

Attention Business/Financial Editors:  
The Westaim Corporation Reports 2010 Second Quarter Results

TORONTO, Aug. 11 /CNW/ - The Westaim Corporation ("Westaim") today announced results for the quarter ended June 30, 2010. Net income of \$5.3 million, or \$0.01 per share, for the three months ended June 30, 2010, compared to a net loss of \$1.3 million or \$0.01 loss per share for the three months ended June 30, 2009. For the six months ended June 30, 2010, Westaim recorded net income of \$29.5 million, or \$0.08 per share, compared to a net loss of \$4.0 million or \$0.04 loss per share for the six months ended June 30, 2009. Net income for the first six months of 2010 includes a gain on the purchase of JEVCO Insurance Company ("Jevco") of \$24.9 million, \$23.7 million of which was recorded in the first quarter ended March 31, 2010. As of June 30, 2010, Westaim's Consolidated Shareholders' Equity increased to \$353.2 million or \$0.55 per share compared to \$49.4 million (excluding non-controlling interest) or \$0.52 per share at December 31, 2009.

Westaim's acquisition of Jevco closed on March 29, 2010. As a result, Westaim began consolidating the results of Jevco beginning in the second quarter of 2010. Jevco is a Canadian open market specialty insurer offering products through two divisions. The Personal Lines Division provides insurance in the non-standard automobile, standard automobile, motorcycle and recreational vehicles product lines. The Commercial Lines Division offers property and liability, niche commercial automobile and surety product lines.

In the second quarter, direct premiums written were \$117.7 million and net premiums written were \$111.8 million. Net premiums earned for the second quarter of 2010 were \$78.6 million producing a Combined Ratio of 96.2%.

Total assets for Westaim at June 30, 2010 were \$1.3 billion, compared to \$72.6 million as of December 31, 2009. The increase represents the acquisition of Jevco and the \$275 million equity financing, both completed in the first quarter of 2010. At June 30, 2010, the Company's investment portfolio of \$1,020.1 million was invested predominantly in corporate and government bonds which produced net investment income and realized gains and losses of \$7.1 million and net unrealized investment gains of \$8.6 million for the second quarter.

"Westaim is pleased to have completed the Jevco transaction and in our first quarter of operations, the assets, insurance lines and run-off business performed overall as expected," said Cameron MacDonald, Chief Executive Officer of Westaim. "Similar to other companies in the industry, Jevco has experienced an acceleration of claims costs related to its Ontario automobile product line, particularly in the second quarter. We believe that several actions taken by management, along with the provincial legislative changes effective September 1, 2010 should improve our Personal Lines operating results as we move through 2010 and into 2011. For over thirty years Jevco has been a successful niche writer of specialty insurance products in Canada. We are excited about the potential of the business, and with the financial strength of Westaim we believe we are well positioned to execute our business plan."

Jevco completed the second quarter with an MCT ratio of 291% and a B++ credit rating from AM Best.

Westaim is a financial holding company which is focused on the property and casualty insurance industry. Westaim's common shares are listed on The Toronto Stock Exchange under the trading symbol WED.

Certain portions of this press release as well as other public statements by Westaim, contain forward-looking statements. Such forward-looking statements include but are not limited to statements concerning the transaction described herein; JEVCO's business and the industry in which it operates; investment strategies and expected rates of return; and strategic alternatives to maximize value for shareholder. These statements are based on current expectations that are subject to risks, uncertainties and assumptions and Westaim can give no assurance that these expectations are correct.

Westaim's actual results could differ materially from those anticipated by forward-looking statements for various reasons generally beyond our control, including but not limited to: (i) changes in market conditions or deterioration in underlying investments; (ii) general economic, market, financing, regulatory and industry developments and conditions; (iii) the risks relating to JEVCO's business; and (iv) other risk factors set forth in Westaim's Annual Report or Annual Information Form. Westaim disclaims any intention or obligation to revise forward-looking statements whether as a result of new information, future developments or otherwise except as required by law. All forward-looking statements are expressly qualified in their entirety by this cautionary statement.

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THE WESTAIM CORPORATION

Financial Highlights

(unaudited)

(thousands of Canadian dollars except per share data)

	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2010	2009	2010	2009
Direct written premiums	\$ 117,666	\$ -	\$ 117,666	\$ -
Net premiums written	111,757	-	111,757	-
Net premiums earned	\$ 78,554	\$ -	\$ 78,554	\$ -
Underwriting expenses	(75,588)	-	(75,588)	-
Underwriting income	2,966	-	2,966	-
Net investment income and net gain on sale of securities	7,139	206	11,134	255
Corporate costs and other	(1,683)	(532)	(2,259)	(1,351)
Stock-based compensation expense	(1,115)	(188)	(2,069)	(378)
Gain on acquisition	1,147	-	24,867	-
Costs of business acquisition	(192)	-	(1,634)	-
Income (loss) from continuing operations	8,262	(514)	33,005	(1,474)
Income taxes	(2,810)	-	(2,810)	-
Income (loss) from continuing operations	5,452	(514)	30,195	(1,474)
Loss from discontinued operations, net of income taxes	(188)	(774)	(712)	(2,495)
Net income (loss)	\$ 5,264	\$ (1,288)	\$ 29,483	\$ (3,969)
Loss ratio	70.4%			
Expense ratio	25.8%			
Combined ratio	96.2%			

Earnings (loss) per

common share					
Continuing					
operations					
- basic and diluted \$	0.01	\$	(0.01)	\$	0.08
					\$ (0.02)
Net income (loss)					
- basic and diluted \$	0.01	\$	(0.01)	\$	0.08
					\$ (0.04)
Weighted average number					
of common shares					
outstanding					
(thousands)					
- basic	644,401		94,221		376,907
- diluted	646,122		94,221		378,737
					94,219
					94,219

Consolidated Balance	June 30,	December 31,
Sheets	2010	2009
Cash and cash		
equivalents	\$ 35,887	\$ 62,423
Investments	1,020,066	9,231
Other	247,684	913
Total assets	\$ 1,303,637	\$ 72,567
Total liabilities	\$ 950,471	\$ 14,564
Shareholders' equity	353,166	49,419
Non-controlling		
interest	-	8,584
Total liabilities and		
shareholders'		
equity	\$ 1,303,637	\$ 72,567
Book value per		
diluted common		
share	\$ 0.55	\$ 0.52

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CO: Westaim Corporation

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