August 10th, 2016

(TSX: SCL)

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES SECOND QUARTER 2016 RESULTS

- Second quarter revenue of $255 million decreased by 30% from the $366 million reported in the first quarter of 2016 and was also 36% lower than the $398 million reported in the second quarter of 2015.
- Adjusted EBITDA in the second quarter of 2016 was a loss of $20.3 million, compared with an income of $36.6 million in the first quarter of 2016 and versus an income of $12.9 million in the second quarter of 2015. Adjusted EBITDA in the second quarter of 2016 includes restructuring charges of $12.6 million.
- Net loss (attributable to shareholders of the Company) in the second quarter of 2016 was $41.7 million (or a loss of $0.65 per share diluted) compared with net income of $7.5 million (or $0.12 per share diluted) in the first quarter of 2016 and a net loss of $8.5 million (or $0.13 per share diluted) in the second quarter of 2015.
- The Company's order backlog was $506 million at June 30, 2016, an increase of 41% from $358 million at March 31, 2016.

Mr. Steve Orr, Chief Executive Officer of Shawcor Ltd. remarked "As expected, Shawcor reported a significant loss in the second quarter as a result of depressed activity levels in all of the Company's global regions. Low commodity prices continue to negatively impact North American well completion activity and global oil and gas development capital spending with a resulting effect on demand for the Company's products and services."

Mr. Orr added "We are confident that the exceptionally low revenue and significant loss reported in the second quarter will be the low point for Shawcor in this cycle. Starting later in the third quarter, we will commence production of the flow assurance scope of work for the Shah Deniz project at our Kabil, Indonesia facility. In the fourth quarter, the ramp up of Shah Deniz production and the start of production for anti-corrosion coating of pipe destined for the Sur de Texas – Tuxpan project, will return Shawcor to operating profitability. In early 2017, we will launch full production of the concrete coating scope of work for the Sur de Texas – Tuxpan project. With an estimated value of in excess of $350 million, the Sur de Texas – Tuxpan project combined with a modest but steady improvement in North American well completion activity is expected to enable the Company to deliver strong growth in financial performance in 2017."

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	**2016**	2015
Revenue	$ **255,359**	$ 398,020	**$ 620,938**	$ 869,960
Gross profit	**70,870**	123,599	**197,805**	292,624
Gross profit %	**27.8%**	31.0%	**31.9%**	33.6%
Adjusted EBITDA[(a)]	**(20,298)**	12,930	**16,332**	87,155
(Loss) Income from Operations	**(40,792)**	(7,078)	**(24,842)**	48,538
Net (Loss) Income for the period[(b)]	$ **(41,678)**	$ (8,538)	**$ (34,217)**	$ 29,236
Earnings (Loss) per share:				
Basic	$ **(0.65)**	$ (0.13)	**$ (0.53)**	$ 0.45
Fully diluted	$ **(0.65)**	$ (0.13)	**$ (0.53)**	$ 0.45

(a) Adjusted EBITDA is a non-GAAP measure calculated by adding back to net (loss) income the sum of net finance costs, income taxes, amortization of property, plant, equipment and intangible assets, gains/losses from assets held for sale, gain from sale of land and impairment of assets. Adjusted EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures provided by other companies. Adjusted EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools. It is also considered important by lenders to the Company. It should not be considered in isolation or used as an alternative to net income or any of the other measures of performance prepared in accordance with GAAP.

(b) Attributable to shareholders of the Company.

1.0 KEY DEVELOPMENTS

Repurchase of US$78 Million of Senior Notes

In April 2016, the Company utilized a portion of its existing cash balances to repurchase approximately US$78 million of its long-term debt (“Senior Notes”) at a purchase price of approximately US$79 million plus accrued interest. The Company had previously announced the repurchase of US$75 million of its Senior Notes and subsequently acquired an additional US$3 million of its Senior Notes.

Amendments to Senior Notes Agreement and Credit Facility

On May 10, 2016, the Company announced that it had entered into amending agreements with its Senior Note holders and the syndicate of lenders under its unsecured bank credit facility (the “Credit Facility”). The principal amendments to the agreements with the Senior Note holders and to the Credit Facility were:

a) an increase in the Company’s permitted Total Debt to EBITDA covenant (the “Leverage Ratio”) (currently a maximum of 3.00 to 1.00) to 4.25 to 1.00 for the fiscal quarters ending September 30, 2016 and December 31, 2016;

b) at the Company’s option, an increase in the Leverage Ratio to 3.75 to 1.00 and 3.5 to 1.00 for the quarters ending March 31, 2017 and June 30, 2017, respectively;

c) increased interest rates and standby and other fees payable to Senior Note holders and under the Credit Facility during any period when the Company is permitted an increased Leverage Ratio (an “Increased Leverage Period”);

d) a reduction in the size of the Credit Facility from US$400 million to US$325 million; and

e) a change to the definition of the Leverage Ratio, which currently permits deductions from Total Debt of up to US$75 million in letters of credit which are performance guarantees ("Performance Guarantees"), to permit deduction from Total Debt of up to US$100 million in Performance Guarantees on a permanent basis and up to US$150 million in Performance Guarantees on a temporary basis during any Increased Leverage Period.

Sur de Texas – Tuxpan Contract Award

On June 8, 2016, the Company announced that it had been awarded a conditional contract with a value in excess of C$300 million from Infraestructura Marina del Golfo (IMG), a Mexican company majority-owned by TransCanada Corporation and partially owned by IEnova, for pipeline coating for the CFE Sur de Texas – Tuxpan gas pipeline project, a 690 km offshore pipeline that will run from the USA/Mexico international border near Brownsville, Texas to a location near Tuxpan, Mexico. The contract has since been finalized and is scheduled to be executed from 2 coating plants in Altamira, Mexico and involves the application of concrete weight coating. Coating is expected to commence in early 2017 with completion expected by the end of 2017.

The Company has also received a letter of intent for a portion of the anti corrosion coating of pipe destined for the Sur de Texas – Tuxpan pipeline. Including the anti corrosion coating, the Sur de Texas – Tuxpan project has an estimated revenue value to Shawcor in excess of $350 million.

1.1 OUTLOOK

The decline in global oil and gas prices continues to negatively impact demand for the Company's products and services in two ways. First has been the reduction in expenditures by customers on the drilling and completion of wells which has affected the Pipeline and Pipe Services Segment - North America region. The second impact of lower energy or oil and gas prices has been the curtailment in large oil and gas greenfield development projects which in turn has impacted the international regions of the Pipeline and Pipe Services Segment. These trends culminated in the Company's very weak financial performance in the second quarter.

In the third quarter, performance will benefit from the launch of flow assurance gathering line coating for the Shah Deniz project at the Kabil, Indonesia facility and a modest improvement in North American well completion activity. A return to profitable levels of operating activity is expected for the fourth quarter when the Shah Deniz flow assurance project will be in full production and anti-corrosion coating of pipe destined for the Sur de Texas – Tuxpan project in Mexico commences. In the first quarter of 2017, Shawcor will reach full production on the concrete coating scope of work for the Sur de Texas – Tuxpan project. The Sur de Texas – Tuxpan pipeline project, with an estimated value of in excess of $350 million, combined with a modest but steady improvement in North American well completion activity, is expected to enable the Company to deliver strong growth in financial performance in 2017.

Despite the environment of continued low global oil and gas prices, the Company does note that certain long term natural gas pipeline infrastructure projects are continuing to be approved for development by project sponsors. This is particularly the case where the construction of the infrastructure supports the supply of natural gas for domestic consumption. The Sur de Texas – Tuxpan project in Mexico is an example of this trend. Other projects with similar supply/demand characteristics are currently being bid and the Company believes that many of these projects will be developed over time. This, combined with the expectation that North American oilfield activity will stabilize and slowly recover, creates the potential for an improved outlook beyond 2017.

Further detail on the outlook for the Pipeline and Pipe Services segment by region and in the Petrochemical and Industrial segment is set out below.

Pipeline and Pipe Services Segment - North America

Shawcor's North American Pipeline segment businesses continue to be impacted by the reduction in well completion activity in North America which has reduced demand for small diameter pipe coating and joint protection, composite pipe for gathering line applications, OCTG pipe inspection and refurbishment and gathering line girth weld inspection. Demand for these products and services is not expected to begin to recover until global oil prices exhibit sustained increases and the number of wells drilled and completed begins to increase. Some improvement is possible in the second half of 2016 but more likely, a sustained improvement in demand will not happen until 2017 at the earliest.

Also contributing to an expected decline in revenue and earnings in the Company's North American Pipeline segment during 2016 will be a slowdown in the build of new large diameter transmission pipeline infrastructure, partially as a result of regulatory delays and partially due to capital expenditure constraints by pipeline operators. This weakness is expected to continue throughout the second half of 2016.

Pipeline and Pipe Services Segment - Latin America

Consistent with all of the Company's Pipeline segment regions, lower spending on oil and gas infrastructure by our clients will translate into a reduction in new project activity in 2016. In 2017, the recent award of the Sur de Texas – Tuxpan project in Mexico, with an estimated value in excess of $350 million, provides confidence that that revenue in the region will recover strongly and provide a strong source for improved Shawcor financial performance.

Pipeline and Pipe Services Segment – Europe, Middle East, Africa and Russia ("EMAR")

The completion of the concrete coating scope of work of the Shah Deniz project and the two South Stream pipe coating projects has translated into a decline in activity in the EMAR region that is expected to continue in the second half of 2016. Beyond 2016, the potential exists for an improvement in revenue should the Company be successful in securing work that is currently being tendered, however the timing and likelihood of projects proceeding is subject to continued uncertainty as pipeline operators continue to defer capital spending projects, particularly those that involve greenfield offshore oil developments.

Pipeline and Pipe Services Segment - Asia Pacific

In the second half of 2016, the Company is expecting revenue growth in the Asia Pacific region based on booked orders for the flow assurance scope of work for the Shah Deniz project and the commencement of anti-corrosion coating for pipe destined for Mexico for the Sur de Texas – Tuxpan project. Beyond 2016, the Asia Pacific region is subject to the same uncertainty regarding project timing as noted for the EMAR region above.

Petrochemical and Industrial Segment

Shawcor's Petrochemical and Industrial segment businesses continue to deliver steady growth in revenue and earnings based on consistent demand growth in the North American and European automotive, industrial and nuclear refurbishment markets served by the segment. This trend is expected to continue in the second half of 2016 and beyond with the segment targeting increased revenue growth in 2017 as new capacity for control cable and sealing and insulation products enter production.

Order Backlog

The Company's order backlog consists of firm customer orders only and represents the revenue the Company expects to realize on booked orders over the succeeding twelve months. The Company reports the twelve month billable backlog because it provides a leading indicator of significant changes in consolidated revenue. The order backlog at June 30, 2016 of $506 million improved by 41% from $358 million at March 31, 2016. The increase in the backlog is due primarily to the award of the Sur de Texas – Tuxpan project in Mexico. This project has an estimated value in excess of $350 million of which approximately 30% is included in the backlog at June 30, 2016 with the remainder set to enter the backlog between now and December 31, 2016 based on the twelve month forecast production.

In addition to the backlog, the Company closely monitors its bidding activity and the value of outstanding firm bids is currently approximately $700 million. In addition, the Company has provided budgetary estimates and is currently working with customers on projects with aggregate values of in excess of $1 billion. Although the value of firm bids has declined following the award of the Sur de Texas – Tuxpan and Nordstream 2 projects, the total level of project activity that the Company is pursuing is very high and provides a basis for potential backlog growth in 2017 and beyond.

2.0 CONSOLIDATED INFORMATION AND RESULTS FROM OPERATIONS

2.1 Revenue

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

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Pipeline and Pipe Services	**$ 206,990**	$ 316,980	$ 352,337	**$ 523,970**	$ 781,151
Petrochemical and Industrial	**48,818**	48,873	45,844	**97,691**	90,084
Elimination[a]	**(449)**	(274)	(161)	**(723)**	(1,275)
Consolidated	**$ 255,359**	$ 365,579	$ 398,020	**$ 620,938**	$ 869,960

(a) Represents the elimination of the inter-segment sales between the Pipeline and Pipe Services segment and the Petrochemical and Industrial segment.

Second Quarter 2016 versus First Quarter 2016

Consolidated revenue decreased 30%, or $110.2 million, from $365.6 million during the first quarter of 2016 to $255.4 million during the second quarter of 2016, mainly due to a decrease of $110.0 million in the Pipeline and Pipe Services segment.

Revenue decreased by 35% in the Pipeline and Pipe Services segment, or $110.0 million, from $317.0 million in the first quarter of 2016 to $207.0 million in the second quarter of 2016 due to lower activity levels in all regions. See Section 3.1 – Pipeline and Pipe Services Segment for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

In the Petrochemical and Industrial segment, revenue was unchanged in the second quarter of 2016, compared to the first quarter of 2016. See Section 3.2 – Petrochemical and Industrial Segment for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Second Quarter 2016 versus Second Quarter 2015

Consolidated revenue decreased by $142.7 million, or 36%, from $398.0 million during the second quarter of 2015, to $255.4 million during the second quarter of 2016, due to a decrease of $145.4 million in the Pipeline and Pipe Services segment, partially offset by an increase of $3.0 million in the Petrochemical and Industrial segment.

In the Pipeline and Pipe Services segment, revenue in the second quarter of 2016 was $207.0 million, or 41% lower than in the second quarter of 2015, due to decreased activity levels in all regions. See Section 3.1 – Pipeline and Pipe Services Segment for additional disclosure with respect to the change in revenue in the Pipeline and Pipe Services segment.

In the Petrochemical and Industrial segment, revenue increased by $3.0 million, or 6%, during the second quarter of 2016 compared to the second quarter of 2015, due to higher activity levels in all regions. See Section 3.2 – Petrochemical and Industrial Segment for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

Six Months ended June 30, 2016 versus Six Months ended June 30, 2015

Consolidated revenue decreased by $249.0 million, or 29%, from $870.0 million for the six month period ended June 30, 2015 to $620.9 million for the six month period ended June 30, 2016, due to a decrease of $257.2 million, or 33%, in the Pipeline and Pipe Services segment, partially offset by an increase of $7.6 million, or 8%, in the Petrochemical and Industrial segment.

Revenue for the Pipeline and Pipe Services segment during the first half of 2016 was $524.0 million, or $257.2 million lower than in the comparable period in 2015, due to lower activity levels in all regions. See Section 3.1 – Pipeline and Pipe Services Segment 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 by $7.6 million in the first half of 2016 compared to the same period in 2015, due to higher activity levels in all regions. See Section 3.2 – Petrochemical and Industrial Segment for additional disclosure with respect to the change in revenue in the Petrochemical and Industrial segment.

2.2 (Loss) Income from Operations

The following table sets forth Operating Income and operating margin for the following periods:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Operating (Loss) Income	**$ (40,792)**	$ 15,950	$ (7,078)	**$ (24,842)**	$ 48,538
Operating Margin[a]	**(16.0)%**	4.4%	(1.8)%	**(4.0)%**	5.6%

(a) Operating Margin is defined as Operating Income divided by revenue and is a non-GAAP measure. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies.

Second Quarter 2016 versus First Quarter 2016

Operating Income decreased by $56.7 million, from an Operating Income of $16.0 million during the first quarter of 2016 to an Operating Loss of $40.8 million in the second quarter of 2016. Operating Income was impacted by a decrease in gross profit of $56.1 million and increases in selling, general and administrative ("SG&A") expenses of $2.2 million, research and development expenses of $0.4 million and impairment charges of $1.4 million. This was partially offset by a decrease in amortization of property, plant, equipment and intangible assets of $0.8 million, an increase in net foreign exchange gain of $2.0 million and a gain on sale of land of $0.5 million.

The decrease in gross profit resulted from a 6.9 percentage point decrease in the gross margin from the first quarter of 2016 and the lower revenue, as explained above. The decrease in the gross margin percentage was primarily due to labour cost inefficiencies due to lower facility utilization and reduced absorption of manufacturing overheads as a result of the decrease in revenue in the Pipeline and Pipe Services segment as well as restructuring charges included in cost of goods sold of $0.5 million.

SG&A expenses increased by $2.2 million, from $83.8 million in the first quarter of 2016 to $86.0 million in the second quarter of 2016, primarily due to restructuring charges of $12.1 million recorded in the second quarter of 2016. The restructuring charges included $7.1 million for employee severance and $5.0 million for plant and office closure and co-location costs. These restructuring costs were partially offset by reductions in personnel related and management incentive compensation expenses of $9.3 million and other costs of $0.6 million.

Second Quarter 2016 versus Second Quarter 2015

Operating Income decreased by $33.7 million, from an Operating Loss of $7.1 million in the second quarter of 2015 to an Operating Loss of $40.8 million during the second quarter of 2016. Operating Income was impacted by decreases in gross profit of $52.8 million and impairment charges of $1.4 million recorded in the second quarter of 2016. This was partially offset by a decrease in SG&A expenses of $17.1 million, a gain on sale of land of $0.5 million and an increase in net foreign exchange gain of $3.2 million.

The decrease in gross profit resulted from a 3.3 percentage point decrease in gross margin and the lower revenue, as explained above. The decrease in the gross margin percentage was primarily attributable to changes in product and project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption compared to the second quarter of 2015, particularly in the Pipeline and Pipe Services segment, which was impacted by low oil and gas prices and a decline in oilfield activity as well as restructuring charges included in cost of goods sold of $0.5 million.

SG&A expenses in the second quarter of 2016 decreased by $17.1 million primarily due to reductions in personnel related and management incentive compensation expenses of $9.7 million, a net reduction in restructuring charges of $2.9 million compared to the second quarter of 2015, a decrease in rental and building costs of $1.4 million, primarily associated with decreased activity in the Asia Pacific region, and $3.0 million in lower bank charges and other costs.

Six Months ended June 30, 2016 versus Six Months ended June 30, 2015

Operating Income decreased by $73.4 million, from an Operating income of $48.5 million in the six month period ended June 30, 2015, to an Operating Loss of $24.8 million in the six month period ended June 30, 2016. Operating Income was impacted by a year over year decrease in gross profit of $94.8 million and increases in amortization of property, plant, equipment and intangible assets of $2.6 million, research and development expenses of $0.4 million, net foreign exchange loss of $1.6 million and impairment charges of $1.4 million. These items were partially offset by a decrease in SG&A expenses of $26.9 million and a gain on sale of land of $0.5 million.

The decrease in gross profit resulted from a 1.8 percentage point decrease in gross margin and the lower revenue, as explained above. The decrease in the gross margin was attributable to changes in product and project mix and labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption compared to the prior year, particularly in the Pipeline and Pipe Services segment, as well as restructuring charges included in cost of goods sold of $0.5 million.

SG&A expenses decreased by $26.9 million in the first six months of 2016 compared to the comparable period in 2015, primarily due to reductions in personnel related and management incentive compensation expenses of $18.2 million, a net reduction in restructuring charges of $2.9 million compared to the first six months of 2015, a decrease in rental and building costs of $1.9 million, primarily associated with decreased activity in the Asia Pacific region, and $3.9 million in lower bank charges and other costs.

2.3 Finance Costs, net

The following table sets forth the components of finance costs, net for the following periods:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Interest income	**$ (183)**	$ (316)	$ (195)	**$ (499)**	$ (395)
Interest expense, other	**1,418**	914	415	**2,332**	1,227
Interest expense on long-term debt	**2,738**	4,146	3,993	**6,884**	7,829
Finance costs, net	**$ 3,973**	$ 4,744	$ 4,213	**$ 8,717**	$ 8,661

Second Quarter 2016 versus First Quarter 2016

In the second quarter of 2016, net finance costs were $4.0 million, compared to a net finance cost of $4.7 million during the first quarter of 2016. The decrease in net finance cost was primarily a result of lower interest expense on long term debt due to the repayment of US$78.2 million in the second quarter of 2016, partially offset by higher interest expense on other bank borrowing and facilities.

Second Quarter 2016 versus Second Quarter 2015

In the second quarter of 2016, net finance costs were $4.0 million, compared to a net finance cost of $4.2 million during the second quarter of 2015. The decrease in net finance cost was primarily a result of lower interest expense on long term debt due to the repayment of US$78.2 million in the second quarter of 2016, partially offset by higher interest expense on other bank borrowing and facilities.

Six Months ended June 30, 2016 versus Six Months ended June 30, 2015

For the six months ended June 30, 2016, net finance costs were flat at $8.7 million, compared to the comparable period in the prior year. Interest expense on long term debt was lower due to the repayment of US$78.2 million in the second quarter of 2016, but was offset by higher interest expense on other bank borrowing and facilities.

2.4 Income Taxes

The following table sets forth the income taxes for the following periods:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Income taxes	**$ (5,826)**	$ 2,598	$ (3,111)	**$ (3,228)**	$ 9,679

Second Quarter 2016 versus First Quarter 2016

The Company recorded an income tax recovery of $5.8 million (12% of loss before income taxes) in the second quarter of 2016, compared to an income tax expense of $2.6 million (24% of income before income taxes) in the first quarter of 2016. The effective rate of tax recovery in the second quarter of 2016 was lower than the Company's expected effective income tax rate of 27%, primarily due to the incurrence of tax losses in jurisdictions where the Company is unable to record a tax benefit.

Second Quarter 2016 versus Second Quarter 2015

The Company recorded an income tax recovery of $5.8 million (12% of loss before income taxes) in the second quarter of 2016, compared to an income tax recovery of $3.1 million (27% of loss before income taxes) in the second quarter of 2015. The effective rate of tax recovery in the second quarter of 2016 was lower than the Company's expected effective income tax rate of 27%, primarily due to the incurrence of tax losses in jurisdictions where the Company is unable to record a tax benefit.

Six Months ended June 30, 2016 versus Six Months ended June 30, 2015

The Company recorded an income tax recovery of $3.2 million (9% of loss before income taxes) during the six-month period ended June 30, 2016, compared to an income tax expense of $9.7 million (24% of income before income taxes) during the six-month period ended June 30, 2015. The Company's rate of tax recovery for the six month period ended June 30, 2016 was lower than the Company's expected effective income tax rate of 27%, primarily due to the incurrence of tax losses in jurisdictions where the Company is unable to record a tax benefit.

2.5 Foreign Exchange Impact

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

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2016	2015	**2016**	2015
U.S. dollar	**1.2916**	1.2373	**1.3304**	1.2326
Euro	**1.4484**	1.3648	**1.4748**	1.3883
British Pounds	**1.8339**	1.8948	**1.8972**	1.8900

The following table sets forth the impact on revenue, Operating Income and net income (attributable to shareholders of the Company), compared with the prior quarter and the prior year period, as a result of foreign exchange fluctuations on the translation of foreign currency operations:

(in thousands of Canadian dollars)	**Q2-2016 Versus Q1-2016**	**Q2-2016 versus Q2-2015**	**Q2-2016 YTD versus Q2-2015 YTD**
Revenue	**(8,635)**	**3,295**	**12,359**
Income from operations	**1,109**	**861**	**(1,567)**
Net income	**745**	**362**	**(1,075)**

In addition to the translation impact noted above, the Company recorded a foreign exchange gain of $0.3 million in the second quarter of 2016 (six months ended June 30, 2016 – loss of $1.4 million), compared to a loss of $2.9 million for the comparable period in the prior year (six months ended June 30, 2015 – a gain of $0.2 million), as a result of the impact of changes in foreign exchange rates on monetary assets and liabilities and short term foreign currency intercompany loans within the group, net of hedging activities.

2.6 Net Income (attributable to shareholders of the Company)

Second Quarter 2016 versus First Quarter 2016

Net income decreased by $49.0 million, from $7.5 million during the first quarter of 2016 to a net loss of $41.5 million during the second quarter of 2016, mainly due to the $56.7 million decline in Operating Income, as explained in section 2.2 above, and due to $2.1 million of costs associated with repaying long term debt. This was partially offset by a reduction in income tax expense of $8.4 million.

Second Quarter 2016 versus Second Quarter 2015

Net income decreased by $33.0 million, from a net loss of $8.5 million during the second quarter of 2015 to a net loss of $41.7 million during the second quarter of 2016, mainly due to the $33.7 million decline in Operating Income, as explained in section 2.2 above, and due to $2.1 million of costs associated with repaying long term debt. This was partially offset by a reduction in income tax expense of $2.7 million.

Six Months ended June 30, 2016 versus Six Months ended June 30, 2015

Net income decreased by $63.3million, from $29.2 million during the six-month period ended June 30, 2015 to a net loss of $34.2 million during the six-month period ended June 30, 2016, mainly due to the $73.4 million decline in Operating Income, as explained in section 2.2 above, and due to $2.1 million of costs associated with repaying long term debt. This was partially offset by a reduction in income tax expense of $12.9 million.

3.0 SEGMENT INFORMATION

3.1 Pipeline and Pipe Services Segment

The following table sets forth, by geographic location, the Revenue, Operating Income and operating margin for the Pipeline and Pipe Services segment for the following periods:

(in thousands of Canadian dollars)	**Three Months Ended**			**Six Months Ended**	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
North America	**$ 99,359**	$ 137,767	$ 162,822	**$ 237,126**	$ 366,459
Latin America	**8,392**	28,147	39,586	**36,539**	77,074
EMAR	**89,802**	128,514	115,653	**218,316**	246,532
Asia Pacific	**9,437**	22,552	34,276	**31,989**	91,086
Total Revenue	**$ 206,990**	$ 316,980	$ 352,337	**$ 523,970**	$ 781,151
Operating (Loss) Income	**$ (42,572)**	$ 16,193	$ 1,905	**$ (26,379)**	$ 57,022
Operating Margin[(a)]	**(20.6%)**	5.1%	0.5%	**(5.0%)**	7.3%

(a) Operating Margin is defined as Operating Income divided by revenue and is a non-GAAP measure. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies.

Second Quarter 2016 versus First Quarter 2016

Second quarter revenue decreased by $110.0 million to $207.0 million, from $317.0 million in the first quarter of 2016. Activity levels were lower in all regions:

- In North America, revenue decreased by $38.4 million, or 28%, as a result of decreased activity levels for small diameter pipe coating and tubular management services in both Canada and in the USA, lower flexible composite pipe volumes, decreased activity levels for large diameter pipe coating and lower pipeline weld inspection services in the USA.

- Latin America revenue decreased by $19.8 million, or 70%, primarily as a result of lower activity levels at the Company’s Argentina facilities and lower volumes at the Veracruz, Mexico facility.

- In EMAR, revenue decreased by $38.7 million, or 30%, primarily due to lower volumes from the Company's Baku, Azerbaijan, Ras Al Khaimah, UAE ("RAK") and Italian facilities. This was partially offset by higher volumes at the Orkanger, Norway facility.

- Asia Pacific revenue decreased by $13.1 million, or 58%, mainly due to lower large project activity levels in Kabil, Indonesia and in Kuantan, Malaysia.

In the second quarter of 2016, the Operating Loss was $42.6 million compared to Operating Income of $16.2 million in the first quarter of 2016, a decrease of $58.8 million. The decrease in Operating Income was primarily due to a decline in gross profit of $59.5 million, due to the reduction in revenue of $110.0 million, as explained above, and a 9.6 percentage point decrease in the gross margin. The decline in gross margin was due to less favourable product and project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption.

Second Quarter 2016 versus Second Quarter 2015

Revenue was $207.0 million in the second quarter of 2016, a decrease of $145.4 million, or 41%, from $352.3 million in the comparable period of 2015. Revenue was negatively impacted by lower activity levels in all regions:

- In North America, revenue decreased by $63.5 million, or 39%, primarily due to lower activity levels of large and small diameter pipe coating activity in both Canada and the USA, decreased revenue from flexible composite pipe sales, a decrease in tubular management services in Canada and decreased land-based pipe weld inspection services revenue in the USA. This was partially offset by the revenue generated by the newly acquired Lake Superior Consulting business.

- In Latin America, revenue decreased by $31.2 million, or 79%, primarily due to decreased activity levels at the Monterrey, Veracruz and Coatzacoalcos, Mexico facilities and the Company's Argentina facilities.

- EMAR revenue decreased by $25.9 million, or 22%, primarily due to lower activity levels at the Company's pipe coating facilities in RAK, on the Shah Deniz project in the Caspian and on field joint projects in the region. This was partially offset by higher activity levels at the Company's Orkanger, Norway, Leith, Scotland and Italian facilities.

- Asia Pacific revenue decreased by $24.8 million, or 72%, due to the lower large project volumes associated with the Company's Kabil, Indonesia and Kuantan, Malaysia facilities.

In the second quarter of 2016, the Operating Loss was $42.6 million compared to Operating Income of $1.9 million in the second quarter of 2015, a decrease of $44.5 million. This reduction was due to a decrease in gross profit of $55.6 million as a result of the decrease in revenue of $145.4 million, as explained above, and a 4.9 percentage point decrease in gross margin. The decline in gross margin was due to unfavourable project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption. This was partially offset by lower SG&A expenses, as explained in section 2.2 above.

Six Months ended June 30, 2016 versus Six Months ended June 30, 2015

Revenue in the Pipeline and Pipe Services segment for the six month period ended June 30, 2016 was $524.0 million, a decrease of $257.2 million, from $781.2 million in the comparable period in the prior year. Segment revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar, as noted in section 2.5 above, but was more than offset by lower activity levels in all regions:

- Revenue in North America decreased by $129.3 million, or 35%, primarily due to lower activity levels of large and small diameter pipe coating activity in both Canada and the USA, decreased revenue from flexible composite pipe sales and a decrease in tubular management services in Canada. This was partially offset by the revenue generated by the newly acquired Lake Superior business.

- In Latin America, revenue was lower by $40.5 million, or 53%, mainly due to lower activity levels in Brazil and lower volumes at the Coatzacoalcos and Monterrey, Mexico facilities and at the Company's Argentina facilities.

- In EMAR, revenue decreased by $28.2 million, or 11%, primarily due to decreased pipe coating activity levels in RAK, Orkanger, Norway, on the Shah Deniz project in the Caspian and on other field joint projects, and decreased pipe weld services in the region. This was partially offset by higher activity levels at the Company's Italian and Leith, Scotland facilities.

- Revenue in Asia Pacific decreased by $59.1 million, or 65%, mainly due to lower volumes associated with large projects at Kuantan, Malaysia and Kabil, Indonesia.

Operating Loss for the six month period ended June 30, 2016 was $26.4 million compared to an Operating Income of $57.0 million for the six month period ended June 30, 2015, a decrease of $83.4 million. The decrease in Operating Income is primarily due to a decline in gross profit of $97.3 million as a result of the decrease in revenue of $257.2 million, as explained above, and a 1.8 percentage point decrease in gross margin. The decline in gross margin was due to unfavourable project mix, labour inefficiencies due to lower facility utilization and reduced manufacturing overhead absorption. This was partially offset by lower SG&A expenses, as explained in section 2.2 above.

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:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
North America	**$ 29,837**	$ 29,611	$ 27,415	**$ 59,448**	$ 52,921
EMAR	**16,277**	16,508	15,780	**32,785**	32,096
Asia Pacific	**2,704**	2,754	2,649	**5,458**	5,067
Total Revenue	**$ 48,818**	$ 48,873	$ 45,844	**$ 97,691**	$ 90,084
Operating Income	**$ 9,751**	$ 7,595	$ 6,971	**$ 17,346**	$ 13,232
Operating Margin[(a)]	**20.0%**	15.5%	15.2%	**17.8%**	14.7%

(a) Operating Margin is defined as Operating Income divided by revenue and is a non-GAAP measure. Non-GAAP measures do not have standardized meanings under GAAP and are not necessarily comparable to similar measures provided by other companies.

Second Quarter 2016 versus First Quarter 2016

Revenue was flat in the second quarter of 2016 at $48.8 million, compared to the first quarter of 2016, due to higher shipments of wire and cable products in North America, offset by lower volumes of heat shrink tubing products in the EMAR region.

Operating Income of $9.8 million in the second quarter of 2016 was $2.2 million, or 28%, higher than in the first quarter of 2016. Operating Income was higher due to an increase in gross profit of $1.4 million as a result of a 2.9 percentage point increase in gross margin, primarily due to favourable product mix and a decrease in SG&A expenses.

Second Quarter 2016 versus Second Quarter 2015

In the second quarter of 2016, revenue was $48.8 million compared to $45.8 million in the second quarter of 2015, an increase of $3.0 million, or 6%. The increase was driven primarily by higher heat shrink tubing product volumes, particularly in the automotive sector, and the favourable impact of foreign exchange on revenue, as noted in section 2.5 above.

Operating Income in the second quarter of 2016 was $9.8 million compared to $7.0 million in the second quarter of 2015, an increase of $2.8 million, or 40%. The increase in Operating Income was due to an increase in gross profit of $2.2 million as a result of a 2.9 percentage point increase in gross margin, primarily due to favourable product mix and higher revenue of $3.0 million, as explained above. In addition, SG&A expenses were lower by $0.7 million.

Six Months ended June 30, 2016 versus Six Months ended June 30, 2015

Revenue increased in the six months ended June 30, 2016 by $7.6 million, or 8%, to $97.7 million compared to the comparable period in 2015, due to increased shipments of wire and cable products in North America, combined with increased heat shrinkable product shipments in North America, EMAR and Asia Pacific and the impact of foreign exchange on revenue, as noted in section 2.5 above.

Operating Income for the six months ended June 30, 2016 was $17.3 million compared to $13.2 million for the six months ended June 30, 2015, an increase of $4.1 million, or 31%. Operating Income was higher due to an increase in gross profit of $2.5 million as a result of the increase in revenue of $7.6 million, as explained above, and lower SG&A expenses.

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 IFRS.

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

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended	
	June 30, 2016	March 31, 2016	June 30, 2015	**June 30, 2016**	June 30, 2015
Loss from operations	**$ (7,327)**	$ (6,125)	$ (13,034)	$ **(13,452)**	$ (21,893)

Second Quarter 2016 versus First Quarter 2016

Financial and corporate costs increased by $1.2 million from $6.1 million during the first quarter of 2016 to $7.3 million in the second quarter of 2016, primarily due to adjustments recorded in the first quarter of 2016 that reduced stock based and long term management compensation expense by $1.4 million to reflect the changing market conditions. Also impacting financial and corporate costs were restructuring costs of $1.4 million in the second quarter of 2016, which were offset by a $0.5 million decrease in legal and professional consulting fees and a $1.5 million decrease in personnel related expenses.

Second Quarter 2016 versus Second Quarter 2015

Financial and corporate costs decreased by $5.7 million from the second quarter of 2015 to $7.3 million in the second quarter of 2016. The decrease was primarily due to a $3.2 million decrease in personnel and management incentive compensation expenses, a $1.7 million decrease in spending on information systems expenses and $1.0 million in facility closing costs recorded in the second quarter of 2015.

Six Months ended June 30, 2016 versus Six Months ended June 30, 2015

Financial and corporate costs decreased by $8.4 million from the six month period ended June 30, 2015 to $13.5 million for the six month period ended June 30, 2016, primarily due to a decrease in personnel and management incentive compensation expenses of $4.1 million, a $4.1 million decrease in information systems expenses and $1.0 million in facility closing costs recorded in the second quarter of 2015. This was partially offset by a $1.2 million increase in legal and professional consulting fees.

4.0 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" and "forward looking statements" (collectively "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, judgements 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 the Outlook section and elsewhere in respect of, among other things, the achievement of key performance objectives, the incurrence of additional capital expenditures as necessary to facilitate growth in new markets, the timing of major project activity, including the commencement of the Sur de Texas – Tuxpan contract, the decline in consolidated revenues and earnings in 2016 from 2015 levels, the reduced activity levels and the decline in revenue and earnings in the Pipeline and Pipe Services segment of the Company's business and the timing of recovery in respect thereof, the growth in revenue and earnings in the Petrochemical and Industrial segment of the Company's business, the sufficiency of resources, capacity and capital to meet market demand, to meet contractual obligations, to continue to comply with its debt covenants and to execute the Company's development and growth strategy, the sufficiency of the Company's human resources, systems and processes to operate its business and execute its strategic plan, the impact of the existing order backlog and other factors on the Company's revenue and Operating Income in 2016, the impact of global economic activity on the demand for the Company's products, the impact of the decline in global oil and gas commodity prices on the level of industry investment in oil and gas infrastructure, the impact of changing energy demand, supply and prices, the impact and likelihood of changes in competitive conditions in the markets in which the Company participates, the adequacy of the Company's existing accruals in respect of taxes, environmental compliance and in respect of litigation matters and other claims generally, the level of payments under the Company's performance bonds, the outcome of the Company's outstanding bids 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: the impact on the Company of reduced demand for its products and services, including the suspension or cancellation of existing contracts, as a result of lower investment in global oil and gas extraction and transportation activity following the declines in the global price of oil and gas and as a result of delays in obtaining regulatory approvals; long term changes in global or regional economic activity and changes in energy supply and demand, which impact on the level of global pipeline infrastructure construction; exposure to product and other liability claims; shortages of or significant increases in the prices of raw materials used by the Company; 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 those in respect of global oil and gas prices, declines in expenditures on oil and gas infrastructures, modest global economic growth, the Company's ability to execute projects under contract, the Company's success in existing and future contract bids, the continued supply of and stable pricing for commodities used by the Company, the availability of personnel resources sufficient for the Company to operate its businesses, the maintenance of operations in major oil and gas producing regions and the ability of the Company to satisfy all covenants under its Credit Facilities and the Senior Notes. 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. The Company 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.

To the extent any forward looking information in this document constitutes future oriented financial information or financial outlooks, within the meaning of securities laws, such information is being provided to demonstrate the potential of the Company and readers are cautioned that this information may not be appropriate for any other purpose. Future oriented financial information and financial outlooks, as with forward looking information generally, are based on the assumptions and subject to the risks noted above.

ShawCor will be hosting a Shareholder and Analyst Conference Call and Webcast on Thursday August 11th, 2016 at 10:00AM ET, which will discuss the Company's Second Quarter Financial Results.

To participate via telephone, please dial **1-315-625-6955** or **1-877-776-4039** – Conference Call ID: **54733972**; alternatively, please go to the following website address to participate via webcast: http://edge.media-server.com/m/p/aepg4wjy

5.0 Additional Information

Additional information relating to the Company, including its Annual Information Form, is available on SEDAR at www.sedar.com.

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

For further information, please contact:

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Shawcor Ltd.
Interim Consolidated Statements of Income (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	**2016**	2015
Revenue				
Sale of products	**$ 63,677**	$ 123,627	**$ 188,592**	$ 258,793
Rendering of services	**191,682**	274,393	**432,346**	611,167
	255,359	398,020	**620,938**	869,960
Cost of Goods Sold and Services Rendered	**184,489**	274,421	**423,133**	577,336
Gross Profit	**70,870**	123,599	**197,805**	292,624
Selling, general and administrative expenses	**86,005**	103,064	**169,836**	196,777
Research and development expenses	**4,722**	4,539	**9,030**	8,612
Foreign exchange losses (gains)	**(274)**	2,920	**1,439**	(177)
Amortization of property, plant and equipment	**14,253**	14,631	**29,082**	28,374
Amortization of intangible assets	**6,038**	5,523	**12,342**	10,500
Gain on sale of land	**(511)**	–	**(511)**	–
Impairment	**1,429**	–	**1,429**	–
(Loss) Income from Operations	**(40,792)**	(7,078)	**(24,842)**	48,538
(Loss) income from investments in associates	**(715)**	(146)	**(1,168)**	(257)
Finance costs, net	**(3,973)**	(4,213)	**(8,717)**	(8,661)
Costs associated with repayment and modification of long-term debt	**(2,061)**	–	**(2,061)**	–
(Loss) Income before Income Taxes	**(47,541)**	(11,437)	**(36,788)**	39,620
Income taxes	**(5,826)**	(3,111)	**(3,228)**	9,679
Net (Loss) Income	**$ (41,715)**	$ (8,326)	**$ (33,560)**	$ 29,941
Net (Loss) Income Attributable to:				
Shareholders of the Company	**$ (41,678)**	$ (8,538)	**$ (34,217)**	$ 29,236
Non-controlling interests	**(37)**	212	**657**	705
Net (Loss) Income	**$ (41,715)**	$ (8,326)	**$ (33,560)**	$ 29,941
Earnings (Loss) per Share				
Basic	**$ (0.65)**	$ (0.13)	**$ (0.53)**	$ 0.45
Diluted	**$ (0.65)**	$ (0.13)	**$ (0.53)**	$ 0.45
Weighted Average Number of Shares Outstanding (000's)				
Basic	**64,589**	64,508	**64,560**	64,503
Diluted	**64,589**	64,738	**64,560**	64,748

Shawcor Ltd.

Interim Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Net (Loss) Income	**$ (41,715)**	$ (8,326)	**$ (33,560)**	$ 29,941
Other Comprehensive Income				
Other Comprehensive (Loss) Income to be Reclassified to Net Income in Subsequent Periods				
Exchange differences on translation of foreign operations	**(9,914)**	(14,762)	**(49,302)**	22,791
Cash flow hedge losses reclassified to net	**1,536**	–	**1,536**	–
Other comprehensive (loss) income attributable to investments in associates	**(66)**	(81)	**(978)**	198
Net Other Comprehensive (Loss) Income to be Reclassified to Net Income in Subsequent Periods	**(8,444)**	(14,843)	**(48,744)**	22,989
Other Comprehensive (Loss not to be Reclassified to Net Income in Subsequent Periods				
Actuarial loss on defined benefit plans	**(9,697)**	–	**(9,697)**	–
Income tax expense	**2,606**	–	**2,606**	–
Net Other comprehensive Loss to be Reclassified to Net Income in Subsequent Periods	**(7,091)**	–	**(7,091)**	–
Other Comprehensive (Loss) Income, Net of Income Tax	**(15,535)**	(14,843)	**(55,835)**	22,989
Total Comprehensive (Loss) Income	**$ (57,250)**	$ (23,169)	**$ (89,395)**	$ 52,930
Comprehensive (Loss) Income Attributable to:				
Shareholders of the Company	**$ (56,881)**	$ (22,637)	**$ (89,177)**	$ 52,600
Non-controlling interests	**(369)**	(532)	**(218)**	330
Total Comprehensive (Loss) Income	**$ (57,250)**	$ (23,169)	**$ (89,395)**	$ 52,930

Shawcor Ltd.

Interim Consolidated Balance Sheets (Unaudited)

(in thousands of Canadian dollars)	June 30, 2016	December 31, 2015
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 115,616**	$ 260,645
Short-term investments	**2,776**	2,954
Accounts receivable	**237,060**	396,974
Income taxes receivable	**32,456**	35,804
Inventories	**127,209**	167,557
Prepaid expenses	**16,534**	20,112
Derivative financial instruments	**4,091**	3,024
	535,742	887,070
Non-current Assets		
Loans receivable	**7,448**	7,908
Property, plant and equipment	**475,865**	485,555
Intangible assets	**216,374**	223,298
Investments in associates	**28,722**	30,868
Deferred income tax assets	**28,206**	27,668
Other assets	**24,984**	26,268
Goodwill	**447,835**	457,070
	1,229,434	1,258,635
	$ 1,765,176	$ 2,145,705
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	**$ 200,889**	$ 295,911
Provisions	**23,243**	25,562
Income taxes payable	**29,468**	34,624
Derivative financial instruments	**1,373**	1,984
Deferred revenue	**29,820**	58,129
Obligations under finance lease	**1,001**	1,176
Other liabilities	**10,205**	23,279
	295,999	440,665
Non-current Liabilities		
Long-term debt	**353,343**	485,147
Obligations under finance lease	**11,659**	12,600
Provisions	**39,609**	44,075
Employee future benefits	**32,349**	21,942
Deferred income tax liabilities	**9,553**	14,898
Other liabilities	**1,682**	1,177
	448,195	579,839
	744,194	1,020,504
Equity		
Share capital	**536,847**	534,484
Contributed surplus	**20,773**	18,638
Retained earnings	**439,174**	492,713
Non-controlling interests	**7,237**	7,455
Accumulated other comprehensive income	**16,951**	71,911
	1,020,982	1,125,201
	$ 1,765,176	$ 2,145,705

Shawcor Ltd.

Interim Consolidated Statements of Changes in Equity (Unaudited)

(in thousands of Canadian dollars)	Share Capital	Contributed Surplus	Retained Earnings	Non-controlling Interests	Accumulated Other Comprehensive Income (Loss)	Total Equity
	$	$	$	$	$	$
Balance – December 31, 2015	534,484	18,638	492,713	7,455	71,911	1,125,201
Net income	–	–	(34,217)	657	–	(33,560)
Other comprehensive income	–	–	–	(875)	(54,960)	(55,835)
Comprehensive income (loss)	–	–	(34,217)	(218)	(54,960)	(89,395)
Issued on exercise of stock options	1,644	–	–	–	–	1,644
Compensation cost on exercised stock options	541	(541)	–	–	–	–
Compensation cost on exercised restricted share units	178	(178)	–	–	–	–
Share-based compensation expense	–	2,854	–	–	–	2,854
Dividends declared and paid to shareholders	–	–	(19,322)	–	–	(19,322)
Balance – June 30, 2016	**536,847**	**20,773**	**439,174**	**7,237**	**16,951**	**1,020,982**
Balance – December 31, 2014	533,660	14,625	433,177	7,254	(8,103)	980,613
Net income	–	–	29,236	705	–	29,941
Other comprehensive income	–	–	–	(375)	23,364	22,989
Comprehensive income	–	–	29,236	330	23,364	52,930
Issued on exercise of stock options	500	–	–	–	–	500
Compensation cost on exercised stock options	195	(195)	–	–	–	–
Compensation cost on exercised restricted share units	119	(119)	–	–	–	–
Share-based compensation expense	–	1,964	–	–	–	1,964
Dividends declared and paid to shareholders	–	–	(19,352)	–	–	(19,352)
Balance – June 30, 2015	534,474	16,275	443,061	7,584	15,261	1,016,655

Shawcor Ltd.

Interim Consolidated Statements of Cash Flows (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	**2016**	2015
Operating Activities				
Net (loss) income	**$ (41,715)**	$ (8,326)	**$ (33,560)**	$ 29,941
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	**14,253**	14,631	**29,082**	28,374
Amortization of intangible assets	**6,038**	5,523	**12,342**	10,500
Amortization of long-term prepaid expenses	**82**	583	**197**	1,077
Impairment	**1,429**	–	**1,429**	–
Decommissioning liabilities expenses	**327**	1,079	**368**	1,190
Other provision expenses	**6,449**	7,465	**8,188**	9,677
Share-based and other incentive based compensation	**2,636**	1,852	**3,876**	3,439
Loss on disposal of property, plant and equipment	**599**	141	**764**	189
Gain on Sale of Land	**(511)**	–	**(511)**	–
Unrealized (gain) loss on derivative financial instruments	**(924)**	3,135	**1,720**	5,831
Loss on investments in associates	**715**	146	**1,168**	257
Deferred income taxes	**(5,098)**	(6,940)	**(10,071)**	(4,865)
Other	**(1,341)**	–	**(1,341)**	–
Settlement of decommissioning liabilities	**(3)**	–	**(6)**	(6)
Settlement of other provisions	**(3,553)**	(1,601)	**(11,292)**	(2,808)
Net change in employee future benefits	**(916)**	(297)	**(313)**	27
Change in non-cash working capital and foreign exchange	**(10,191)**	90,359	**51,988**	41,222
Cash (Used in) Provided by Operating Activities	**(31,724)**	107,750	**54,028**	124,045
Investing Activities				
(Increase) decrease in loans receivable	**–**	(35)	–	4
Decrease (increase) in short-term investments	**2**	(5,767)	**178**	(6,911)
Purchase of property, plant and equipment	**(15,434)**	(13,022)	**(33,395)**	(28,246)
Proceeds on disposal of property, plant and equipment	**2,316**	282	**3,362**	856
Purchase of intangible assets	**–**	(17)	–	(54)
Deferred purchase consideration payment	**–**	(241)	–	(1,305)
Investments in associate	**–**	(3,256)	–	(3,256)
(Increase) decrease in other assets	**(1,888)**	134	**(3,008)**	77
Business acquisition, net of cash acquired	**(6,792)**	–	**(32,331)**	(17,036)
Cash Used in Investing Activities	**(21,796)**	(21,922)	**(65,194)**	(55,871)
Financing Activities				
Decrease in bank indebtedness	**–**	(6,103)	**–**	(4,685)
Decrease in loans payable	**–**	–	**(520)**	(2,513)
Repayment of long term debts	**(101,820)**	–	**(101,820)**	–
Repayment of obligations under finance lease	**(192)**	(77)	**(365)**	(601)
Issuance of shares	**1,112**	456	**1,644**	500
Dividend paid to shareholders	**(9,689)**	(9,677)	**(19,322)**	(19,352)
Cash Used in Financing Activities	**(110,589)**	(15,401)	**(120,383)**	(26,651)
Effect of Foreign Exchange on Cash and Cash Equivalents	**1,548**	(2,677)	**(13,480)**	7,290
Net (decrease) increase in Cash and Cash Equivalents for the Period	**(162,561)**	67,750	**(145,029)**	48,813
Cash and Cash Equivalents - Beginning of Period	**278,177**	97,619	**260,645**	116,556
Cash and Cash Equivalents - End of Period	**$ 115,616**	$ 165,369	**$ 115,616**	$ 165,369