

## The Westaim Corporation Reports 2010 Year End Results

TORONTO, March 2 /CNW/ - The Westaim Corporation ("Westaim") today announced it recorded net income of \$3.7 million, or \$0.01 per share for the quarter ended December 31, 2010, compared to net income of \$4.7 million or \$0.05 per share for the quarter ended December 31, 2009. For the year ended December 31, 2010, Westaim recorded net income of \$54.2 million, or \$0.11 per share, compared to net income of \$0.5 million or \$0.01 per share for the year ended December 31, 2009. Net income for the year ended 2010 includes a gain on the purchase of JEVCO Insurance Company ("Jevco") of \$25.1 million. The fourth quarter of 2009 includes a gain on the sale of the Nucrust operations and assets of \$10.9 million before non-controlling interest. As of December 31, 2010, Westaim's Consolidated Shareholders' Equity increased to \$374.8 million or \$0.58 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 fourth quarter, direct premiums written were \$72.1 million and net premiums written were \$65.9 million. Net premiums earned in the fourth quarter of 2010 were \$69.2 million producing a Combined Ratio of 99.1%. For the year ended December 31, 2010 (reflecting nine months of Jevco results) direct premiums written were \$273.4 million and net premiums written were \$254.9 million. Net premiums earned for the year were \$236.3 million producing a Combined Ratio of 97.7%.

Total assets of Westaim at December 31, 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 December 31, 2010, the Company's investment portfolio of \$993.3 million was invested predominantly in corporate and government bonds. For the fourth quarter, net investment income and net realized investment gains of \$10.5 million are included in net income and fourth quarter net unrealized investment losses of \$9.3 million are included in other comprehensive income. For the year ended December 31, 2010, net investment income and net realized gains were \$34.1 million and net unrealized gains included in other comprehensive income were \$5.9 million.

"We characterize the JEVCO acquisition as a solid first step. The contributions from this asset allowed Westaim's book value to appreciate from \$0.49 per share at March 31, 2010, excluding the accounting gain on acquisition of Jevco, to \$0.58 per share at December 31, 2010. While we were thrilled to have acquired JEVCO at an attractive valuation, your Westaim management team remained very active in sourcing additional complementary opportunities in 2010" said Cameron MacDonald, Chief Executive Officer of Westaim.

Jevco completed the year with an MCT ratio of 320% and a B++ credit rating from AM Best.

Westaim is a financial holding company 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 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

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

	Three Months Ended December 31		Year Ended December 31	
	2010	2009	2010	2009
Direct premiums written	\$ 72,079	\$ -	\$ 273,382	\$ -
Net premiums written	\$ 65,889	\$ -	\$ 254,872	\$ -

Net premiums earned	\$	69,215 \$	- \$	236,304 \$	-
Underwriting expenses		68,646	-	230,678	-
Underwriting income		569	-	5,626	-
Net investment income and net gain on sale of securities		10,530	654	34,105	1,025
Corporate costs and other		(1,307)	(1,680)	(5,196)	(4,418)
Site restoration provision recovery		11	247	525	805
Stock-based compensation expense		(2,670)	(270)	(6,586)	(791)
Gain on business acquisition		-	-	25,084	-
Costs of business acquisition		(36)	-	(2,936)	-
Income (loss) from continuing operations before income taxes		7,097	(1,049)	50,622	(3,379)
Income taxes		3,318	-	(4,538)	-
Income (loss) from continuing operations		3,779	(1,049)	55,160	(3,379)
(Loss) income from discontinued operations, net of income taxes		(58)	5,712	(990)	3,898
Net income		3,721	4,663	54,170	519
Other comprehensive (loss) income, net of income taxes		(6,424)	(1,050)	4,177	(1,120)
Comprehensive (loss) income	\$	(2,703) \$	3,613 \$	58,347 \$	(601)

Loss ratio		63.0%	n/a	68.6%	n/a
Expense ratio		36.1%	n/a	29.1%	n/a
Combined ratio		99.1%	n/a	97.7%	n/a

#### Earnings (loss) per common share

Continuing operations					
- basic and diluted	\$	0.01 \$	(0.01) \$	0.11 \$	(0.04)
Net income					
- basic	\$	0.01 \$	0.05 \$	0.11 \$	0.01
- diluted	\$	0.01 \$	0.05 \$	0.10 \$	0.01

Book value per common share			\$	0.58 \$	0.52
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#### Weighted average number of common shares outstanding (in thousands)

- basic		644,417	94,220	511,762	94,220
- diluted		653,004	94,487	517,786	94,487

#### Consolidated Balance Sheets

		December 31, 2010	December 31, 2009
Cash and cash equivalents	\$	32,897 \$	62,423
Investments		993,279	9,231

Other		244,250	913
Total assets	\$	1,270,426	\$ 72,567
Total liabilities	\$	895,607	\$ 14,564
Shareholders' equity		374,819	49,419
Non-controlling interest		-	8,584
Total liabilities and shareholders' equity	\$	1,270,426	\$ 72,567

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**For further information:**

Jeff Sarfin, CFO  
The Westaim Corporation  
[info@westaim.com](mailto:info@westaim.com)  
416-203-2253

CO: Westaim Corporation

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