August 7th, 2014

SHAWCOR LTD.
(TSX: SCL)

PRESS RELEASE

SHAWCOR LTD. ANNOUNCES SECOND QUARTER 2014 RESULTS

- Second quarter revenue of $441.4 million was reduced by 3% from the $457.3 million reported in the second quarter a year ago. Revenue was also lower by 8% from the $479.1 million reported in the first quarter of 2014.
- Adjusted EBITDA in the second quarter of 2014 was $82.9 million, a decrease of $18.7 million, or 18%, from the second quarter of 2013 and also lower by $23.3 million or 22%, from the first quarter of 2014.
- Net income (attributable to shareholders of the Company) in the second quarter was $48.0 million (or $0.79 per share diluted) compared with net income of $53.9 million (or $0.90 per share diluted) in the second quarter of the prior year.
- The Company's order backlog increased during the second quarter by 7% to $684 million.

Mr. Steve Orr, Chief Executive Officer of ShawCor Ltd. remarked "As expected, our second quarter 2014 financial results showed a modest reduction over the levels reported in the first quarter of this year and in the second quarter a year ago. This reduction can be primarily attributed to the winding down of large pipe coating project activity in our Asia Pacific region and in particular, the lower production volumes on the Inpex Ichthys Flowlines project."

Mr. Orr added "With most of the pipe coating production associated with the Chevron Wheatstone and Inpex Ichthys projects now complete, we continue to expect that earnings in the second half of this year will decline compared with the performance from the first half. However, we expect that this decline will be temporary. During the second quarter our order backlog continued to grow, reaching $684 million, and bidding activity strengthened with the value of outstanding bids now exceeding $1 billion. These factors, coupled with our completion of the Desert NDT acquisition in July, support the Company's outlook for growth in revenue and earnings in 2015 and beyond."

Selected Financial Highlights

(in thousands of Canadian dollars, except per share amounts and percentages)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
Revenue	$ **441,386**	$ 457,261	**$ 920,468**	$ 911,942
Gross profit	**179,285**	192,245	**377,554**	396,887
Gross profit %	**40.6%**	42.0%	**41.0%**	43.5%
Adjusted EBITDA[(a)]	**82,891**	101,529	**189,037**	205,804
Income from operations	**69,262**	78,536	**158,681**	167,661
Net income for the period[(b)]	$ **47,749**	$ 53,914	**$ 109,896**	$ 124,509
Earnings per share:				
Basic	$ **0.80**	$ 0.91	**$ 1.83**	$ 1.94
Fully diluted	$ **0.79**	$ 0.90	**$ 1.82**	$ 1.91

(a) Adjusted EBITDA is a non-GAAP measure calculated by adding back to net income the sum of net finance costs, income taxes, depreciation/amortization of property, plant, equipment and intangible assets, gains/losses from assets and joint ventures sold and or held for sale and impairment of assets. EBITDA does not have a standardized meaning prescribed by GAAP and is not necessarily comparable to similar measures provided by other companies. EBITDA is used by many analysts in the oil and gas industry as one of several important analytical tools.

(b) Attributable to shareholders of the Company.

1.0 KEY DEVELOPMENTS

Acquisition of Scotia Automated Inspection Service

On April 23, 2014, the Company acquired the assets and business of Scotia Automated Inspection Service ("SAIS"), a provider of Non Destructive Testing ("NDT") services based in the North of Scotland (Inverness). SAIS currently markets its services into the North Sea region – United Kingdom ("UK"), Norway and Netherlands.

SAIS' current offerings include traditional NDT services such as film radiography, manual ultrasonic, magnetic particle and liquid penetrate inspections. The acquisition of the SAIS business will allow the Company's Shaw Pipeline Services ("SPS") division to expand its global offshore pipeline inspection market position by providing SAIS with advanced NDT technologies that further enhance SAIS' relationships with current and new customers.

Acquisition of Desert NDT LLC

On July 8, 2014, the Company announced that it had completed the acquisition of all of the outstanding shares of Desert NDT LLC ("Desert"), first announced on May 8, 2014, for a total consideration of approximately US$260 million, subject to adjustment for changes in working capital. Desert is a Houston-based provider of non-destructive testing ("NDT") services for new oil and gas gathering pipelines and infrastructure integrity management services. Desert operates through 18 branches located in major U.S. oil and gas basins.

The acquisition was funded with cash and through available revolving credit facilities. The transaction is expected to be accretive to ShawCor's earnings per share within the next 12 months.

Mr. Steve Orr, President and CEO of ShawCor stated: "Desert will operate as ShawCor's ninth division and we look forward to working with the Desert team as we advance our integrity management strategy of providing management and data centric solutions for our customer's production, processing and pipeline assets."

Significant Business Contracts

On May 22, 2014, the Company announced its Bredero Shaw pipe coating division, had received a contract with a value of approximately US$70 million from BP Exploration (Shah Deniz) Ltd. for and on behalf of the South Caucasus Pipeline Company Ltd. for coating services for the South Caucasus Pipeline Expansion ("SCPX") project. The objective of the SCPX Project is to expand the capacity of the existing South Caucasus Pipeline system to accommodate additional gas throughput from the Shah Deniz Stage 2 development in the Azerbaijan sector of the Caspian Sea.

This contract involves coating approximately 491km of predominately 48" pipe with 3-Layer Polyethylene and internal flow coating. Coating is expected to commence in 2014 and be completed in late 2015.

On June 30, 2014, the Company announced its Bredero Shaw pipe coating division, had received a contract with a value of approximately US$50 million from Marubeni Sumitomo Consortium for coating services for Line 2 of the South Stream Offshore Pipeline. The South Stream Offshore Pipeline system is comprised of 4 pipelines that will cross the Black Sea and transport gas from Russia to Bulgaria and on to Central and Southern Europe. The contract will be executed at a pipe coating facility in Bredero Shaw's EMAR region.

This contract involves coating approximately 342km of 32" pipe with 3-Layer Polypropylene and internal flow coating. Coating is expected to commence in the third quarter of 2014 and be completed in 2015.

On July 3, 2014, the Company announced that its field-applied pipeline coatings and services division, Canusa-CPS, had received a contract with a value of approximately Cdn $30 million from Saipem SpA to provide field joint coating services for Line 1 of the South Stream Offshore Pipeline.

This contract involves the manufacture of 3-layer polypropylene heat shrink sleeves, and their application on each pipe weld of the 900 km 32" offshore pipeline utilizing the Canusa-CPS patented IntelliCOAT™ automated system. Contract execution is expected to commence in 2014.

Short Form Base Shelf Prospectus For Up To $500 Million of Securities

The Company received a receipt on June 17, 2014, for a final short form base shelf prospectus (the "Shelf Prospectus"). The Company filed the Shelf Prospectus with the securities regulatory authorities in each of the provinces of Canada other than Quebec ("Regulatory Authorities"). The Shelf Prospectus will, subject to compliance with securities regulatory requirements, allow the Company to make one or more offerings of common shares, preferred shares, debt securities, warrants, subscription receipts, share purchase contracts, units or any combination thereof (the "Securities") at any time during the 25-month period for which the Shelf Prospectus remains valid for aggregate gross proceeds of up to $500 million. The specific terms of any Securities to be offered by the Company will be described in one or more prospectus supplements to be filed with the Regulatory Authorities.

The Securities have not been and will not be registered under the United States Securities Act of 1933, as amended, or any state securities laws and may not be offered, sold or delivered within the United States of America and its territories and possessions except in certain transactions exempt from registration requirements.

1.1 OUTLOOK

In the Company's 2013 year end Outlook, the Company stated that it expected revenue and earnings to decrease in 2014 in comparison with the record results of 2013. This expectation was based on the fact that in 2013, revenue from the Company's Asia Pacific region had been enhanced by the execution of the $400 million Inpex Ichthys gas export pipeline project, the largest single project in the Company's history and a project size that will not be replicated in 2014. At the mid-way mark of 2014, the Company is able to update this expectation. Based on the growth that has been reported in the first half of this year in a number of its North American and EMAR business units and the revenue to be generated from the recently acquired Desert NDT business, the Company now expects that consolidated revenue in 2014 on a full year basis, will meet or exceed the level reported in 2013. However, the Company continues to expect that income from operations will lag the prior year as a result of lower margins on the products and services that are growing in volume in comparison with the revenue lost from the decline in large pipe coating project activity in Asia Pacific. 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

In 2014, ShawCor's North American Pipeline segment businesses are expected to generate solid revenue growth over 2013 levels and this expectation for growth has been evident throughout the first half of 2014. Revenue growth in 2014 is being led by increased pipe coating volumes from a full year of production at the Socotherm Gulf of Mexico plant, by increased activity in the US land market for Flexpipe composite pipe, Guardian OCTG pipe inspection and refurbishment, and Shaw Pipeline Services real-time radiography pipeline girth weld inspection. In the second half of 2014, these sources of growth will be enhanced with the consolidation of the results of the newly acquired Desert NDT business. This company has been operating at a trailing twelve month revenue level of in excess of $100 million, a level that will likely expand in 2015 and beyond.

Pipeline and Pipe Services Segment - Latin America

The Company is targeting modest growth in 2014 from Latin America pipe coating operations as a result of increased offshore and large diameter gas transmission pipeline opportunities in Mexico, the launch of insulation coating production at the Socotherm Argentina operation, and an expected increase in revenue in Brazil, where production has commenced on the deepwater insulation coating for flowlines and risers for Petrobras' Sapinhoa field in the Santos basin. In addition, the Company expects to accelerate the shipment of Flexpipe composite pipe to Latin America during the second half of 2014 and is targeting revenue growth of over $15 million from this product line. These sources of revenue growth will partially be offset by the fact that 2013 Latin America revenue had included approximately $55 million from the now completed Technip project that was executed through the deployment of two portable concrete weight coating plants in Trinidad.

Pipeline and Pipe Services Segment - EMAR

In the first half of 2014, the Company's EMAR region has reported solid revenue growth over 2013 levels and this is expected to continue in the second half of the year. Primary drivers of growth will continue to be stronger project revenues from the insulation coating facility in Orkanger, Norway, production on the South Stream Line 1 project at Leith, Scotland and the South Stream Line 2 and SCPX projects at Ras Al Khaimah, UAE, and the ramp up of production at Socotherm's Pozzallo, Sicily pipe coating facility to execute the Moho Nord deepwater insulation project.

Pipeline and Pipe Services Segment - Asia Pacific

In 2013, the Company generated record revenues in the Asia Pacific region as a result of the execution of the Inpex Ichthys gas export pipeline, Chevron Wheatstone export pipeline and flowlines, and Apache Julimar flowlines projects. These projects produced over $510 million in revenue in 2013 and contributed to a level of activity that will decline by at least 50% in 2014. With the completion of most of the pipe coating production on the Inpex Ichthys flowlines project in the first half of this year, we expect to report a decline in Asia Pacific revenue and earnings in the second half of this year. Beyond 2014, the Company remains confident that the Asia Pacific region will continue to provide compelling opportunities, particularly with the emergence of deepwater oil and gas developments that create opportunities for the Company to utilize its operational capability and unique product technologies.

Petrochemical and Industrial Segment

ShawCor's Petrochemical and Industrial segment businesses are significantly exposed to demand in the North American and European automotive, industrial and nuclear refurbishment markets. The Company expects that demand in the global industrial markets served by the Petrochemical and Industrial segment businesses will enable the Company to achieve modest growth in revenue in 2014. Income from operations ("Operating income") growth should exceed revenue growth due to the one-time charges of $3.2 million incurred in 2013 and as a result of improved operational efficiencies associated with the consolidation of production activities at DSG-Canusa's new EMAR facility in Rheinbach, Germany.

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, 2014 increased to $684 million from $642 million at March 31, 2014 and from $617 million at the beginning of the year. The Company has also seen an increase in bidding activity with the value of outstanding firm bids now exceeding $1 billion. The growth in backlog and bidding activity coupled with the acquisition of Desert NDT and increasing activity in a number of the Company's businesses that generate small order and recurring revenues that don't enter the backlog, support the Company's outlook for growth in revenue and earnings in 2015 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, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
Pipeline and Pipe Services	**$ 396,771**	$ 436,799	$ 417,443	**$ 833,570**	$ 834,117
Petrochemical and Industrial	**45,209**	42,927	40,351	**88,137**	78,923
Elimination	**(594)**	(645)	(533)	**(1,239)**	(1,098)
Consolidated	**$ 441,386**	$ 479,081	$ 457,261	**$ 920,468**	$ 911,942

Second Quarter 2014 versus First Quarter 2014

Consolidated revenue decreased 8%, or $37.7 million, from $479.1 million during the first quarter of 2014 to $441.4 million during the second quarter of 2014, due to a decrease of $40.0 million in the Pipeline and Pipe Services segment, partially offset by an increase of $2.3 million in the Petrochemical and Industrial segment.

In the Pipeline and Pipe Services segment, revenue decreased 9%, or $40.0 million, from $436.8 million in the first quarter of 2014 to $396.8 million in the second quarter of 2014 due to lower activity levels in the North America, Latin America and Asia Pacific regions, partially offset by increased revenue in EMAR. 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 higher by $2.3 million, or 5%, in the second quarter of 2014, compared to the first quarter of 2014, mainly due to an increase in revenue of $3.3 million, or 14%, in North America, partially offset by lower activity in the EMAR region. 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 2014 versus Second Quarter 2013

Consolidated revenue decreased by $15.9 million, or 4%, from $457.3 million during the second quarter of 2013, to $441.4 million during the second quarter of 2014, due to a decrease of $20.7 million in the Pipeline and Pipe Services segment, partially offset by an increase of $4.9 million in the Petrochemical and Industrial segment.

In the Pipeline and Pipe Services segment, revenue in the second quarter of 2014 was $396.8 million, or 5% lower than in the second quarter of 2013, due to decreased activity in Asia Pacific, partially offset by higher revenue in EMAR, North America and Latin America. 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 $4.9 million, or 12%, during the second quarter of 2014 compared to the second quarter of 2013, due to higher activity levels in all three 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, 2014 versus Six Months ended June 30, 2013

Consolidated revenue increased by $8.5 million, or 1%, from $911.9 million for the six month period ended June 30, 2013 to $920.5 million for the six month period ended June 30, 2014, due to an increase of $9.2 million, or 12%, in the Petrochemical and Industrial segment, partially offset by a decrease of $0.5 million in the Pipeline and Pipe Services segment.

Revenue for the Pipeline and Pipe Services segment in 2014 was $833.6 million, or $0.5 million lower than in 2013, primarily due to lower activity levels in Asia Pacific and Latin America, partially offset by increased revenue in North America and EMAR. 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 $9.2 million in 2014 compared to 2013, primarily due to higher activity levels in all three 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 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, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
Operating Income	**$ 69,262**	$ 89,419	$ 78,536	**$ 158,681**	$ 167,661
Operating Margin[(a)]	**15.7%**	18.7%	17.2%	**17.2%**	18.4%

(a) Operating Margin is defined as Operating Income divided by revenue.

Second Quarter 2014 versus First Quarter 2014

Operating Income decreased by $20.2 million, from $89.4 million during the first quarter of 2014 to $69.3 million in the second quarter of 2014. Operating Income was impacted by a decrease in gross profit of $19.0 million, an increase in research and development expenses of $1.0 million and a decrease in net foreign exchange gain of

$4.1 million. This was partially offset by decreases in amortization of property, plant, equipment and intangible assets of $3.2 million and selling, general and administrative ("SG&A") expenses of $0.6 million.

The decrease in gross profit resulted from a 1.0 percentage point decrease in the gross margin from the first quarter of 2014 and the lower revenue, as explained above. The decrease in the gross margin percentage was primarily due to unfavourable product and project mix and lower facility utilization and absorption of overheads, mainly as a result of the decrease in revenue in the Pipeline and Pipe Services segment.

SG&A expenses decreased by $0.6 million, from $89.5 million in the first quarter of 2014 to $88.9 million in the second quarter of 2014, primarily due to lower management incentive compensation expenses of $3.2 million and reversal of $1.5 million in provisions due to favourable court decisions on certain litigation matters. This was partially offset by higher personnel related expenses of $1.6 million and an increase in legal and professional consulting fees of $2.0 million.

Second Quarter 2014 versus Second Quarter 2013

Operating Income decreased by $9.3 million, from $78.5 million in the second quarter of 2013 to $69.3 million during the second quarter of 2014. Operating Income was impacted by a decrease in gross profit of $13.0 million, an increase in research and development expenses of $1.0 million, higher SG&A expenses of $0.3 million and a decrease in net foreign exchange gain of $2.2 million. This was partially offset by a decrease in amortization of property, plant, equipment and intangible assets of $5.3 million and a lower loss on assets held for sale of $1.9 million.

The decrease in gross profit resulted from a 1.4 percentage point decrease in gross margin, attributable to changes in product and project mix, compared to the second quarter of 2013, particularly in the Pipeline and Pipe Services segment's Asia Pacific region, which had benefitted from high gross margins on several large concrete weight coating projects in 2013.

SG&A expenses marginally increased by $0.3 million and were impacted by lower management incentive compensation expenses of $3.0 million and the reversal of $2.4 million in provisions due to favourable court decisions and bad debt recoveries. These amounts were offset by higher personnel related expenses of $4.7 million and an increase in rental and building costs of $1.7 million, primarily associated with increased activity in the Europe, Middle East, Africa and Russia ("EMAR") region.

Six Months ended June 30, 2014 versus Six Months ended June 30, 2013

Operating Income decreased by $9.0 million from the six month period ended June 30, 2013 to $158.7 million in the six month period ended June 30, 2014. Operating Income was impacted by a year over year decrease in gross profit of $19.3 million and an increase in research and development expenses of $1.3 million. This was partially offset by decreases in SG&A expenses of $5.2 million and amortization of property, plant, equipment and intangible assets of $3.4 million, a lower loss on assets held for sale of $1.4 million and an increase in net foreign exchange gain of $1.7 million.

The decrease in gross profit resulted from a 2.5 percentage point decrease in gross margin, attributable to changes in product and project mix compared to the prior year, particularly in the Pipeline and Pipe Services segment's Asia Pacific and Latin America regions which had benefitted from high gross margins on several large concrete weight coating projects. This was partially offset by increased gross profit from the higher revenue in the first half of 2014, as explained above.

SG&A expenses decreased by $5.2 million in 2014 compared to 2013, as a result of one time costs of $7.6 million incurred to complete the Company's Plan of Arrangement on March 20, 2013 and related expenses associated with amended executive retirement arrangements of $ 5.0 million incurred in the first quarter of 2013, the reversal of $3.2 million in provisions due to favourable court decisions and bad debt recoveries, combined with lower management incentive compensation expenses of $7.7 million. This was partially offset by increases over the prior year in personnel related costs of $9.7 million, other SG&A expenses due to the acquisition of Socotherm Gulf of Mexico of $2.4 million, legal and professional consulting fees of $2.0 million and rental and building costs primarily associated with pipe storage and increased activity in EMAR of $4.6 million.

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, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
Interest income	**$ (75)**	$ (338)	$ (234)	**$ (413)**	$ (704)
Interest expense, other	**1,412**	829	1,220	**2,241**	2,138
Interest expense on long-term debt	**3,279**	3,236	3,163	**6,515**	3,564
Finance costs, net	**$ 4,616**	$ 3,727	$ 4,149	**$ 8,343**	$ 4,998

Second Quarter 2014 versus First Quarter 2014

In the second quarter of 2014, net finance cost was $4.6 million, compared to a net finance cost of $3.7 million during the first quarter of 2014. The increase in net finance cost was primarily as a result of higher interest expenses on bank loans and overdrafts.

Second Quarter 2014 versus Second Quarter 2013

In the second quarter of 2014, net finance cost was $4.6 million, compared to a net finance cost of $4.1 million during the second quarter of 2013. The increase in net finance cost was primarily as a result of higher interest expenses on bank loans and overdrafts and lower interest income on short term deposits.

Six Months ended June 30, 2014 versus Six Months ended June 30, 2013

For the six months ended June 30, 2014, net finance cost was $8.3 million, compared to a net finance cost of $5.0 million for the comparable period in the prior year. The increase in net finance cost was primarily as a result of higher interest on long-term debt that was issued on March 20, 2013 (“Senior Notes”) and lower interest income on short term deposits.

2.4 Income Taxes

The following table sets forth the income tax expenses for the following periods:

(in thousands of Canadian dollars)	Three Months Ended			Six Months Ended	
	June 30, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
Income tax expense	**$ 17,991**	$ 22,571	$ 21,659	**$ 40,562**	$ 38,738

Second Quarter 2014 versus First Quarter 2014

The Company recorded an income tax expense of $18.0 million (27% of income before income taxes) in the second quarter of 2014, compared to an income tax expense of $22.6 million (27% of income before income taxes) in the first quarter of 2014. The effective tax rate in the second quarter of 2014 was at the Company's expected effective income tax rate of 27%.

Second Quarter 2014 versus Second Quarter 2013

The Company recorded an income tax expense of $18.0 million (27% of income before income taxes) in the second quarter of 2014, compared to an income tax expense of $21.7 million (29% of income before income taxes) in the second quarter of 2013. The Company's tax rate in the second quarter of 2013 was higher than the expected rate of 27% primarily due to the incurrence of tax losses in jurisdictions where the Company was unable to record a tax benefit in the quarter.

Six Months ended June 30, 2014 versus Six Months ended June 30, 2013

The Company recorded an income tax expense of $40.6 million (27% of income before income taxes) during the six-month period ended June 30, 2014, compared to an income tax expense of $38.7 million (24% of income before income taxes) during the six-month period ended June 30, 2013. The Company's tax rate for the six month period ended June 30, 2013 was lower than the expected income tax rate of 27% due to a portion of the Company's taxable income being earned in the Trinidad Free Zone, Asia Pacific, the Middle East and other jurisdictions where the tax rate is 25% or less.

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,**	
	2014	2013	**2014**	2013
U.S. dollar	**1.0896**	1.0279	**1.0942**	1.0195
Euro	**1.4944**	1.3339	**1.4966**	1.3359
British Pounds	**1.8312**	1.5703	**1.8274**	1.5751

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)	**Q2-2014 Versus Q1-2014**	**Q2-2014 versus Q2-2013**	**Q2-2014 YTD versus Q2-2013 YTD**
Revenue	**$ (1,219)**	$ 11,019	$ 29,460
Income from operations	**(64)**	3,561	8,774
Net income	**249**	4,575	9,436

In addition to the translation impact noted above, the Company recorded a foreign exchange loss of $1.0 million in the second quarter of 2014, compared to a gain of $1.2 million for the comparable period in the prior year, 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 2014 versus First Quarter 2014

Net income decreased by $14.0 million, from $61.9 million during the first quarter of 2014 to $47.9 million during the second quarter of 2014, mainly due to the lower Operating Income of $20.2, as explained in section 2.2

above, and higher net finance costs of $0.9 million . This was partially offset by lower income tax expense of $4.6 million and a gain on sale of joint venture of $2.5 million.

Second Quarter 2014 versus Second Quarter 2013

Net income decreased by $6.0 million, from $53.9 million during the second quarter of 2013 to $47.9 million during the second quarter of 2014, mainly due to the $9.3 million decline in Operating Income, as explained in section 2.2 above, and a higher loss on investment in joint ventures of $2.5 million. This was partially offset by lower income tax expense of $3.7 million and a gain on sale of joint venture of $2.5 million.

Six Months ended June 30, 2014 versus Six Months ended June 30, 2013

Net income decreased by $14.6 million, from $124.5 million during the six-month period ended June 30, 2013 to $109.9 million during the six-month period ended June 30, 2014, mainly due to lower Operating Income of $9.0 million as explained above, a higher loss on investment in joint ventures of $3.0 million and higher finance costs of $3.3 million. In addition, the income tax expense for 2014 was higher by $1.8 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, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
North America	**$ 169,870**	$ 189,373	$ 150,151	**$ 359,244**	$ 307,506
Latin America	**40,342**	43,068	36,835	**83,409**	96,597
EMAR	**73,500**	68,748	52,181	**142,247**	86,777
Asia Pacific	**113,059**	135,610	178,276	**248,670**	343,237
Total Revenue	**$ 396,771**	$ 436,799	$ 417,443	**$ 833,570**	$ 834,117
Operating Income	**$ 74,771**	$ 92,184	$ 85,945	**$ 166,954**	$ 195,171
Operating Margin	**18.8%**	21.1%	20.6%	**20.0%**	23.4%

Second Quarter 2014 versus First Quarter 2014

Second quarter revenue decreased by $40.0 million to $396.8 million, from $436.8 million in the first quarter of 2014. Activity levels were lower in all regions except for EMAR:

- In North America, revenue decreased by $19.5 million, or 10%, as a result of lower revenue from Socotherm’s Gulf of Mexico operation, lower activity levels for small diameter pipe coating in both Canada and the USA and lower pipe weld inspection service revenue in the USA. This was partially offset by higher flexible composite pipe volumes and higher large diameter pipe coating in Canada and the USA.

- Latin America revenue decreased by $2.7 million, or 6%, primarily as a result of lower activity at the Coatzacoalcos, Mexico concrete weight coating facility and decreased tubular management services in Mexico, partially offset by increased revenue from the Sapinhoa project in Brazil.

- In EMAR, revenue increased by $4.8 million, or 7%, primarily due to higher volumes at Ras Al Khaimah, UAE (“RAK”) and higher revenue from pipe weld inspection services in the region due to the acquisition of SAIS completed on April 23, 2014, partially offset by decreased activity at Leith, Scotland as the Edvard Grieg project was completed.

- In Asia Pacific, revenue decreased by $22.6 million, or 17%, mainly due to lower activity levels on the Inpex Ichthys flowlines project in Kabil, Indonesia and in Kuantan, Malaysia.

In the second quarter of 2014, Operating Income was $74.8 million compared to $92.2 million in the first quarter of 2014, a decrease of $17.4 million, or 19%. The decrease in Operating Income was due to a lower gross profit of $20.2 million, primarily due to the reduction in revenue of $20.2 million as explained above, and a 0.8 percentage point decrease in the gross margin due to less favourable product and project mix and lower facilities' utilization and the absorption of overheads. The decrease in gross profit was partially offset by the decrease in amortization of property, plant, equipment and intangible assets as explained in section 2.2 above.

Second Quarter 2014 versus Second Quarter 2013

Revenue was $396.8 million in the second quarter of 2014, a decrease of $20.7 million, or 5%, from $417.4 million in the comparable period of 2013. Consolidated revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar as noted in section 2.5 above, combined with higher revenue in North America, Latin America and EMAR, partially offset by lower activity levels in Asia Pacific:

- In North America, revenue increased by $19.7 million, or 13%, primarily due to significantly higher activity levels from Socotherm Gulf of Mexico operations, increased revenue from flexible composite pipe volumes in the USA and increased tubular management services revenue in Canada and the USA, partially offset by lower land based pipe weld inspection services revenue in the USA.

- In Latin America, revenue increased by $3.5 million, or 10%, primarily due to increased activity in Brazil on the Sapinhoa project and increased volumes at the Monterrey, Mexico facility, partially offset by the reduction in revenue from the Technip project in Trinidad, which was completed in 2013.

- EMAR revenue increased by $21.3 million, or 41%, primarily due to higher activity levels at the Company's pipe coating facilities in RAK and from Socotherm's Italian facilities, and higher revenue from pipe weld inspection services due to the acquisition of SAIS in the UK.

- Asia Pacific revenue decreased by $62.5 million, or 37%, due to the lower volumes associated with the Inpex Ichthys gas export pipeline at both Kabil, Indonesia and Kuantan, Malaysia.

In the second quarter of 2014, Operating Income was $74.8 million compared to $85.9 million in the second quarter of 2013, a decrease of $11.2 million, or 13%, due to a reduction in gross profit of $14.6 million as a result of the decrease in revenue of $20.6 million, as explained above, and a 1.4 percentage point decrease in gross margin due to unfavourable project mix, particularly in the Asia Pacific region which had benefitted from high gross margins on several large concrete weight coating projects in 2013. This was partially offset by the decrease in amortization of property, plant, equipment and intangible assets as explained in section 2.2 above.

Six Months ended June 30, 2014 versus Six Months ended June 30, 2013

Revenue in the Pipeline and Pipe Services segment for the six month period ended June 30, 2014 was $833.6 million, a decrease of $0.5 million, from $834.1 million in the comparable period in the prior year. Consolidated revenue benefitted from the impact on translation of foreign operations from the weakening Canadian dollar as noted in section 2.5 above, combined with higher revenue in North America and EMAR, offset by lower activity levels in Asia Pacific and Latin America:

- Revenue in North America increased by $51.7 million, or 17%, primarily due to increased flexible composite pipe volume in the USA, higher revenues for pipe weld inspection services and tubular in the second quarter of 2013.

- In Latin America, revenue was lower by $13.2 million, or 14%, mainly due to lower activity levels on the Technip project in Trinidad, partially offset by increased large project volume in Mexico.

- In EMAR, revenue increased by $55.5 million, or 64%, primarily due to increased pipe coating activity levels in RAK, increased volumes on the execution of the Edvard Greig project at the Leith, Scotland facility and higher activity levels at the Socotherm facilities in Italy.

- Revenue in Asia Pacific decreased by $94.6 million, or 28%, mainly due to lower volumes associated with the Inpex Ichthys gas export pipeline and the Chevron Wheatstone projects at both Kuantan, Malaysia and Kabil, Indonesia.

Operating Income for the six month period ended June 30, 2014 was $167.0 million compared to $195.2 million for the six month period ended June 30, 2013, a decrease of $28.2 million, or 14%. The decrease in Operating Income is primarily due to lower gross profit of $22.4 million driven by a 2.7 percentage point decrease in gross margin due to less favourable project mix, lower facilities utilization and the absorption of overheads, particularly in the Asia Pacific and Latin America regions which had benefitted from high gross margins on several large concrete weight coating projects in 2013.

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, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
North America	**$ 27,286**	$ 24,030	$ 24,611	**$ 51,316**	$ 47,960
EMAR	**16,278**	17,316	14,125	**33,595**	28,093
Asia Pacific	**1,645**	1,581	1,615	**3,226**	2,870
Total Revenue	**$ 45,209**	$ 42,927	$ 40,351	**$ 88,137**	$ 78,923
Operating Income	**$ 7,918**	$ 6,063	$ 5,056	**$ 13,981**	$ 10,07
Operating Margin	**17.5%**	14.1%	12.5%	**15.9%**	12.8%

Second Quarter 2014 versus First Quarter 2014

Revenue increased in the second quarter of 2014 by $2.3 million, or 5%, to $45.2 million, compared to the first quarter of 2014, primarily due to higher shipments of wire and cable products to the North American electrical utilities.

Operating Income of $7.9 million in the second quarter of 2014 was $1.9 million, or 31%, higher than in the first quarter of 2014. The increase in Operating Income was due to higher gross profit of $1.2 million as a result of the higher revenue of $2.3 million, as explained above, and a 1.2 percentage point increase in the gross margin due to favourable product mix and a reduction in SG&A expenses of $0.5 million.

Second Quarter 2014 versus Second Quarter 2013

In the second quarter of 2014, revenue totaled $45.2 million compared to $40.3 million in the second quarter of 2013, an increase of $4.9 million, or 12%. The increase was driven by higher heat shrink tubing product volumes, particularly in the automotive sector, combined with higher shipments of wire and cable products to the North American electrical utilities and the impact of foreign exchange on revenue, as noted in section 2.5 above.

Operating Income in the second quarter of 2014 was $7.9 million compared to $5.1 million in the second quarter of 2013, an increase of $2.9 million, or 57%. The increase in Operating Income was due to higher gross profit of $1.8 million as a result of the increase in revenue of $4.9 million, as explained above, and a 0.7 percentage point increase in gross margin, primarily due to more favourable product mix and the impact of foreign exchange on Operating Income, as noted in section 2.5 above.

Six Months ended June 30, 2014 versus Six Months ended June 30, 2013

Revenue increased in the six months ended June 30, 2014 by $9.2 million, or 12%, to $88.1 million compared to the comparable period in 2013, due to increased shipments of wire and cable products to the North American electrical utilities, combined with increased heat shrinkable product shipments in all three regions and the impact of foreign exchange on revenue, as noted in section 2.5 above.

Operating Income for the six months ended June 30, 2014 was $14.0 million compared to $10.1 million for the six months ended June 30, 2013, an increase of $3.9 million, or 39%. The increase was primarily due to higher gross profit of $3.2 million as a result of the increase in revenue of $9.2 million, as explained above, and a 0.4 percentage point increase in the gross margin due to favourable product mix and the impact of foreign exchange on Operating Income, as noted in section 2.5 above.

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, 2014	March 31, 2014	June 30, 2013	**June 30, 2014**	June 30, 2013
Loss from operations	**$ (12,398)**	$ (11,859)	$ (13,636)	**$ (24,257)**	$ (37,916)

Second Quarter 2014 versus First Quarter 2014

Financial and corporate costs increased by $0.5 million from $11.9 million during the first quarter of 2014 to $12.4 million in the second quarter of 2014, primarily due to higher legal and professional consulting fees of $0.9 million and long term management compensation incentive expenses of $1.8 million. This was partially offset by a decrease in short term management compensation incentive expenses of $1.6 million.

Second Quarter 2014 versus Second Quarter 2013

Financial and corporate costs decreased by $1.2 million from the second quarter of 2013 to $12.4 million in the second quarter of 2014, primarily as a result of lower legal and professional consulting fees of $1.7 million and lower short term management compensation incentive expenses of $1.8 million. This was partially offset by an increase in long term management compensation incentive expenses of $3.2 million.

Six Months ended June 30, 2014 versus Six Months ended June 30, 2013

Financial and corporate costs decreased by $13.7 million from the six month period ended June 30, 2013 to $24.3 million for the six month period ended June 30, 2014, primarily as a result of higher one time costs of $7.6 million incurred to complete the Company's Plan of Arrangement on March 20, 2013 and related expenses associated with amended executive retirement arrangements of $5.0 million incurred in the first quarter of 2013. In addition, management incentive compensation expenses were lower by $2.3 million which were offset by higher personnel related expenses.

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, 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 the Outlook section and elsewhere in respect of, among other things, the timing of major project activity, the sufficiency of resources, capacity and capital to meet market demand, to meet contractual obligations and to execute the Company's development and growth strategy, the impact of the existing order backlog and other factors on the Company's revenue and Operating Income in 2014 and in the longer term, the impact of global economic activity on the demand for the Company's products, the impact of the SAIS acquisition on the market position of the SPS division, the impact of the Desert acquisition on future earnings per share, 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 impact of instability in the Ukraine, Argentina and Venezuela and the adequacy of the Company's existing accruals in respect of environmental compliance and in respect of litigation matters and other claims generally, the level of payments under the Company's performance bonds, the outlook for revenue and Operating Income and the expected development in the Company's order backlog.

Forward looking information involves known and unknown risks and uncertainties that could cause actual results to differ materially from those predicted by the forward-looking information. We caution readers not to place undue reliance on forward looking information as a number of factors could cause actual events, results and prospects to differ materially from those expressed in or implied by the forward looking information. Significant risks facing the Company include, but are not limited to: changes in global or regional economic activity and changes in energy supply and demand, which impact on the level of drilling activity and pipeline construction; exposure to product and other liability claims; 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 under the heading "Risks and Uncertainties" and included in the Company's annual MD&A.

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 continued global economic recovery, increased investment in global energy infrastructure, the Company's ability to execute projects under contract, 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 Friday August 8th, 2014 at 10:00AM EST, which will discuss the Company's second quarter financial results. The Conference call participant dial-in number(s) are: Operator assisted toll-free dial-in number: (888) 231-8191; local dial-in number: (647) 427-7450. Webcast will be available at http://www.media-server.com/m/p/d5vw3anp.

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:

Gary S. Love
Vice President, Finance and CFO
Telephone: 416.744.5818
E-mail: glove@shawcor.com
Website: www.shawcor.com

ShawCor Ltd.

Interim Consolidated Balance Sheets (Unaudited)

(in thousands of Canadian dollars)		**June 30, 2014**		December 31, 2013
ASSETS				
Current Assets				
Cash and cash equivalents	**$**	**49,495**	$	79,395
Short-term investments		**559**		6,618
Loans receivable		**1,889**		1,780
Accounts receivable		**431,810**		363,984
Income taxes receivable		**13,983**		9,919
Inventories		**179,479**		180,876
Prepaid expenses		**29,788**		19,176
Derivative financial instruments		**1,035**		624
		708,038		662,372
Assets held for sale		**36,089**		56,186
		744,127		718,558
Non-current Assets				
Loans receivable		**6,521**		7,462
Property, plant and equipment		**419,054**		413,287
Intangible assets		**126,523**		130,216
Investments in joint ventures		**16,084**		17,276
Investment in associate		**13,665**		–
Deferred income taxes		**32,431**		48,480
Other assets		**28,026**		17,830
Goodwill		**298,162**		298,819
		940,466		933,370
	$	**1,684,593**	$	1,651,928
LIABILITIES AND EQUITY				
Current Liabilities				
Bank indebtedness	**$**	**11,793**	$	5,290
Accounts payable and accrued liabilities		**227,237**		230,974
Provisions		**13,328**		15,971
Income taxes payable		**61,802**		61,911
Derivative financial instruments		**607**		1,632
Deferred revenue		**64,347**		84,396
Obligations under finance lease		**680**		487
Other current liabilities		**24,827**		33,791
		404,621		434,452
Liabilities directly associated with the assets classified as held for sale		**8,606**		16,617
		413,227		451,069
Non-current Liabilities				
Long-term debt		**373,434**		374,381
Obligations under finance lease		**13,164**		13,827
Provisions		**35,180**		37,646
Employee future benefits		**27,010**		25,678
Deferred income taxes		**50,603**		68,857
Other non-current liabilities		**17,175**		21,889
		516,566		542,278
		929,793		993,347
Equity				
Share capital		**310,973**		303,327
Contributed surplus		**13,200**		13,093
Retained earnings		**466,928**		373,574
Non-controlling interests		**2,689**		2,419
Accumulated other comprehensive loss		**(38,990)**		(33,832)
		754,800		658,581
	$	**1,684,593**	$	1,651,928

ShawCor Ltd.
Interim Consolidated Statements of Income (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
Revenue				
Sale of products	**$ 143,257**	$ 113,432	**$ 282,348**	$ 219,289
Rendering of services	**298,129**	343,829	**638,120**	692,653
	441,386	457,261	**920,468**	911,942
Cost of Goods Sold and Services Rendered	**262,101**	265,016	**542,914**	515,055
Gross Profit	**179,285**	192,245	**377,554**	396,887
Selling, general and administrative expenses	**88,861**	88,569	**178,327**	183,488
Research and development expenses	**5,136**	4,112	**9,310**	8,051
Foreign exchange losses (gains)	**1,029**	(1,171)	**(2,002)**	(333)
Amortization of property, plant and equipment	**12,277**	17,614	**27,736**	31,829
Amortization of intangible assets	**2,789**	2,790	**5,571**	4,899
(Gain) loss on assets held for sale	**(69)**	1,795	**(69)**	1,292
Income from Operations	**69,262**	78,536	**158,681**	167,661
Gain on sale of joint ventures	**2,456**	–	**2,456**	–
Gain (loss) on investment in associate	**327**	–	**(35)**	–
(Loss) income on investment in joint ventures	**(1,695)**	794	**(2,847)**	123
Finance costs, net	**(4,616)**	(4,149)	**(8,343)**	(4,998)
Income before Income Taxes	**65,734**	75,181	**149,912**	162,786
Income taxes	**17,991**	21,659	**40,562**	38,738
Net Income for the Period	**$ 47,743**	$ 53,522	**$ 109,350**	$ 124,048
Net Income Attributable to:				
Shareholders of the Company	**$ 47,949**	$ 53,914	**$ 109,896**	$ 124,509
Non-controlling interests	**(206)**	(392)	**(546)**	(461)
Net Income for the Period	**$ 47,743**	$ 53,522	**$ 109,350**	$ 124,048
Earnings per Share				
Basic	**$ 0.80**	$ 0.91	**$ 1.83**	$ 1.94
Diluted	**$ 0.79**	$ 0.90	**$ 1.82**	$ 1.91
Weighted Average Number of Shares Outstanding (000's)				
Basic	**60,190**	59,404	**60,116**	64,192
Diluted	**60,647**	60,118	**60,506**	65,032

ShawCor Ltd.

Interim Consolidated Statements of Comprehensive Income (Unaudited)

(in thousands of Canadian dollars)		Three Months Ended June 30,				Six Months Ended June 30,		
		2014		2013		**2014**		2013
Net Income for the Period	**$**	**47,743**	$	53,522	**$**	**109,350**	$	124,048
Other comprehensive loss to be reclassified to net income in subsequent periods:								
Exchange differences on translation of foreign operations		**(13,116)**		(2,592)		**(5,997)**		3,473
Other comprehensive income (loss) attributable to investment in associate		**1,228**		157		**1,655**		(292)
Loss on cash flow hedge		**–**		–		**–**		(6,880)
Net other comprehensive loss to be reclassified to net income in subsequent periods		**(11,888)**		(2,435)		**(4,342)**		(3,699)
Other Comprehensive Loss, Net of Income Tax		**(11,888)**		(2,435)		**(4,342)**		(3,699)
Total Comprehensive Income For the Period, Net of Income Tax	**$**	**35,855**	$	51,087	**$**	**105,008**	$	120,349
Comprehensive Income Attributable to:								
Shareholders of the Company	**$**	**35,839**	$	51,465	**$**	**104,738**	$	120,447
Non-controlling interests		**16**		(378)		**270**		(98)
Total Comprehensive Income for the Period, Net of Income Tax	**$**	**35,855**	$	51,087	**$**	**105,008**	$	120,349

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 Loss	Total Equity
Balance - December 31, 2013	$ **303,327**	$ **13,093**	$ **373,574**	**$ 2,419**	$ **(33,832)**	$ **658,581**
Net income	–	–	109,896	(546)	–	109,350
Issued on exercise of stock options	5,619	–	–	–	–	5,619
Compensation cost on exercised options	1,989	(1,989)	–	–	–	–
Compensation cost on exercised RSUs	38	(38)	–	–	–	–
Stock-based compensation expense	–	2,134	–	–	–	2,134
Other comprehensive income (loss)	–	–	–	816	(5,158)	(4,342)
Dividends declared and paid to shareholders	–	–	(16,542)	–	–	(16,542)
Balance – June 30, 2014	**$ 310,973**	**$ 13,200**	**$ 466,928**	**$ 2,689**	**$ (38,990)**	**$ 754,800**
Balance – December 31, 2012	$ 221,687	$ 17,525	$ 799,741	$ (331)	$ (49,955)	$ 988,667
Net income	–	–	124,509	(461)	–	124,048
Issued on exercise of stock options	12,182	–	–	–	–	12,182
Compensation cost on exercised options	4,678	(4,678)	–	–	–	–
Compensation cost on exercised RSUs	24	(24)	–	–	–	–
Stock-based compensation expense	–	1,270	–	–	–	1,270
Cancellation of Class B shares	54,438	–	(553,215)	–	–	(498,777)
Share cancellation costs (net of income tax benefit of $1.5 million)	–	–	(4,312)	–	–	(4,312)
Other comprehensive income (loss)	–	–	–	363	(4,062)	(3,699)
Dividends declared and paid to shareholders	–	–	(73,548)	–	–	(73,548)
Balance – June 30, 2013	$ 293,009	$ 14,093	$ 293,175	$ (429)	$ (54,017)	$ 545,831

ShawCor Ltd.
Interim Consolidated Statements of Cash Flows (Unaudited)

(in thousands of Canadian dollars)	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	**2014**	2013
Operating Activities				
Net income for the period	**$ 47,743**	$ 53,522	**$ 109,350**	$ 124,048
Add (deduct) items not affecting cash				
Amortization of property, plant and equipment	**12,277**	17,614	**27,736**	31,829
Amortization of intangible assets	**2,789**	2,790	**5,571**	4,899
Amortization of long-term prepaid expenses	**282**	329	**489**	438
Decommissioning liabilities expenses (recovery)	**121**	(168)	**224**	233
Other provisions expenses	**1,637**	7,967	**2,812**	17,068
Stock-based and incentive based compensation	**6,661**	4,344	**13,407**	11,358
Deferred income taxes	**(767)**	(2,025)	**(2,336)**	(9,307)
(Gain) loss on disposal of property, plant and equipment	**(100)**	–	**(81)**	42
(Gain) loss on derivative financial instruments	**(533)**	1,179	**(1,436)**	1,620
(Income) loss on investment in associate	**(327)**	–	**35**	–
Loss (income) on investment in joint ventures	**1,695**	(794)	**2,847**	(123)
Gain on sale of joint venture	**(2,456)**	–	**(2,456)**	–
(Gain) loss on assets held for sale	**(69)**	1,795	**(69)**	1,292
Other	**(1,801)**	639	**(1,538)**	627
Settlement of decommissioning liabilities	**(59)**	(58)	**(81)**	(609)
Settlement of other provisions	**(5,749)**	(7,705)	**(7,690)**	(11,700)
Net change in non-current deferred revenue	**–**	(1,305)	**–**	(63,914)
Net change in employee future benefits	**281**	(445)	**712**	(5,691)
Net change in non-cash working capital and foreign exchange	**(48,204)**	(101,046)	**(116,792)**	(100,271)
Cash Provided by (Used in) Operating Activities	**13,421**	(23,367)	**30,704**	1,839
Investing Activities				
Decrease in loans receivable	**–**	547	**1,075**	1,063
Redemption (purchase) of short-term investments, net	**5,112**	(7,048)	**6,059**	64,614
Purchase of property, plant and equipment	**(20,104)**	(22,141)	**(32,755)**	(38,247)
Proceeds on disposal of property, plant and equipment	**310**	300	**1,036**	300
Purchase of intangible assets	**(58)**	(13)	**(58)**	(72)
Investment in joint venture	**–**	(7,398)	**–**	(7,398)
Proceeds from sale of joint venture	**12,817**	–	**12,817**	–
Deferred purchase consideration	**(18,070)**	–	**(18,830)**	–
Investment in associate	**–**	–	**(13,700)**	–
(Increase) decrease in other assets	**–**	(4)	**(10,000)**	105
Business acquisition	**(1,689)**	(30,163)	**(1,689)**	(30,163)
Cash Used in Investing Activities	**(21,682)**	(65,920)	**(56,045)**	(9,798)
Financing Activities				
Increase in bank indebtedness	**7,882**	5,167	**6,503**	5,093
Increase (decrease) in loans payable	**16**	(1,518)	**–**	824
Payment of obligations under finance lease	**(470)**	–	**(470)**	–
Proceeds from long-term debt	**–**	–	**–**	356,280
Proceeds from interest rate swap	**–**	–	**–**	2,111
Issuance of shares	**2,313**	5,467	**5,619**	12,182
Repurchase of shares	**–**	–	**–**	(503,089)
Dividend paid to shareholders	**(9,030)**	(66,632)	**(16,542)**	(73,548)
Cash Provided by (Used in) Financing Activities	**711**	(57,516)	**(4,890)**	(200,147)
Foreign Exchange Impact on Cash and Cash Equivalents	**(1,500)**	5,227	**331**	6,997
Net change in Cash and Cash Equivalents for the Period	**(9,050)**	(141,576)	**(29,900)**	(201,109)
Cash and Cash Equivalents - Beginning of Period	**58,545**	225,448	**79,395**	284,981
Cash and Cash Equivalents - End of Period	**$ 49,495**	**$** 83,872	**$ 49,495**	**$** 83,872