Covalon Announces Financial Results for its Third Fiscal Quarter

MISSISSAUGA, ON, Aug. 23 /CNW/ - Covalon Technologies Ltd. (the "Company" or "Covalon") (TSX-V: COV), an advanced medical technologies company, today announced the following financial results for its third fiscal quarter ended June 30, 2010:

- Quarterly revenue reached $1,002,394;
- Quarterly operating expenses decreased by approximately 40% or $486,624 from the same quarter in 2009;
- The Company's cash position increased this quarter by $1,461,331 compared to a decrease in cash reserves of $1,250,451 for the corresponding period in fiscal 2009;
- The Company was cash flow positive from operations for both the three and nine months ended June 30, 2010, due to upfront cash payments related to two agreements previously announced by the Company;
- Covalon continues to have a strong balance sheet with no debt and $6,931,954 in cash, cash equivalents and short-term investments as of June 30, 2010;
- Net loss for the third fiscal quarter of 2010 was $647,223, compared to a net loss of $1,201,228 reported for the corresponding period of fiscal 2009.

Brian Pedlar, Covalon's Chief Executive Officer stated, "I am satisfied that our quarterly results show financial improvement including revenue growth and increased cash position. Just as important, I am extremely pleased with the improvements in the day-to-day operations of Covalon over the past quarter. We have made great strides in working more cohesively as a team. Our talented scientists continue to innovate, creating some truly impressive new technologies in our lab. These new market-driven technologies are attracting a great deal of interest from both existing and potentially new medical industry clients. I am very pleased with our change in focus and very optimistic about seeing the value of these new relationships positively impact our financial results going forward."

About Covalon

Covalon Technologies Ltd. is a unique medical technologies company engaged in the research, development, and commercialization of advanced tissue repair applications, infection control, and specialized coatings for medical and consumer products. Together, our technology platforms, wound care products, and consulting services deliver a suite of cost-effective solutions to help our customers achieve product differentiation through improved patient outcomes. Our technologies address important healthcare issues such as infection control, medical device biocompatibility and healthy tissue repair. To learn more about Covalon, visit our website at www.covalon.com

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This news release contains forward-looking statements which reflect the Company's current expectations regarding future events. The forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan, "estimate", "expect", "intend" and statements that an event or result "may", "will", "should", "could" or "might" occur or be achieved and other similar expressions. These forward-looking statements involve risk and uncertainties, including the difficulty in predicting product approvals, acceptance of and demands for new products, the impact of the products and pricing strategies of competitors, delays in developing and launching new products, the regulatory environment, fluctuations in operating results and other risks, any of which could cause results, performance, or achievements to differ materially from the results discussed or implied in the forward-looking statements. Many risks are inherent in the industry; others are more specific to the Company. Investors should consult the Company's ongoing quarterly filings for additional information on risks and uncertainties relating to these forward-looking statements. Investors should not place undue reliance on any forward-looking statements. The Company assumes no obligation to update or alter any forward-looking statements whether as a result of new information, further events or otherwise.

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