Covalon Provides Corporate Update and Third Quarter Fiscal 2012 Financial Results

MISSISSAUGA, ON, Aug. 28, 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.

"We continue to expand our distribution channel in the United States, Middle East and Asia. During the nine months ended June 30, 2012, Covalon signed new distribution partners for wound care and antimicrobial product and moved new products through the regulatory clearance process.

On May 15, 2012 Covalon reached a significant milestone with the announcement of United States Food and Drug Administration ("FDA") clearance of IV Clear, the Company's breakthrough antimicrobial silicone adhesive film dressing designed for securing vascular intravenous access devices.

On August 21, 2012, Covalon announced FDA clearance of SurgiClear™ antimicrobial silicone adhesive film dressing designed to cover and protect wound sites and wound closure devices, as well as secure other primary dressings to a patient's skin.

Both dressings are major clinical achievements because of their proven ability to kill over 99.99% of bacteria that contact the wound dressings antimicrobial silicone adhesive and they allow clinicians to monitor wounds through their clear waterproof film so patients can resume normal activity without fear of contamination or damage to a wound or insertion site.

During the quarter ended June 30, 2012, Covalon presented its products and technology at four trade shows and introduced five new wound care and antimicrobial products. Covalon has secured distribution relationships with two new partners in the Middle East, one new partner in Asia and four new partners in the United States. The Company expects to announce in the coming months a number of new distribution relationships as a result of our successes at the trade shows attended this past quarter.

During the nine months ended June 30, 2012, Covalon recognized modest revenue from shipments to over 15 new and recurring wound care distribution partners compared to just two in the first nine months of the previous year. 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.

We continue to see very promising progress in developing a profitable distribution network and I am confident that these improvements will translate into improved financial results in the coming quarters and beyond", stated Brian Pedlar, Covalon's President and CEO.

The Company announced financial results for its third quarter of fiscal 2012 ended June 30, 2012. Revenue for the quarter was $1,078,564, a substantial increase compared to the prior year's third quarter, driven by increased sales of the Company's wound care product ColActive Plus and medical coating products and services. Sales of IV Clear and SurgiClear are expected to begin in the Company's next fiscal quarter.

Quarterly operating expenses were $1,303,993 or an increase of $3,896 over the comparative period. The Company continues to invest in sales and marketing activities including adding additional sales and marketing staff and attendance at sales-related trade shows compared to last year. Net loss was $732,308 or $0.01 per share. Covalon continues to have no long-term debt and over $2,100,000 in cash, cash equivalents and short-term investments as of June 30, 2012.

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

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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.

SOURCE: Covalon Technologies Ltd.

For further information:

Brian Pedlar
CEO, Covalon Technologies Ltd.
E: bpedlar@covalon.com
T: (905) 568-8400 x 233
F: (905) 568-5200
www.covalon.com

---

https://ir.covalon.com/2012-08-28-Covalon-Provides-Corporate-Update-and-Third-Quarter-Fiscal-2012-Financial-Results