Covalon Provides Corporate Update and First Quarter Fiscal 2012 Financial Results

MISSISSAUGA, ON, March 30, 2012 /CNW/ - Mr. Brian Pedlar, President and CEO of Covalon Technologies Ltd. (the "Company" or "Covalon") (TSXV: COV), an advanced medical technologies company, is pleased to provide the following update.

"Covalon is progressing well on its plan to transform into a market driven medical products company. During our first fiscal 2012 quarter ended December 31, 2011, we continued to build on our progress in executing on our transformation plan in three key areas: expanding wound care sales, establishing international distribution networks and moving new products through the regulatory clearance process. While these changes had only a modest impact on the financial operating results for our first quarter, we are confident that the transformation underway at Covalon will positively impact fiscal 2012 and beyond.

During the quarter ended December 31, 2011, Covalon recognized modest revenue from shipments to five new wound care distribution partners. We expect to sign additional new distribution partners in the coming months, and expect the shipment volumes of wound care products to our new distributors to increase both within North America and internationally over time. During fiscal 2011, we announced that Covalon recovered the exclusive worldwide rights to its advanced wound care products from a major medical company that was only selling in one limited market segment.

On October 13, 2011, Covalon announced a multi-year, non-exclusive distribution arrangement with a China-based partner to distribute ColActive® Plus Ag into the Chinese advanced wound care market. The agreement calls for a minimum purchase commitment of $12 million of ColActive® Plus Ag over the term of the agreement with a minimum commitment of $500,000 in the first 12 months following regulatory approval in China.

Our medical product development pipeline was strengthened during the quarter, as four new products entered the final phase of development and regulatory filing. This brings our total number of products in the process of filing for regulatory clearances in multiple jurisdictions to nine. Once cleared, these products will be made available through licensing or distribution arrangements with existing and new customers. Covalon continues to engage over sixty new companies in confidential discussions to evaluate Covalon's products and technologies for commercial licensing or use in development of new products.

Finally, Covalon is continuing to evaluate acquisition opportunities that have the potential to significantly add capabilities and new market opportunities.

The Company announced financial results for its first quarter of fiscal 2012 ended December 31, 2011. Revenue for the quarter was $689,167. Revenue was up marginally compared to the prior year's first quarter, driven mainly by growth in our medical coating services revenue.

Quarterly operating expenses were $1,149,989 or an increase of $203,410 over the comparative period. Sales and marketing expenses accounted for the increase year over year due primarily to investments made to add additional sales and marketing staff and attendance at sales-related trade shows.

Net loss was $800,054 or $0.01 per share. Covalon continues to have a strong balance sheet with no long-term debt and over $4,400,000 in cash, cash equivalents and short-term investments as of December 31, 2011.

Covalon's transformation is underway and I am confident the changes made to date and continued operational improvements will translate into improved financial results in fiscal 2012 and beyond", stated Brian Pedlar, Covalon's President and CEO.

About Covalon

Covalon Technologies Ltd. researches, develops and commercializes new healthcare technologies that help save lives around the world. Covalon's patented technologies, products and services address the advanced healthcare needs of medical device companies, healthcare providers and individual consumers. Covalon's technologies are used to prevent, detect and manage medical conditions in specialty areas such as wound care, tissue repair, infection control, disease management, medical device coatings and biocompatibility. 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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