3 million, or 13%, over the second quarter of 2010. The major factors were the significant improvements in North America partially offset by reductions in activity in the EMAR, Asia Pacific and Latin America regions and the unfavourable impact of foreign exchange fluctuations on the translation of foreign currency operations (See section 2.2 – Foreign Exchange Impact):

- In North America, revenue increased by \$38.5 million, or 43%, due to strong sales of flexible composite pipe and fittings, increases in small diameter pipe coating volumes and a pick up in large diameter project activity. Pipe weld inspection volumes also increased throughout North America and in particular due to the land based Ruby and Enterprise projects. Additional revenues of approximately \$4 million were also generated by the new CSI acquisition in the quarter.
- Revenue in Latin America decreased \$4.1 million as a result of a very low level of Pemex activity in Mexico and reduced activity in Brazil with the delay in the start up of the P-55 Risers project in Brazil to the latter part of the third quarter.
- EMAR revenue decreased by \$4.5 million, or 9%, due to higher revenue in the second quarter of 2010 from projects executed in Orkanger, Norway. This was partially offset by higher revenue at the Leith, Scotland facility from the Total Laggan and other projects in the second quarter of 2011 and increased revenue from pipe weld inspection services.
- In Asia Pacific, revenue decreased \$3.7 million, or 7%, mainly due to a weaker U.S. dollar in 2011 and reduced activity at the Kembla Grange Australia and Kabil Indonesia facilities.

Operating Income in the second quarter of 2011 was \$18.4 million compared to \$25.2 million in the second quarter of 2010, a decrease of \$6.8 million, or 27%. The decrease was due to a 4.3 percentage point reduction in operating margin driven by lower overhead absorption in Latin America, Australia, Norway and Indonesia combined with higher maintenance costs and lower utilization at Leith, Scotland.

Second Quarter 2011 versus First Quarter 2011

Revenue in the second quarter of 2011 decreased by \$15.9 million, or 6%, from \$246.5 million in the first quarter of 2011, to \$230.6 million in the second quarter of 2011. Major contributors to the revenue decline were the unfavorable impact of foreign exchange fluctuations on the translation of foreign currency operations (See section 2.2 – Foreign Exchange Impact) and the following regional factors:

- In North America, revenue increased by \$12.4 million, or 11%, mainly due to increased large diameter pipe coating activity, both in Canada and the US in the second quarter of 2011 as compared to the first quarter of 2011. Revenue was also higher by \$4 million due to the CSI acquisition completed at the beginning of the second quarter.
- The \$3.5 million increase in revenue during the second quarter of 2011 in Latin America was due to initial work on the P55 Risers project and smaller projects in Brazil and production at the Monterrey facility in Mexico as compared to very limited coating activities in the first quarter of 2011.
- Revenue in EMAR decreased by \$24.8 million, or 36%, primarily due to the interruption in the production schedule for the Total Laggan project at the Leith, Scotland facility. The Total Laggan project is being executed in stages with the 18” pipe portion completed in the first quarter 2011 and the 30” pipe portion scheduled to start in the third quarter.
- In Asia Pacific, revenue decreased by \$6.9 million, or 12% in the second quarter of 2011, as the Company completed production on the Epic Energy QSN project in Kembla Grange, Australia during the quarter and experienced lower revenue on the Yamal Europe Gas Pipeline and Total South Mahakam projects, as compared to the first quarter of 2011. These shortfalls were partially offset by the restart of the PNG LNG pipeline project in June 2011 in Kuantan, Malaysia.

Operating Income in the second quarter of 2011 decreased by \$16.2 million, or 47%, from \$34.7 million in the first quarter of 2011 to \$18.4 million. The decrease was primarily due to lower gross profit of \$11.3 million driven by the lower revenue explained above and the decrease in operating margins by 6.1 percentage points. The operating margins were negatively impacted due to lower overhead absorption in Australia and Leith, Scotland from the revenue decline combined with higher maintenance costs at Leith, Scotland, higher research and development costs and higher depreciation and amortization expenses of \$1.1 million, partly due to the new CSI acquisition.

Six Months ended June 30, 2011 versus Six Months ended June 30, 2010

Revenue in the Pipeline and Pipe Services segment for the six months ended June 30, 2011 was \$477.1 million, an increase of \$78.2 million, or 20%, from the comparable period of 2010. Major contributors to the revenue increase were increased volumes in North America and the EMAR regions, partially offset by lower activity in Asia Pacific and the Latin America regions and the unfavourable impact of foreign exchange fluctuations on the translation of foreign currency operations (See section 2.2 – Foreign Exchange Impact):

- In North America, revenue increased by \$61.5 million, or 34%, mainly due to increased drilling and well completions in Canada and the US, which positively impacted volumes of composite flexible pipe and fittings and small diameter pipe coating as well as increased large diameter project

activity. Higher pipe weld inspection volumes and additional revenue from the CSI acquisition also favorably impacted revenues in 2011.

- The \$9.3 million decrease in revenue in Latin America was due to the delay on the P55 Risers project, with resulting limited coating activities in Brazil and lower project activity in Mexico due to delays in Pemex investment approvals for a number of pipeline projects.
- Revenue in EMAR increased by \$31.0 million, or 38%, primarily driven by higher revenue in 2011 at the Leith, Scotland facility from the Total Laggan, Breagh and Statoil P12 projects.
- In Asia Pacific, revenue decreased by \$5.0 million, or 4%, due to lower activity in Australia and a weaker U.S. dollar in 2011.

Operating Income in the Pipeline and Pipe Services segment for the six months ended June 30, 2011 was \$53.1 million, an increase of \$5.9 million or 13% compared to the comparable period of 2010, primarily due to the increase in revenue as explained above, partially offset by higher selling, general and administration expenses.

3.2 Petrochemical and Industrial segment

The following table sets forth, by geographic location, the revenue, Operating Income and operating margin for the Petrochemical and Industrial segment for the following periods:

	Three months ended			Six Months ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
North America	\$ 20,738	\$ 17,808	\$ 17,147	\$ 38,546	\$ 33,954
EMAR	14,020	14,818	13,093	28,837	26,387
Asia Pacific	1,029	736	350	1,766	643
Total Revenue	\$ 35,787	\$ 33,362	\$ 30,590	\$ 69,149	\$ 60,984
Operating Income	\$ 4,471	\$ 3,525	\$ 4,068	\$ 7,995	\$ 7,079
Operating Margin	12.5%	10.6%	13.3%	11.6%	11.6%

Second Quarter 2011 versus Second Quarter 2010

Revenue of \$35.8 million in the second quarter of 2011 was up \$5.2 million, or 17%, from the second quarter of 2010 due to higher copper prices that increased revenue in the wire and cable business combined with increased heat shrink tubing shipments in the EMAR, Asia Pacific and North America regions.

Operating Income in the second quarter of 2011 was \$4.5 million compared to \$4.1 million in the second quarter of 2010, an increase of \$0.4 million, or 10%. The increase was due to higher revenue as explained above, partially offset by higher selling, general and administration expenses.

Second Quarter 2011 versus First Quarter 2011

Revenue in the second quarter of 2011 totaled \$35.8 million compared to \$33.4 million in the first quarter of 2011, an increase of \$2.4 million, or 7%. The increase was attributable to higher copper prices that increased revenue in the wire and cable business and seasonally higher revenue in North America.

Operating Income in the second quarter of 2011 was \$4.5 million compared to \$3.5 million in the first quarter of 2011. The operating margin was higher by 1.9 percentage points due to higher gross profit of \$0.9 million on increased revenue and improved recovery of input cost increases.

Six Months ended June 30, 2011 versus Six Months ended June 30, 2010

Revenue in the Petrochemical and Industrial segment increased by \$8.2 million, or 13%, from \$61.0 million for the six month period ended June 30, 2010, to \$69.1 million for the six month period ended June 30, 2011, mainly due to increased shipments to the industrial and automotive markets in North America, EMAR and Asia Pacific, combined with higher copper prices.

Operating income in the Petrochemical and Industrial segment for the six months ended June 30, 2011 was \$8.0 million, an increase of \$0.9 million, or 13%, primarily due to higher gross profit of \$1.8 million on increased revenue as explained above, partly offset by higher selling, general and administration expenses of \$0.9 million.

3.3 Financial and Corporate

Financial and corporate costs include corporate expenses not allocated to the operating segments and other non-operating items, including foreign exchange gains and losses on foreign currency denominated cash and working capital balances. The corporate division of the Company only earns revenue that is considered incidental to the activities of the Company. As a result, it does not meet the definition of a reportable operating segment as defined under GAAP.

The following table sets forth the Company's unallocated financial and corporate expenses, before foreign exchange gains and losses, for the following periods:

	Three months ended			Six Months ended	
	June 30, 2011	March 31, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Loss from operations	\$ (4,613)	\$ (9,438)	\$ (7,976)	\$ (14,051)	\$ (16,675)

Second Quarter 2011 versus Second Quarter 2010

Financial and corporate costs decreased by \$3.4 million from \$8.0 million during the second quarter of 2010 to \$4.6 million during the second quarter of 2011 due to lower management incentive compensation expenses and lower professional fees related to corporate development, partly offset by higher employee salaries and associated benefits related to an increase in staffing levels.

Second Quarter 2011 versus first Quarter 2011

Financial and corporate costs decreased by \$4.8 million from the first quarter of 2011, primarily due to lower management incentive compensation and lower professional fees related to corporate development.

Six Months ended June 30, 2011 versus Six Months ended June 30, 2010

Financial and corporate costs decreased by \$2.6 million for the six months ended June 30, 2011 as compared to the corresponding period of 2010, primarily due to lower management incentive compensation, lower professional fees related to corporate development, partially offset by higher employee salaries and associated benefits related to an increase in staffing levels.

4.0 Transition to International Financial Reporting Standards (IFRS)

ShawCor is reporting its financial results in accordance with IFRS from January 1, 2011, the changeover date set by the Canadian Accounting Standards Board (AcSB). IFRS compliant comparative financial information for one year from the changeover date is required.

For the period ended June 30, 2011, ShawCor has restated its operating results as if it had always prepared financial results in accordance with IFRS. As a result of componentization of capital assets, revision in the estimated useful life and applying different rates to the different components starting January 1, 2010 under IFRS, the depreciation expense for the second quarter of 2010 has decreased by \$1.0 million over the amount previously reported. In addition, due to changes in the way temporal entities, decommissioning liabilities and employee defined benefit pension expenses are recorded under IFRS, ShawCor recorded a net reduction of \$0.8 million in selling, general and administration expenses and an increase of \$0.1 million in interest expense and \$0.2 million in foreign exchange losses. Together these adjustments increased second quarter 2010 net income by \$1.2 million after recording an increase in the deferred tax expense of \$0.4 million.

As a result of componentization of capital assets, revision in the estimated useful life and applying different rates to the different components starting January 1, 2010 under IFRS, the depreciation expense for the six months ended June 30, 2010 has decreased by \$2.5 million over the amount previously reported. In addition, due to changes in the way temporal entities, decommissioning liabilities and employee defined benefit pension expenses are recorded under IFRS, ShawCor recorded a net reduction of \$1.2 million in selling, general and administration expenses and an increase of \$0.1 million in interest expense and a reduction of \$0.1 million in foreign exchange losses. Together these adjustments increased net income by \$2.9 million, for the six months ended June 30, 2010, after recording an increase in the deferred tax expense of \$0.7 million.

5.0 Forward-Looking Information

This document includes certain statements that reflect management's expectations and objectives for Company's future performance, opportunities and growth, which statements constitute forward-looking information under applicable securities laws. Such statements, other than statements of historical fact, are predictive in nature or depend on future events or conditions. Forward-looking information involves 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. Specifically, this document includes forward-looking information in respect of, among other things, the impact of global economic activity on the demand for the Company's products as well as the prices of commodities used by the Company, the impact of changing energy demand, supply and prices, the impact of changes in competitive conditions in the markets in which the Company participates, the impact of changing laws for environmental compliance on the Company's capital and operating costs, and the adequacy of the Company's existing accruals in respect thereof, the Company's relationships with its employees, the continued establishment of international operations, the effect of continued development in emerging economies, as well as the Company's plans as they relate to research and development activities and the maintenance of its current dividend policies, the outlook for revenue and operating income and the expected development in the Company's order backlog.

Forward-looking information involves known and unknown risks and uncertainties that could cause actual results to differ materially from those predicted by the forward-looking information. We caution readers not to place undue reliance on forward looking information as a number of factors could cause actual events, results and prospects to differ materially from those expressed in or implied by the forward looking information. Significant risks facing the Company 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; exposure to product and other liability claims; compliance with environmental, trade and other laws; political, economic and other risks arising from the Company's international operations; fluctuations in foreign exchange rates, as well as other risks and uncertainties, as more fully described herein under the heading "Risks and Uncertainties".

These statements of forward-looking information are based on assumptions, estimates and analysis made by management 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. These assumptions include assumptions in respect of the potential for improvement in demand for the Company's products and services as a result of continued global economic recovery, the potential for increased investment in global energy infrastructure as a result of stabilization of capital markets, the Company's ability to execute projects under contract, the continued supply of and stable pricing for commodities used by the Company and the availability of personnel resources sufficient for the Company to operate its businesses. The Company believes that the expectations reflected in the forward-looking information are based on reasonable assumptions in light of currently available information. However, should one or more risks materialize or should any assumptions prove incorrect, then actual results could vary materially from those expressed or implied in the forward-looking information included in this document and the Company can give no assurance that such expectations will be achieved.

When considering the forward looking information in making decisions with respect to the Company, readers should carefully consider the foregoing factors and other uncertainties and potential events. ShawCor Ltd. does not assume the obligation to revise or update forward looking information after the date of this document or to revise it to reflect the occurrence of future unanticipated events, except as may be required under applicable securities laws.

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 Thursday August 11th, at 10:00 AM EDT, which will discuss the company's second quarter financial results.

Please visit our website at www.shawcor.com for further details.

For further information, please contact:

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SHAWCOR LTD.**CONSOLIDATED BALANCE SHEET (UNAUDITED)**

(in thousands of Canadian dollars)

	<u>June 30, 2011</u>	<u>December 31, 2010</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 97,913	\$ 155,998
Accounts receivable	269,033	243,955
Income taxes receivable	14,020	13,823
Inventories	136,298	126,132
Prepaid expenses	20,387	14,171
Derivative financial instruments	1,711	1,130
	<u>539,362</u>	<u>555,209</u>
Non-current assets		
Property, plant and equipment	299,754	287,697
Intangible assets	93,107	91,353
Long-term investment	35,276	31,995
Deferred income taxes	42,064	33,555
Other assets	14,974	15,622
Goodwill	222,028	220,092
	<u>707,203</u>	<u>680,314</u>
	<u>\$ 1,246,565</u>	<u>\$ 1,235,523</u>
Liabilities		
Current liabilities		
Bank indebtedness	\$ 1,774	\$ –
Loan payable	5,437	5,126
Accounts payable and accrued liabilities	129,891	120,549
Provisions	10,530	8,013
Income taxes payable	36,779	50,860
Derivative financial instruments	700	527
Deferred revenue	53,995	54,751
Current portion of long-term debt	–	25,005
Finance lease obligation	290	345
	<u>239,396</u>	<u>265,176</u>
Non-current liabilities		
Long-term finance lease obligation	225	339
Derivative financial instruments	1,575	807
Deferred income taxes	86,235	75,167
Long-term provisions	56,633	56,903
	<u>144,668</u>	<u>133,216</u>
	<u>384,064</u>	<u>398,392</u>
Commitments and contingencies		
Shareholders' Equity		
Share capital	208,839	206,775
Contributed surplus	18,696	18,144
Retained earnings	671,805	648,989
Accumulated other comprehensive income (loss)	(36,839)	(36,777)
	<u>862,501</u>	<u>837,131</u>
	<u>\$ 1,246,565</u>	<u>\$ 1,235,523</u>

SHAWCOR LTD.**CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)**

(in thousands of Canadian dollars, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2011	2010	2011	2010
Revenue				
Sale of products	\$ 74,801	\$ 128,248	\$ 144,129	\$ 192,052
Rendering of services	189,740	106,298	399,878	267,066
	264,541	234,546	544,007	459,118
Cost of goods sold	169,895	141,793	344,307	280,207
Gross profit	94,646	92,753	199,700	178,911
Selling, general and administrative expenses	60,019	56,388	121,669	111,137
Research and development expenses	3,691	2,656	6,608	5,280
Foreign exchange (gains)/losses	(4,367)	2,316	(5,715)	660
Amortization of property, plant and equipment	10,789	11,354	20,787	22,153
Amortization of intangible assets	1,854	1,095	3,596	2,190
Income from operations	22,660	18,944	52,755	37,491
Investment loss on long-term investment	3,583	—	5,018	—
Interest expense (net)	1,200	841	2,213	1,845
Income before income taxes	17,877	18,103	45,524	35,646
Income taxes	2,174	6,072	9,336	11,876
Net income for the period	\$ 15,703	\$ 12,031	\$ 36,188	\$ 23,770
Earnings per share				
Basic	0.22	0.17	0.51	0.34
Diluted	0.21	0.17	0.50	0.33

SHAWCOR LTD.**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**

(in thousands of Canadian dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Net income for the period	\$ 15,703	\$ 12,031	\$ 36,188	\$ 23,770
Other comprehensive income (loss), net of income taxes				
Unrealized gain (loss) on translation of foreign operations	2,423	2,645	960	(17,175)
Gain (loss) on hedges of unrealized foreign currency translation	70	(965)	603	385
Gain on hedges of unrealized foreign currency translation transferred to net income during the period	(1,833)	(193)	(1,833)	(193)
Income tax expense	(12)	(165)	(103)	(396)
Income tax expense transferred to net income during the period	311	–	311	–
Other comprehensive income (loss), net of income taxes	\$ 959	\$ 1,322	\$ (62)	\$ (17,379)
Comprehensive income for the period	\$ 16,662	\$ 13,353	\$ 36,126	\$ 6,391

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY (UNAUDITED)

	Capital stock	Contributed surplus	Retained earnings	Accumulated other comprehensive loss	Total shareholders' equity
Balance – January 1, 2010	\$ 204,151	17,277	569,587	–	791,015
Net income for the period	–	–	23,770	–	23,770
Issued on exercise of stock options	808	–	–	–	808
Compensation cost on exercised options	243	(243)	–	–	–
Stock-based compensation expense	–	1,193	–	–	1,193
Other comprehensive loss	–	–	–	(17,379)	(17,379)
Dividends paid	–	–	(10,058)	–	(10,058)
Balance – June 30, 2010	\$ 205,202	18,227	583,299	(17,379)	789,349
Balance – December 31, 2010	\$ 206,775	18,144	648,989	(36,777)	837,131
Net income for the period	–	–	36,188	–	36,188
Issued on exercise of stock options	1,824	–	–	–	1,824
Compensation cost on exercised options	593	(593)	–	–	–
Compensation cost on exercised RSUs	7	(7)	–	–	–
Stock-based compensation expense	–	1,152	–	–	1,152
Other comprehensive loss	–	–	–	(62)	(62)
Dividends paid	–	–	(10,777)	–	(10,777)
Purchase – normal course issuer bid	(360)	–	–	–	(360)
Excess of purchase price over stated value of shares	–	–	(2,595)	–	(2,595)
Balance – June 30, 2011	\$ 208,839	18,696	671,805	(36,839)	862,501

SHAWCOR LTD.**CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)**

(in thousands of Canadian dollars)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Operating activities				
Net income for the period	\$ 15,703	\$ 12,031	\$ 36,188	\$ 23,770
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	10,789	11,354	20,787	22,153
Amortization of intangible assets	1,854	1,095	3,596	2,190
Amortization of transaction costs	-	(312)	-	(201)
Amortization of long-term prepaid expenses	316	(41)	465	46
Decommissioning liabilities expense	118	(29)	234	114
Provisions expense	334	2,318	2,353	4,008
Stock-based compensation	1,943	1,397	3,666	2,379
Deferred income taxes	1,235	305	5,434	(579)
Gain on disposal of property, plant and equipment	2	(1,033)	183	(1,191)
Loss on derivative financial instruments	273	2,047	360	1,042
Accretion expense on long-term provisions	189	-	372	-
Investment loss on long-term investment	3,582	-	5,018	-
Settlement of decommissioning liabilities	-	(2,077)	-	(2,374)
Settlement of provisions	(2,774)	(812)	(3,124)	(1,927)
Change in employee future benefits	-	(153)	-	506
Change in non-cash working capital and foreign exchange	(22,545)	(46,166)	(51,551)	(43,444)
Cash provided by (used in) operating activities	11,019	(20,076)	23,981	6,492
Investing activities				
Purchases of property, plant and equipment	(11,606)	(10,523)	(23,652)	(21,831)
Proceeds on disposal of property, plant, and equipment	441	3,420	419	3,420
Acquisition of long-term investment	-	-	(9,085)	-
Business acquisition	(12,839)	-	(12,839)	-
Decrease (increase) in long-term notes receivable	47	130	59	(4)
Cash used in investing activities	(23,957)	(6,973)	(45,098)	(18,415)
Financing activities				
Proceeds from bank indebtedness	1,774	-	1,774	-
Proceeds from (repayments of) loan	(233)	-	311	-
Repayments on finance lease obligation	(58)	61	(169)	(58)
Repayments of long-term debt	(24,402)	(26,043)	(24,402)	(26,043)
Issuance of shares	460	269	1,793	808
Repurchase of shares	(2,955)	-	(2,955)	-
Dividends paid to shareholders	(5,564)	(5,203)	(10,777)	(10,058)
Cash used in financing activities	(30,978)	(30,916)	(34,425)	(35,351)
Foreign exchange loss on foreign cash and cash equivalents	(131)	3,701	(2,543)	(965)
Net change in cash and cash equivalents for the period	(44,047)	(54,264)	(58,085)	(48,239)
Cash and cash equivalents - beginning of period	141,960	256,013	155,998	249,988
Cash and cash equivalents - end of period	\$ 97,913	\$ 201,749	\$ 97,913	\$ 201,749