

The Westaim Corporation Reports 2010 Third Quarter Results

TORONTO, Nov. 10 /CNW/ - The Westaim Corporation ("Westaim") today announced it recorded net income of \$5.7 million, or \$0.01 per share for the quarter ended September 30, 2010, compared to a net loss of \$0.2 million or \$0.00 loss per share for the quarter ended September 30, 2009. For the nine months ended September 30, 2010, Westaim recorded net income of \$35.2 million, or \$0.08 per share, compared to a net loss of \$4.1 million or \$0.04 loss per share for the nine months ended September 30, 2009. Net income for the first nine months of 2010 includes a gain on the purchase of JEVCO Insurance Company ("Jevco") of \$25.1 million, \$24.9 million of which was recorded in the first and second quarters of 2010. As of September 30, 2010, Westaim's Consolidated Shareholders' Equity increased to \$365.3 million or \$0.57 per share compared to \$49.4 million or \$0.52 per share at December 31, 2009.

Westaim's acquisition of Jevco closed on March 29, 2010. As a result, Westaim consolidated 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 third quarter, direct premiums written were \$83.6 million and net premiums written were \$77.2 million. Net premiums earned in the third quarter of 2010 were \$88.5 million producing a Combined Ratio of 97.5%. For the nine months ended September 30, 2010 (reflecting six months of Jevco results) direct premiums written were \$201.3 million and net premiums written were \$189.0 million. Net premiums earned for the nine months were \$167.1 million producing a Combined Ratio of 96.9%.

Total assets for Westaim at September 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 September 30, 2010, the Company's investment portfolio of \$1,040.1 million was invested predominantly in corporate and government bonds which produced net investment income and net realized investment gains of \$11.8 million and net unrealized investment gains of \$9.7 million for the third quarter. Financed premiums income of \$0.6 million was included in net investment income. For the nine months ended September 30, 2010, net investment income and net realized gains were \$23.6 million and net unrealized gains were \$20.5 million.

"The March 29, 2010 acquisition of Jevco is operating well and producing the expected results. Our underwriting performance and increased book value was achieved despite the accelerated claims costs related to the Ontario automobile product line" said Cameron MacDonald, Chief Executive Officer of Westaim. "The new provincial legislative changes that became effective September 1, 2010 are expected, in time, to improve the operating results of our Personal Lines. Westaim's financial strength remains solid and we are positioned to respond to opportunities and execute our business plan."

Jevco completed the third quarter with an MCT ratio of 305% 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.

THE WESTAIM CORPORATION

Financial Highlights

(unaudited)

(thousands of Canadian dollars except percentage, share and per share data)

	Three Months Ended September 30		Nine Months Ended September 30	
	2010	2009	2010	2009
Direct premiums written	\$ 83,637	\$ -	\$ 201,303	\$ -

Net premiums written	\$ 77,226	\$ -	\$ 188,983	\$ -
Net premiums earned	\$ 88,535	\$ -	\$ 167,089	\$ -
Underwriting expenses	86,444	-	162,032	-
Underwriting income	2,091	-	5,057	-
Net investment income and net gain on sale of securities	12,441	132	23,575	371
Corporate costs and other	(1,116)	(589)	(3,889)	(2,738)
Site restoration provision recovery	-	211	514	558
Stock-based compensation expense	(1,847)	(145)	(3,916)	(521)
Gain on business acquisition	217	-	25,084	-
Costs of business acquisition	(1,266)	-	(2,900)	-
Non-controlling interest	-	(133)	-	329
Income (loss) from continuing operations before income taxes	10,520	(524)	43,525	(2,001)
Income taxes	4,622	-	7,432	-
Income (loss) from continuing operations	5,898	(524)	36,093	(2,001)
(Loss) income from discontinued operations, net of income taxes	(220)	349	(932)	(2,143)
Net income (loss)	\$ 5,678	\$ (175)	\$ 35,161	\$ (4,144)
Loss ratio	71.2%	n/a	70.9%	n/a
Expense ratio	26.3%	n/a	26.0%	n/a
Combined ratio	97.5%	n/a	96.9%	n/a
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	\$0.00	\$0.08	\$(0.04)
Book value per diluted common share	\$0.57	\$0.52		
Weighted average number of common shares outstanding (in thousands)				
- basic	644,417	94,221	467,057	94,219
- diluted	645,206	94,221	468,569	94,219

Consolidated Balance Sheets	September 30, 2010	December 31, 2009
Cash and cash equivalents	\$ 25,834	\$ 62,423
Investments	1,040,070	9,231
Other	239,222	913
Total assets	\$ 1,305,126	\$ 72,567
Total liabilities	\$ 939,787	\$ 14,564

Shareholders' equity	365,339	49,419
Non-controlling interest	-	8,584
Total liabilities and shareholders' equity	\$ 1,305,126	\$ 72,567

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