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

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PRESS RELEASE

SHAWCOR LTD. ANNOUNCES SECOND QUARTER 2010 RESULTS

- Second quarter revenue of $234 million has increased 4.4% from the first quarter but is 25% below the second quarter of 2009
- EBITDA increases to $30.8 million from $29.8 million in the first quarter 2010
- Backlog at quarter end, strong at $421.8 million, is up $25.7 million from the prior quarter end

"The second quarter financial results, while marginally improved from the first quarter, reflect the weakness in pipeline project activity in North America and Latin America compared with 2009 and 2008" said Bill Buckley, President and CEO of ShawCor Ltd. "However, based on projects now included in our backlog, we continue to expect that revenue and earnings will strengthen in the second half of 2010 and throughout 2011 as ShawCor will commence production on the previously announced U.S.$185 million PNG LNG project, the U.S.$42 million Epic Energy QSN3 project, as well as the U.S.$93 million Total Laggan project, for which we received an order in May of this year".

Mr. Buckley added, "We continue to make excellent progress on a number of key strategic initiatives including the completion in the second quarter of our first commercial order for our new THERMOTITE ULTRA® patented offshore pipeline insulation system, the commencement of construction of a new state-of-the-art subsea testing facility, the installation of a joint venture concrete weight coating facility in northern Russia, and continued activities towards the completion of growth acquisitions with the announcement regarding our proposed investment in Socotherm S.p.A."

FINANCIAL SUMMARY

	Three Months Ended June 30,		Six Months Ended June 30,	
(in thousands of Canadian dollars except per share amounts)	**2010**	2009	**2010**	2009
Operating Results				
Revenue	**$ 234,546**	$ 312,791	**$ 459,118**	$ 620,255
Gross profit	**92,753**	128,752	**178,911**	252,267
Selling, general and administrative expenses	**57,200**	55,881	**112,335**	111,455
Foreign exchange losses	**2,122**	1,556	**702**	185
Research and development expense	**2,656**	2,096	**5,280**	4,716
EBITDA (note 1)	**30,775**	69,219	**60,594**	135,911
Amortization of property, plant and equipment	**12,352**	14,653	**24,612**	29,795
Amortization of intangible assets	**1,095**	1,095	**2,190**	2,190
Income from operations	**17,328**	53,471	**33,792**	103,926
Interest expense – net	**792**	1,572	**1,734**	3,235
Income taxes	**5,659**	17,263	**11,182**	34,514
Net income	**10,877**	34,636	**20,876**	66,177
Net income per share (Class A and B)				
Basic	**$ 0.15**	$ 0.49	**$ 0.30**	$ 0.94
Diluted	**0.15**	0.49	**0.29**	0.93
Cash Flow				
Cash provided by (used in) operating activities	**$ (20,076)**	$ 58,864	**$ 6,492**	$ 97,497
Additions to property, plant and equipment	**10,523**	6,031	**21,831**	20,174

FINANCIAL SUMMARY

		June 30, 2010		December 31, 2009
Financial Position				
Working capital (note 2)	$	**111,170**	$	79,573
Total assets		**1,128,635**		1,185,977
Shareholders' equity per share (Class A and B) (note 3)	$	**11.14**	$	11.21

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 and intangible assets. 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:

	Three Months Ended June 30,				Six Months Ended June 30,			
		2010		2009		**2010**		2009
Net income	**$**	**10,877**	$	34,636	**$**	**20,876**	$	66,177
Add (deduct):								
Income taxes		**5,659**		17,263		**11,182**		34,514
Interest expense - net		**792**		1,572		**1,734**		3,235
Amortization of property, plant and equipment		**12,352**		14,653		**24,612**		29,795
Amortization of intangible assets		**1,095**		1,095		**2,190**		2,190
EBITDA	**$**	**30,775**	$	69,219	$	**60,594**	$	135,911

Note 2: Working capital is defined as working capital minus cash and cash equivalents, bank indebtedness, the current portion of long-term debt and working capital related to discontinued operations.
Note 3: 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.

OUTLOOK

The Company expects revenue and income to improve significantly in the second half of 2010 with the improved outlook based on an increased backlog and the number of major projects scheduled for execution in the second half of 2010 and in 2011. The Company's order backlog, representing customer orders expected to be completed within one year, has continued to improve and at June 30, 2010 totaled $421.8 million, compared to $396.1 million at March 31, 2010. The backlog includes approximately $45 million of the recently awarded U.S.$93.0 million Total Laggan project with the balance of the project planned for execution beyond the next twelve month period covered by the backlog. The Company's outlook by region is noted below:

North America

Industry projections for increased drilling activity in North America in the second half of 2010 should favorably impact revenue from the Company's businesses that are related to well completions, primarily small diameter pipe coating, flexible composite pipe, and pipe joint protection. This improvement will likely be modest but should lead to better facility utilization and the resulting prospect for operating margin improvement. Large diameter pipe coating revenue is also expected to improve as the Company is scheduled to begin work on the TCPL Keystone XL pipeline as well as projects related to the Imperial Oil Kearl Lake, TCPL Groundbirch, and Ruby Pipeline projects. Finally, the Flexpipe flexible composite pipe outlook has improved as a result of increased sales and service capabilities that have been established to penetrate the USA market.

Latin America and Caribbean

In the second half of 2010, a modest increase in revenue is expected from pipe coating projects in Mexico and Brazil following two quarters of low activity. In Mexico, the Coatzacoalcos concrete weight coating plant will be reactivated, while in Brazil the Company will execute the P-55 project for Petrobras. Bidding activity on a range of projects in Brazil and elsewhere in South America remains very strong.

EMAR

Project activity in the Europe Africa Russia (“EMAR”) region is expected to increase significantly in the second half of 2010 with the launch in Saudi Arabia of the $80 million Ras Al Zur water pipeline and the remobilization of the Leith Scotland concrete weight coating facility for the execution of the Statoil P12, Chevron Congo River Crossing, and Total Laggan projects. Further revenue growth is expected in 2011 from the Company’s new pipe coating joint venture in Russia. The concrete weight coating facility is currently completing mobilization and qualification with customers.

Asia Pacific

The area of strongest revenue growth in the second half of 2010 will be Asia Pacific where project execution has now commenced on the U.S.$185.0 million PNG LNG project and the U.S.$42.0 million Epic Energy QSN3 project in Eastern Australia. In addition to the strong backlog, bidding activity in the Asia Pacific region is very strong with a number of very large potential LNG projects being evaluated to develop natural gas resources from offshore fields in the North West of Australia, as well as LNG projects planned to develop coal seam resources in Eastern Australia. Also with the potential to benefit revenue in 2011 are several large projects in South East Asia that are currently being bid.

The Petrochemical and Industrial segment’s markets have improved over the recessionary conditions of the first half of 2009, however, higher product sales have been largely offset by the weakening of the US dollar and Euro year over year. Further improvement in revenue and operating performance will largely depend on whether industrial and automotive markets in North America and Europe continue to strengthen. One area of potential growth in the segment’s revenue is DSG Canusa’s new facility in China which has begun to gain customer acceptance amongst automotive and electronics manufacturers based in China and where the product line capability will be expanded in the second half of 2010.

SECOND QUARTER 2010 RESULTS

1. Core Business Segments

As at June 30, 2010, the Company operated its seven divisions through two reportable operating segments, Pipeline & Pipe Services; and Petrochemical & Industrial:

Pipeline and Pipe Services

The Pipeline and Pipe Services segment is the largest segment of the Company and accounted for 87% of consolidated revenue for each of the three and six month periods ended June 30, 2010. This segment includes the Bredero Shaw, Canusa–CPS, Shaw Pipeline Services, Flexpipe Systems and Guardian divisions providing products and services for pipeline applications globally.

Petrochemical and Industrial

The Petrochemical and Industrial segment, which includes the DSG-Canusa and ShawFlex divisions, accounted for 13% of consolidated revenue for each of the three and six month periods ended June 30, 2010. Operations within this segment utilize polymer and adhesive technology that was developed for the Pipeline and Pipe Services segment and is now being applied to applications in Petrochemical and Industrial markets.

2. Financial Highlights

2.1 Selected Second Quarter and Half Year Financial Information

Revenue

Revenue has decreased by $78.2 million, or 25.0%, from $312.8 million during the second quarter of 2009 to $234.5 million during the second quarter of 2010, primarily as a result of reduced market activity in the Pipeline and Pipe Services segment and the unfavourable effect of foreign exchange fluctuations. For these same reasons, revenue has also decreased by $161.1 million, or 26.0%, from $620.3 million during the six months ended June 30, 2009, to $459.1 million during the six months ended June 30, 2010.

Income from operations

Income from operations decreased by $36.1 million, or 67.6%, and $70.1 million, or 67.5%, to $17.3 million and $33.8 million, respectively, for the three and six month periods ended June 30, 2010. This change was primarily due to the decrease in revenue experienced during the quarter and a reduction in operating income margins.

Net income

Net income decreased by $23.8 million, or 68.6%, from $34.6 million during the second quarter of 2009 to $10.9 million during the second quarter of 2010, primarily due to the decrease in income from operations as explained above, partially offset by lower interest expense and income taxes. For these same reasons, net income has also decreased by $45.3 million, or 68.5%, from $66.2 million during the six months ended June 30, 2009, to $20.9 million during the six months ended June 30, 2010.

2.2 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,**	
	2010	2009	**2010**	2009
U.S. dollar	1.0333	1.1680	1.0393	1.2076
Euro	1.3120	1.5976	1.3890	1.6146
British Pounds	1.5417	1.8252	1.5944	1.8051

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 30, 2010 versus 3 months ended March 31, 2010	**3 months ended June 30, 2010 versus 3 months ended June 30, 2009**	**6 months ended June 30, 2010 versus 6 months ended June 30, 2009**
Revenue	$ (5,191)	$ (24,015)	$ (48,482)
Income from operations	(1,427)	(4,468)	(10,796)
Net income	(1,289)	(3,541)	(7,438)

3.0. Results from Operations

3.1 Business Highlights

Significant Business Contract

In May 2010, the Company was awarded a contract with a value USD $93.0 million from Corus UK Limited to provide pipeline coatings for the Total E&P UK Ltd. Laggan-Tormore project. Laggan-Tormore is an offshore gas field which lies 125 km north-west of the Shetland Islands in water depths of up to 600 meters. The work, consisting of 3-layer polypropylene anticorrosion coating, internal flow efficiency coating and concrete weight coating, will be executed at the Bredero Shaw pipe coating facility in Leith, Scotland and is expected to commence during the fourth quarter of 2010.

New Investment Agreement

On May 18, 2010, the Company announced that the Board of Directors of Socotherm S.p.A. (“Socotherm”) had accepted an offer from an investor group consisting of the Company and two private equity firms, 4D Global Energy Advisors of Paris, France and Sophia Capital of Buenos Aires, Argentina. Completion of the share capital investment of €50 million will result in the investor group attaining a 95% ownership interest in Socotherm with ShawCor Ltd holding a 40% interest in the investor group. The investor group has also entered into an undertaking to invest a further €25 million in Socotherm, if necessary, to discharge potential liabilities that arise subsequent to the completion of Socotherm’s court supervised restructuring. ShawCor’s investment commitment under the investment agreement and undertaking will be approximately €30 million.

The completion of the investment is subject to a number of conditions, including approval of the Italian court supervising Socotherm’s restructuring process as well as approval of Socotherm’s creditors. On July 28, 2010, Socotherm announced that a majority of its creditors had voted to approve the investment and restructuring proposal. If court approval is subsequently obtained, the share capital investment should be completed prior to December 31, 2010.

Repayment of 5.11% Senior Notes (“Senior Notes”)

Under the terms of the Senior Notes, the Company is required to repay the Senior Notes in three equal installments of USD $25.0 million on June 30, 2009, 2010 and 2011. On June 30, 2010, the Company made the second repayment of USD $25.0 million ($26.0 million at the then current exchange rate). Refer to section "4.5 – Credit Facilities" for additional information with respect to the Company’s Senior Notes.

3.2 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, 2010	March 31, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
Pipeline and Pipe Services	**$ 204,350**	$ 195,562	$ 283,887	**$ 398,930**	$ 563,839
Petrochemical and Industrial	**30,590**	30,416	30,100	**60,984**	59,418
Elimination	**(394)**	(1,406)	(1,196)	**(796)**	(3,002)
	$ 234,546	$ 224,572	$ 312,791	**$ 459,118**	$ 620,255

Second Quarter 2010 versus First Quarter 2010

Consolidated revenue increased by $10.0 million, or 4.4%, from $224.6 million for the first quarter of 2010 to $234.5 million for the second quarter of 2010, mainly due to an increase of approximately the same amount in the Pipeline and Pipe Services segment.

Revenue for the Pipeline and Pipe Services segment was $9.8 million higher in the second quarter of 2010 than in the first quarter because of higher revenue in EMAR and Latin America of $15.1 and $2.3 million, respectively, which was partially offset by lower revenue in North America and Asia Pacific of $3.1 million and $4.5 million, respectively. See section 3.3 – Segment Information for additional information with respect to the change in revenue in the Pipeline and Pipe Services segment.

Second Quarter 2010 versus Second Quarter 2009

Consolidated revenue decreased by $78.2 million, or 25.0%, from $312.8 million during the second quarter of 2009 to $234.5 million during the second quarter of 2010, mainly due to a decrease of approximately the same amount in the Pipeline and Pipe Services segment.

Revenue for the Pipeline and Pipe Services segment was $79.5 million lower in the second quarter of 2010 than in the second quarter of 2009, because of lower revenue in North America, Latin America and EMAR of $32.8 million, $44.5 million and $12.8 million, respectively, partially offset by higher revenue of $10.5 million in Asia Pacific. See section 3.3 – Segment Information for additional information with respect to the change in revenue in the Pipeline and Pipe Services segment.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

Consolidated revenue decreased by $161.1 million, or 26.0%, from $620.3 million for the six month period ended June 30, 2009, to $459.1 million for the six month period ended June 30, 2010, mainly due to a decrease of approximately the same amount in the Pipeline and Pipe Services segment.

Revenue for the Pipeline and Pipe Services segment was $164.9 million lower during the six month period ended June 30, 2010 than in the six month period ended June 30, 2009 because of lower revenue in North America, Latin America and EMAR of $64.6 million, $58.1 million and $53.8 million, respectively, partially offset by higher revenue of $11.6 million in Asia Pacific. See section 3.3 – Segment Information for additional information with respect to the change in revenue in the Pipeline and Pipe Services 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, 2010	March 31, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
Operating Income	**$ 17,328**	$ 16,464	$ 53,471	**$ 33,792**	$ 103,926
Operating Margin[(a)]	**7.4%**	7.3%	17.1%	**7.4%**	16.8%

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

Second Quarter 2010 versus First Quarter 2010

Operating Income increased by $0.9 million, or 5%, from $16.5 million during the first quarter of 2010 to $17.3 million during the second quarter of 2010 due to an increased gross profit of $6.6 million that was mostly offset by higher financial and corporate costs, and higher foreign exchange losses.

Second Quarter 2010 versus Second Quarter 2009

Operating Income decreased by $36.1 million, or 67.6%, from $53.5 million for the second quarter of 2009 to $17.3 million for the second quarter of 2010, mainly due to the reduction in revenue as explained above, and a decrease in the operating margin of 9.7% percentage points, which was the result of under absorption of fixed manufacturing overhead included in cost of goods sold and selling, general and administrative expenses associated with the 25.0% year over year revenue decline.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

Operating Income decreased by $70.1 million, or 67%, from $103.9 million for the six month period ended June 30, 2009 to $33.8 million for the six month period ended June 30, 2010, mainly due to the reduction in revenue as explained above, and a decrease in the operating margin of 9.4% percentage points, which was the result of under absorption of fixed manufacturing overhead included in cost of goods sold and selling, general and administrative expenses associated with the 26.0% year over year revenue decline.

Interest expense – net

The following table sets forth the components of interest expense - net for the following periods:

	Three months ended			Six Months ended	
	June 30, 2010	March 31, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
Interest income on short-term deposits	**$ (312)**	$ (227)	$ (81)	**$ (539)**	$ (316)
Interest expense on bank indebtedness	**323**	444	404	**767**	975
Interest expense on long-term debt	**781**	725	1,249	**1,506**	2,576
Interest expense – net	**$ 792**	$ 942	$ 1,572	**$ 1,734**	$ 3,235

Second Quarter 2010 versus First Quarter 2010

The interest expense – net balance decreased by $0.1 million, or 15.9%, from $0.9 million during the first quarter of 2010 to $0.8 million during the second quarter of 2010, due to higher interest income earned on short-term deposits and lower interest expense on overdraft balances.

Second Quarter 2010 versus Second Quarter 2009

The interest expense – net balance decreased by $0.8 million, or 49.6%, from $1.6 million during the second quarter of 2009 to $0.8 million during the second quarter of 2010, mainly due to lower interest expense on long-term debt in the current period. The interest expense on long-term debt was lower in the second quarter of 2010, because U.S.$25.0 million of the U.S.$75.0 million Senior Notes was repaid on June 30, 2009. See section 4.5 – Credit Facilities for additional information with respect to the debt repayment.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

The interest expense – net balance decreased by $1.5 million or 46%, from $3.2 million during the first half of 2009 to $1.7 million during the first half of 2010, mainly due to lower interest expense on long-term debt in the current period. The interest expense on long-term debt was lower in the first half of 2010 because U.S.$25.0 million of the Senior Notes was repaid on June 30, 2009. See section 4.5 – Credit Facilities for additional information with respect to the debt repayment.

Income taxes

Second Quarter 2010 versus First Quarter 2010

The Company recorded income tax expense of $5.7 million (34.2% of income before income taxes) in the second quarter of 2010, compared to income tax expense of $5.5 million (35.5% of income before income taxes) in the first quarter of 2010. The effective income tax rate in the second quarter was higher than the Company's expected effective income tax rate of 31.0%, primarily due to the adjustment of the income tax provision relating to taxes owed for prior periods. The effective income tax rate in the first quarter of 2010 was higher than the Company's expected effective income tax rate of 31.0%, primarily due to losses generated in lower-taxed foreign jurisdictions in the first quarter of 2010, mainly in the EMAR region, and an increase of $0.8 million to the Company’s income tax reserve relating to potential tax liabilities associated with certain foreign jurisdictions.

Second Quarter 2010 versus Second Quarter 2009

The Company recorded income tax expense of $5.7 million (34.2% of income before income taxes) in the second quarter of 2010, compared to income tax expense of $17.3 million (33.3% of income before income taxes) in the second quarter of 2009. The effective income tax rate in the second quarter was higher than the Company's expected effective income tax rate of 31.0%, as discussed above. The effective income tax rate in the second quarter of 2009 was higher than the Company's expected effective income tax rate of 31.0%, primarily as a result of foreign withholding taxes on inter-corporate dividends and the impact of certain costs which are not deductible for income tax purposes.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

The Company recorded income tax expense of $11.2 million (34.9% of income before income taxes) for the six month period ended June 30, 2010, compared to income tax expense of $34.5 million (34.3% of income before income taxes) for the six month period ended June 30, 2009. The effective income tax rate in the first half of 2010 was higher than the Company's expected effective income tax rate of 31.0%, primarily due to the adjustment of the income tax provision relating to taxes owed for prior periods.

3.3 Segment Information

3.3.1 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, 2010	March 31, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
North America	**$ 89,046**	$ 92,181	$ 121,834	**$ 181,227**	$ 245,847
Latin America	**11,028**	8,736	55,503	**19,764**	77,827
EMAR	**47,862**	32,739	60,627	**80,601**	134,394
Asia Pacific	**56,414**	60,924	45,923	**117,338**	105,771
Total Revenue	**$ 204,350**	$ 194,580	$ 283,887	**$ 398,930**	$ 563,839
Operating Income	**$ 24,329**	$ 19,965	$ 59,146	**$ 44,294**	$ 115,813
Operating Margin	**11.9%**	10.3%	20.8%	**11.1%**	20.5%

Second Quarter 2010 versus First Quarter 2010

Revenue in the second quarter of 2010 was $204.4 million, an increase of $9.8 million or 5.0% over the first quarter of 2010, with stronger project activity in EMAR and Latin America partially offset by reductions in North America and Asia Pacific:

- In North America, revenue declined by $3.1 million or 3.4% as a result of lower small diameter pipe coating and drill pipe inspection volumes connected with the extended spring break-up in Western Canada that negatively impacted well drilling and pipeline installations.
- The $2.3 million increase in revenue in Latin America was mainly due to logistics services provided on the Trinidad North East Offshore and Tobago Pipelines project with other activity in the region at a consistent level with the first quarter.
- The delay of the start up of the Block 31 and Block 18 Angola projects from the first quarter to the second quarter of 2010 was the primary factor that increased revenue by $15.2 million in EMAR.
- In Asia Pacific, revenue declined by $4.5 million or 7.4%, mainly as a result of low production activity in Kuantan, Malaysia as that facility prepared to launch production on the PNG LNG pipeline project.

Operating Income in the second quarter of 2010 was $24.3 million compared to $20.0 million in the first quarter of 2010, an increase of $4.3 million or 21.9%. The increase was primarily due to the increase in revenue explained above and in particular the impact of revenue on facility utilization in EMAR, as well as a gain on the sale of property in the amount of $1.9 million. Operating margins improved by 1.6 percentage points due to improved absorption of the fixed manufacturing overhead included in cost of goods sold and selling, general and administrative expenses as a result of the 5.0% revenue increase as well as the aforementioned gain on disposal.

Second Quarter 2010 versus Second Quarter 2009

Revenue in the second quarter of 2010 decreased by $79.5 million or 28.0%, from $283.9 million in the second quarter of 2009. Major contributors to the revenue decline were the unfavorable impact of foreign exchange fluctuations on the translation of foreign currency operations (refer to section 2.2 - Foreign Exchange Impact) and the following regional factors:

- In North America, revenue declined by $32.8 million or 26.9%, primarily as a result of lower large diameter pipe coating activity in Canada and the USA.
- The $44.5 million decrease in Latin America revenue was due to the Trinidad North East Offshore and Tobago Pipelines project that had generated quarterly revenue in the second quarter of 2009 of $28 million and for which production was completed in the fourth quarter of 2009, as well as lower project activity in Mexico.
- Revenue in EMAR declined by $12.8 million or 21.0% due to a reduction in offshore pipeline weld inspection activity and field joint coating projects.
- In Asia Pacific, revenue increased by $10.5 million or 22.8% as the start up of production of the EPIC Pipeline project in Kembla Grange, Australia and the PNG LNG Pipeline projected at Kabil, Indonesia was partially offset by a reduction in production at Kuantan, Malaysia as that facility prepared to launch the offshore pipeline requirements for the PNG LNG pipeline project.

Operating Income in the second quarter of 2010 decreased by $34.8 million or 58.9% from the $59.1 million reported in the second quarter of 2009. The decrease was primarily due to the lower revenue explained above and the unfavourable effect of foreign exchange fluctuations. The reduction in operating margin was a result of the under absorption of the fixed manufacturing overhead included in cost of goods sold and selling, general and administrative expenses as a result of the 28.0% year over year revenue decline.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

Revenue in the Pipeline and Pipe Services segment for the six months ended June 30, 2010 was $389.9 million, a decrease of $164.9 million or 29.2% from the comparable period of 2009. The decrease was due to the unfavorable impact of foreign exchange fluctuations on the translation of foreign currency operations (refer to section 2.2 - Foreign Exchange Impact) combined with lower project activity in North America, Latin America, and EMAR, partially offset by increased volumes in Asia Pacific:

- A decrease in revenue in North America of $64.6 million was primarily due to reduced drilling and well completions in Canada and the U.S., which negatively impacted volumes in several of the Company's key product markets including small diameter pipe coating, spoolable composite pipe and drill pipe services.
- A decrease in revenue in Latin America of $58.1 million was due to the lack of pipe coating revenue from the Trinidad North East Offshore and Tobago Pipelines project that had generated revenue in the first half of 2009 of $28 million and for which production was completed in the fourth quarter of 2009, as well as lower project activity in both Brazil and Mexico.
- The decrease in EMAR revenue of $53.8 million was mainly due to lower pipe coating volumes in Europe and the Middle East as a result of a reduction in large project activity, as well as a reduction in associated field joint coating project activity.
- In contrast to other global regions, project activity has increased year over year in Asia Pacific with revenue increasing by $11.6 million mostly on higher production at the Kabil, Indonesia facility.

Operating Income in the Pipeline and Pipe Services segment for the six months ended June 30, 2010 was $44.3 million, a decrease of $71.5 million or 61.8% from $115.8 million in the comparable period of 2009, primarily due to the reduction in revenue explained above and the unfavourable effect of foreign exchange fluctuations. The reduction in operating margin of 9.4 percentage points was a result of the under absorption of fixed manufacturing overhead included in cost of goods sold and selling, general and administrative expenses that was associated with the 29.2% revenue decline discussed above.

3.3.2 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, 2010	March 31, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
North America	**$ 17,147**	$ 16,807	$ 18,172	**$ 33,954**	$ 31,925
EMAR	**13,093**	13,294	11,928	**26,387**	24,411
Asia Pacific	**350**	293	–	**643**	82
Total Revenue	**$ 30,590**	$ 30,394	$ 30,100	**$ 60,984**	$ 59,418
Operating Income	**$ 3,954**	$ 2,921	$ 2,208	**$ 6,875**	$ 2,533
Operating Margin	**12.9%**	9.6%	7.3%	**11.3%**	4.3%

Second Quarter 2010 versus First Quarter 2010

In the Petrochemical and Industrial segment, revenue in the second quarter of 2010 totaled $30.6 million compared to $30.4 million in the first quarter of 2010, an increase of $0.2 million or 0.6%. The increase reflected a modest strengthening in industrial and automotive markets in North America and EMAR offset by the impact on the translation of the EMAR operations of the weakening of the Euro versus the Canadian dollar.

Operating Income in the second quarter of 2010 was $4.0 million compared to $2.9 million in the first quarter of 2010, an increase of $1.0 million or 35.4%. The increase was primarily due to the increase in revenue explained above with the operating margin improving by 3.3 percentage points on significantly better facility utilization and fixed cost absorption.

Second Quarter 2010 versus Second Quarter 2009

In the Petrochemical and Industrial segment, revenue in the second quarter of 2010 totaled $30.6 million, basically unchanged compared to $30.1 million in the second quarter of 2009. Increased product shipments resulting from a strengthening in industrial and automotive markets in North America and EMAR was largely offset by the impact on the translation of the EMAR operations of the weakening of the Euro versus the Canadian dollar.

Operating Income in the second quarter of 2010 was $4.0 million compared to $2.2 million in the second quarter of 2009, an increase of $1.8 million or 79.1%. The increase was primarily due to the increase in revenue explained above with the operating margin improving by 5.6 percentage points on significantly better facility utilization and fixed cost absorption.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

Revenue in the Petrochemical and Industrial segment for the six months ended June 30, 2010 was $61.0 million, basically unchanged from the comparable period of 2009 as increased product shipments resulting from a strengthening in industrial and automotive markets in North America and EMAR was largely offset by the impact on the translation of the EMAR operations of the weakening of the Euro versus the Canadian dollar.

Operating Income in the Petrochemical and Industrial segment for the six months ended June 30, 2010 was $6.9 million, an increase of $4.3 million or 171.4% from $2.5 million in the comparable period of 2009 primarily due to the increase in revenue explained above with the operating margin improving by 7.0 percentage points on significantly better facility utilization and fixed cost absorption.

3.3.3 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, 2010	March 31, 2010	June 30, 2009	**June 30, 2010**	June 30, 2009
Income (loss) from operations	**$ (8,835)**	$ (7,841)	$ (6,328)	**$ (16,676)**	$ (14,236)

Second Quarter 2010 versus First Quarter 2010

Financial and corporate costs increased by $1.0 million from $7.8 million during the first quarter of 2010 to $8.8 million during the second quarter of 2010 mainly due to an increase in professional fees relating to corporate activities over the prior quarter and the commencement of a new long term management compensation program in the latter part of the first quarter of 2010.

Second Quarter 2010 versus Second Quarter 2009

Financial and corporate costs increased by $2.5 million from $6.3 million during the second quarter of 2009 to $8.8 million during the second quarter of 2010 mainly due to an increase in professional fees relating to corporate activities over the prior year quarter and the commencement of a new long term management compensation program in the latter part of the first quarter of 2010.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

Financial and corporate costs increased by $2.4 million, or 17%, from $14.2 million during the first half of 2009 to $16.7 million during the first half of 2010 mainly due to increases in professional fees relating to corporate activities and office administration.

4. Liquidity and Capitalization

The following table sets forth the Company's cash flows by activity and cash balance for the following periods:

(in thousands of Canadian dollars)	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009
Net income for the period	**$ 10,877**	$ 34,636	**$ 20,876**	$ 66,177
Non-cash items	**13,957**	17,600	**27,509**	37,946
Settlement of asset retirement obligations	**(2,077)**	(17)	**(2,374)**	(1,964)
Change in employee future benefits	**(26)**	730	**760**	1,815
Change in non-cash working capital and foreign exchange	**(42,807)**	5,915	**(40,279)**	(6,477)
Cash provided by (used in) operating activities	**(20,076)**	58,864	**6,492**	97,497
Cash used in investing activities	**(6,973)**	(10,272)	**(18,415)**	(24,317)
Cash used in financing activities	**(30,916)**	(51,586)	**(35,351)**	(70,304)
Foreign exchange gain (loss) on foreign cash and cash equivalents	**3,701**	(4,437)	**(965)**	(3,916)
Net increase in cash and cash equivalents	**(54,264)**	(7,431)	**(48,239)**	(1,040)
Cash and cash equivalents at beginning of period	**256,013**	85,323	**249,988**	78,932
Cash and cash equivalents at end of period	**201,749**	77,892	**201,749**	77,892

4.1 Cash provided by operating activities

Second Quarter 2010 versus Second Quarter 2009

Cash used in operating activities was $20.1 million for the three months ended June 30, 2010, compared to cash provided by operating activities of $58.9 million for the three months ended June 30, 2009. The decrease of $78.9 million was primarily due to a decrease in net income for the period of $23.8 million, non-cash items of $3.6 million, and movement in non-cash working capital and foreign exchange. Net income decreased mainly due to the decline in revenue as discussed in section 3.2 - Consolidated Information. Non-cash items decreased mainly as a result of a decrease in amortization of property, plant and equipment, changes in future income taxes and gains from the sale of property, plant and equipment. During the quarter, the investment in non-cash working capital and foreign exchange increased primarily as a result of a reduction in accounts payable, accrued liabilities, and deferred revenue.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

Cash provided by operating activities decreased by $91.0 million from $97.5 million for the six months ended June 30, 2009, to $6.5 million for the six months ended June 30, 2010. The decrease was primarily due to a decrease in net income for the period of $45.3 million, non-cash items of $10.4 million and movement in non-cash working capital and foreign exchange. Net income decreased mainly due to the decline in revenue as discussed in section 3.2 - Consolidated Information. Non-cash items decreased mainly as a result of a decrease in amortization of property, plant and equipment, changes in future income taxes and gains from the sale of property, plant and equipment. The non-cash working capital and foreign exchange increased for the same reasons as described above.

4.2 Cash used in investing activities

Second Quarter 2010 versus Second Quarter 2009

Cash used in investing activities decreased by $3.3 million from $10.3 million during the second quarter of 2009 to $7.0 million during the second quarter of 2010 mainly due to the sale of $3.4 million of property, plant and equipment in the second quarter of 2010 and the increase in long-term notes receivable of $4.3 million during the second quarter of 2009.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

Cash used in investing activities decreased by $5.9 million from $24.3 million during the first half of 2009 to $18.4 million during the first half of 2010 mainly due to the sale of property, plant and equipment and the decrease in long-term notes receivable as described above.

4.3 Cash used in financing activities

Second Quarter 2010 versus Second Quarter 2009

Cash used in financing activities decreased by $20.7 million from $51.6 million during the second quarter of 2009 to $30.9 million during the second quarter of 2010, mainly due to the reduction in dividends paid to shareholders in the amount of $17.7 million that related to the special dividend paid in 2009.

Six Months ended June 30, 2010 versus Six Months ended June 30, 2009

Cash used in financing activities decreased by $35.0 million from $70.3 million during the first half of 2009 to $35.4 million during the first half of 2010, due to the reduction in dividend payments as described above and the repayment of some of the Company's line of credit balances in the amount of $14.7 million in the first quarter of 2009.

4.4 Liquidity and capital resource measures

Trade Accounts Receivables- net

The following table sets forth the Company's trade accounts receivable – net balance and days' sales outstanding in trade accounts receivables ("DSO") as at:

	June 30, 2010	December 31, 2009	Change
Trade accounts receivables – net	$ **170,980**	$ 176,152	$ (5,172)
DSO[(a)]	**66**	61	

(a) DSO is the average number of days that trade accounts receivables- net are outstanding based on a 90 day cycle. See section 10 - Reconciliation of non-GAAP measures for additional information with respect to DSO.

Trade accounts receivables-net decreased by $5.1 million from $176.1 million as at December 31, 2009 to $171.0 million as at June 30, 2010, primarily as result of lower sales volumes in the second quarter of 2010 compared to the fourth quarter of 2009. DSO increased by 5 days in the second quarter of 2010 compared to the fourth quarter of 2009 with the decline in trade accounts receivables - net due to the timing of the collection of receivables.

Inventories

The following table sets forth the Company's inventories balance as at:

	June 30, 2010	December 31, 2009	Change
Inventories	**$ 117,285**	$ 109,379	$ 7,906

The inventories account balance increased by $7.9 million from $109.4 million as at December 31, 2009 to $117.3 million as at June 30, 2010, mainly due to a buildup of inventory in the pipeline segment of approximately $5.2 million in Asia Pacific and $3.0 million in EMAR. The inventories balance mostly consists of raw materials purchased in advance of project execution. Raw materials as a percentage of total inventories was 61% as at June 30, 2010, and was 7% lower when compared to December 31, 2009.

Accounts payable and accrued liabilities

The following table sets forth the Company's accounts payable and accrued liabilities balance and days' of purchases outstanding in accounts payable and accrued liabilities ("DPO") as at:

	June 30, 2010	December 31, 2009	Change
Accounts payable and accrued liabilities	**$ 117,265**	$ 133,331	$ (16,066)
DPO[a]	**74**	78	

(a) DPO is the average number of days from when purchased goods and services are received until payment is made to the suppliers based on a 90 day cycle. See section 10 - Reconciliation of non-GAAP measures, for additional information with respect to DPO.

Accounts payable and accrued liabilities decreased to $117.3 million as at June 30, 2010 from $133.3 million as at December 31, 2009, a decrease of $16.0 million. DPO decreased by 4 days in the second quarter of 2010 compared to the fourth quarter of 2009, mainly as a result of the reduction in business activity levels as measured by cost of goods sold in the second quarter of 2010 compared to the fourth quarter of 2009.

Working Capital

The following table presents key working capital measures utilized by the Company to monitor liquidity as at:

	June 30, 2010	December 31, 2009	Change
Operating working capital[a]	**$ 111,170**	$ 79,573	$ 31,597
Working capital ratio[b]	**2.18**	2.10	

(a) Operating working capital is defined as working capital minus cash and cash equivalents, bank indebtedness, the current portion of long-term debt and working capital related to discontinued operations. Refer to section 10 - Reconciliation of non-GAAP measures, for additional information with respect to operating working capital.
(b) Working capital ratio is defined as current assets divided by current liabilities.

The operating working capital increased by $31.6 million from $79.6 million as at December 31, 2009, to $111.2 million as at June 30, 2010, due to higher levels of inventory and significant reductions in accounts payable, accrued liabilities and deferred revenue.

4.5 Credit Facilities

The following table presents the Company's total credit facilities as at:

		June 30, 2010		December 31, 2009
Total available credit facilities	**$**	**250,008**	$	251,856
Standby letters of credit for performance, bid and surety bonds[(a)]		**76,866**		61,835
Unutilized credit facilities	**$**	**173,142**	$	190,021

See section 5 – Off-Balance Sheet Arrangements, for additional information with respect to the Company's various bonds.

Senior Notes

On June 27, 2003, the Company entered into an agreement for the issue and sale, at par, on a private placement basis to institutional investors, of U.S.$75.0 million of Senior Notes due June 30, 2011. Under the terms of the agreement, the Company is required to repay the Senior Notes in three equal installments of U.S.$25.0 million on June 30, 2009, 2010 and 2011. On June 30, 2009, the Company made the first repayment of U.S.$25.0 million (CDN$28.7 million at the then current exchange rate). On June 30, 2010, the Company made the second repayment of U.S.$25.0 million (CDN$26.0 million) (the "Second Repayment"). As at June 30, 2010, U.S.$25.0 million (CDN$26.0 million) of the Senior Notes were outstanding, all of which has be
en classified as current portion of long-term debt.

The Company's Senior Notes and associated interest expense are denominated in U.S. dollars. Fluctuations in the exchange rate between the Canadian and U.S. dollar impacts the carrying value of the Senior 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 ("Net Investment"). After the Second Repayment, the remaining balance of the Senior Notes of U.S.$25.0 million (CDN$26.0 million) was hedged against the Net Investment. Foreign exchange gains and losses from the hedged portion of the Senior Notes are not included in the consolidated statement of income, but are shown in accumulated other comprehensive income.

Debt Covenants

Under the terms of the Company's credit facilities and long-term debt agreements, the Company must maintain the following:

- Fixed Charge Coverage Ratio of more than 2.5 to 1; and
- Debt to total capitalization ratio of less than 0.45 to 1.

The Company was in compliance with the debt covenants detailed above as at June 30, 2010. These debt covenants are non-GAAP measures and should not be considered as an alternative to net income or any other measure of performance under GAAP. See section 10 - Reconciliation of non-GAAP measures, for additional information with respect to these debt covenants.

4.6 Future uses of liquidity

Commitments and Contingencies

As part of the Company's normal operations, it often enters into contracts, such as leases and purchase contracts, which obligate the Company to make disbursements in the future. The contractual cash obligations for leases and purchase commitments as at June 30, 2010 remained substantially unchanged from the amount disclosed as at December 31, 2009 in the Company's 2009 Annual Report.

The Company expects to have sufficient financial capacity to meet all contractual obligations as and when they become due.

Litigation Matters

In the ordinary course of business activities, the Company may be contingently liable for litigation and claims with customers, suppliers and other third parties. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not possible to estimate the extent of potential costs and losses, if any, management believes, but can provide no assurance, that the ultimate resolution of such contingencies would not have a material adverse effect on the consolidated financial position of the Company.

4.7 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. Refer to note 15 of the accompanying unaudited consolidated financial statements for additional information with respect to the Company's financial risk management.

4.8 Outstanding share capital

As at June 30, 2010, the Company had 57,507,239 Class A shares outstanding and 13,059,973 Class B shares outstanding. In addition, as at June 30, 2010, the Company had stock options, employee share units and deferred share units outstanding to purchase up to 2,957,537 Class A shares.

5. Forward-Looking Information

This document includes certain statements that reflect management's expectations and objectives for the 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, 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.

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; 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 the following: 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 August 6, 2010 at 10:00 am EDT to discuss the Company's second quarter 2010 financial results. Please visit our website at www.shawcor.com for further details.

For further information, please contact:

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Vice President, Finance and CFO
Telephone: 416.744.5818
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website: www.shawcor.com

SHAWCOR LTD.

CONSOLIDATED BALANCE SHEETS (UNAUDITED)

(in thousands of Canadian dollars)

As at	June 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents [note 4]	**$ 201,749**	$ 249,988
Accounts receivable	**190,774**	191,821
Taxes receivable	**8,924**	14,055
Inventories	**117,285**	109,379
Prepaid expenses	**13,995**	14,392
Derivative financial instruments [note 15]	**1,058**	1,782
Current future income taxes	**4,762**	4,668
	538,547	586,085
Property, plant and equipment, net	**263,253**	270,219
Intangible assets [note 5]	**60,594**	62,784
Future income taxes	**40,539**	36,249
Derivative financial instruments [note 15]	**171**	39
Other assets [note 6]	**16,358**	16,152
Goodwill	**209,173**	214,449
TOTAL ASSETS	**$ 1,128,635**	$ 1,185,977
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	**$ 117,265**	$ 133,331
Taxes payable	**41,926**	42,971
Deferred revenue	**61,184**	75,100
Derivative financial instruments [note 15]	**542**	510
Current portion of long-term debt [note 7]	**26,043**	26,235
Current obligations under capital lease	**385**	371
	247,345	278,518
Long-term debt [note 7]	**–**	26,052
Obligations under capital lease	**420**	492
Derivative financial instruments [note 15]	**418**	–
Future income taxes	**79,427**	76,552
Other non-current liabilities [note 8]	**14,692**	13,941
TOTAL LIABILITIES	**342,302**	395,555
Shareholders' Equity		
Capital stock [note 10]	**205,202**	204,151
Contributed surplus [note 11]	**18,227**	17,277
Retained earnings	**706,618**	695,800
Accumulated other comprehensive loss [note 12]	**(143,714)**	(126,806)
TOTAL SHAREHOLDERS' EQUITY	**786,333**	790,422
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 1,128,635**	$ 1,185,977

SHAWCOR LTD.

CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

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

	Three Months ended June 30,		Six Months ended June 30,	
	2010	2009	**2010**	2009
Revenue	**$ 234,546**	$ 312,791	**$ 459,118**	$ 620,255
Cost of goods sold	**141,793**	184,039	**280,207**	367,988
Gross profit	**92,753**	128,752	**178,911**	252,267
Selling, general and administrative expenses	**57,200**	55,881	**112,335**	111,455
Research and development expenses	**2,656**	2,096	**5,280**	4,716
Foreign exchange losses	**2,122**	1,556	**702**	185
Amortization of property, plant and equipment	**12,352**	14,653	**24,612**	29,795
Amortization of intangible assets	**1,095**	1,095	**2,190**	2,190
Income from operations	**17,328**	53,471	**33,792**	103,926
Interest income on short term deposits	**312**	81	**539**	316
Interest expense on bank indebtedness	**(323)**	(404)	**(767)**	(975)
Interest expense on long-term debt	**(781)**	(1,249)	**(1,506)**	(2,576)
Income before income taxes	**16,536**	51,899	**32,058**	100,691
Income taxes	**5,659**	17,263	**11,182**	34,514
Net income for the period	**$ 10,877**	**$** 34,636	**$ 20,876**	$ 66,177
Earnings per share [note 17]				
Basic	**$ 0.15**	**$** 0.49	**$ 0.30**	$ 0.94
Diluted	**$ 0.15**	**$** 0.49	**$ 0.29**	$ 0.93
Weighted average number of shares outstanding [000's]				
Basic	**70,558**	70,436	**70,541**	70,428
Diluted	**71,348**	70,794	**71,371**	70,603

SHAWCOR LTD. $

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS (UNAUDITED)

(in thousands of Canadian dollars)

	Three Months ended June 30,		Six Months ended June 30,	
	2010	2009	**2010**	2009
Balance, at beginning of period	**$ 700,944**	$ 628,448	**$ 695,800**	$ 601,407
Net income for the period	**10,877**	34,636	**20,876**	66,177
	711,821	663,084	**716,676**	667,584
Dividends declared	**(5,203)**	(22,855)	**(10,058)**	(27,355)
Balance, at end of period	**$ 706,618**	$ 640,229	**$ 706,618**	$ 640,229

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	Three Months ended June 30,		Six Months ended June 30,	
	2010	2009	**2010**	2009
Net income for the period	**$ 10,877**	$ 34,636	**$ 20,876**	**$** 66,177
Other comprehensive income (loss), net of income taxes:				
Unrealized gain (loss) on translating financial statements of self sustaining foreign operations	**1,284**	(33,438)	**(16,897)**	(25,552)
Loss on translating financial statements of self-sustaining foreign operations transferred to net income in the current period	**–**	678	**–**	678
Gain (loss) on hedges of unrealized foreign currency translation	**(965)**	4,215	**385**	3,488
Income tax expense	**(165)**	(282)	**(396)**	(158)
Unrealized foreign currency translation gain (loss), net of hedging activities	**154**	(28,827)	**(16,908)**	(21,544)
Unrealized loss on available for sale financial assets arising in the period	**–**	–	**–**	(336)
Unrealized gain on available-for-sale financial assets transferred to net income in the current period	**–**	–	**–**	336
Change in unrealized loss on available for sale financial assets	**–**	–	**–**	–
Other comprehensive income (loss)	**154**	(28,827)	**(16,908)**	(21,544)
Comprehensive income for the period	**$ 11,031**	**$** 5,809	**$ 3,968**	**$** 44,633

SHAWCOR LTD.

CONSOLIDATED STATEMENTS OF CASH FLOW (UNAUDITED)

(in thousands of Canadian dollars)

	Three Months ended June 30,		Six Months ended June 30,	
	2010	2009	**2010**	2009
Operating activities				
Net income for the period	**$ 10,877**	$ 34,636	**$ 20,876**	$ 66,177
Add (deduct) items not affecting cash:				
Amortization of property, plant and equipment	**12,352**	14,653	**24,612**	29,795
Amortization of intangible assets	**1,095**	1,095	**2,190**	2,190
Amortization of transaction costs	**(312)**	112	**(201)**	222
Amortization of long-term prepaid expenses	**(41)**	147	**46**	467
Asset retirement obligations expense [note 9]	**607**	672	**970**	2,460
Stock-based compensation [note 14]	**1,397**	774	**2,379**	1,622
Future income taxes	**(108)**	1,087	**(1,273)**	1,650
Loss (gain) on disposal of property, plant and equipment	**(1,033)**	189	**(1,214)**	333
Gain on short-term investments	–	(1,129)	–	(1,129)
Impairment of available-for-sale financial asset	**–**	–	–	336
Settlement of asset retirement obligations [note 9]	**(2,077)**	(17)	**(2,374)**	(1,964)
Change in employee future benefits	**(26)**	730	**760**	1,815
Change in non-cash working capital and foreign exchange	**(42,807)**	5,915	**(40,279)**	(6,477)
Cash provided by (used in) operating activities	**(20,076)**	58,864	**6,492**	97,497
Investing activities				
Purchases of property, plant and equipment	**(10,523)**	(6,031)	**(21,831)**	(20,174)
Proceeds on disposal of property, plant and equipment	**3,420**	7	**3,420**	105
Increase (decrease) in long-term notes receivable	**130**	(4,248)	**(4)**	(4,248)
Cash used in investing activities	**(6,973)**	(10,272)	**(18,415)**	(24,317)
Financing activities				
Decrease in bank indebtedness	**–**	(482)	**–**	(14,729)
Increase (decrease) of capital leases	**61**	–	**(58)**	–
Repayment of long-term debt	**(26,043)**	(28,705)	**(26,043)**	(28,705)
Issuance of shares [note 10]	**269**	456	**808**	485
Dividends paid to shareholders	**(5,203)**	(22,855)	**(10,058)**	(27,355)
Cash used in financing activities	**(30,916)**	(51,586)	**(35,351)**	(70,304)
Foreign exchange gain (loss) on foreign cash and cash equivalents	**3,701**	(4,437)	**(965)**	(3,916)
Net change in cash and cash equivalents for the period	**(54,264)**	(7,431)	**(48,239)**	(1,040)
Cash and cash equivalents, at beginning of period	**256,013**	85,323	**249,988**	78,932
Cash and cash equivalents, at end of period	**$ 201,749**	$ 77,892	**$ 201,749**	$ 77,892