



NUVO ANNOUNCES 2008 FOURTH QUARTER AND YEAR-END FINANCIAL RESULTS

Mississauga, Ontario, Canada – February 27, 2009 - Nuvo Research Inc. (TSX: NRI), a Canadian drug development company focused on the research and development of drug products that are delivered to and through the skin using its topical and transdermal drug delivery technologies, today announced its financial and operational results for the year and the fourth quarter ended December 31, 2008.

Key Corporate Developments:

- Presented positive Phase 3 study results for Pennsaid in a poster presentation at the 2008 American College of Rheumatology Scientific Meeting in San Francisco
- Initiated a warrant incentive program that has the potential to generate up to \$9 million for the Company
- Successfully completed all Pennsaid® studies necessary to resubmit the application for Pennsaid approval to the United States Food and Drug Administration (FDA). The FDA confirmed that it has accepted this filing as a complete response to its Approvable Letter for Pennsaid dated December 28, 2006 and provided the Company with a date of August 5, 2009 (the “PDUFA Date”) pursuant to the Prescription Drug User Fee Act by which the FDA intends to advise Nuvo on Pennsaid’s approvability
- Announced that the Company’s High Throughput Experimentation Platform was selected as a 2009 Edison Award Finalist

“We are highly optimistic about Pennsaid’s potential for approval and are continuing discussions with potential United States licensing partners,” said Henrich Guntermann, President and Chief Executive Officer of Nuvo Research.

Financial Results:

(thousands of Canadian dollars)

	Three months ended December 31, 2008	Three months ended December 31, 2007	Year ended December 31, 2008	Year ended December 31, 2007
Revenue	\$ 3,117	\$ 2,207	\$ 10,727	\$ 7,178
Net loss	\$ (2,413)	\$ (3,332)	\$ (10,552)	\$ (12,376)

Revenue, consisting of product sales, license fee revenue, and research and other contract revenue, for the three-months ended December 31, 2008 increased 41% to \$3.1 million compared with \$2.2 million for the three-months ended December 31, 2007. The increase was attributable to many factors including a \$0.5 million increase in product sales of both Pennsaid and WF10 based products, the recognition of additional licensing fee revenue and research

revenue earned on a collaboration agreement with a Fortune Global 500 company that develops and markets skin care products. For the year, revenue increased 49% to \$10.7 million versus \$7.2 million. This is primarily due to higher Pennsaid product sales in Greece where 2008 was the first full year of selling the product in this market after its launch during the second quarter of 2007 and an increase of \$1.2 million in licensing fee revenue.

Gross margin on product sales was \$1.0 million for the three-months ended December 31, 2008 compared to \$0.6 million for the comparable quarter in 2007. The increase in gross margin is primarily attributable to a 22% increase in Pennsaid product sales to new quarterly high. For the year, gross margin increased to \$3.2 million compared to \$1.5 million for the year ending December 31, 2007. The increase in gross margin is primarily attributable to the 37% increase in Pennsaid sales, the 24% increase in WF10 based product sales and significant improvements and efficiencies achieved in the Pennsaid manufacturing process, partially offset by price increases in the raw materials used to compound and package Pennsaid and the strengthening US dollar. The overall gross margin percentage was 40% in 2008 versus 26% in 2007.

Total operating expenses for the three-month period ended December 31, 2008 increased to \$4.9 million versus \$4.2 million for the three-months ended December 31, 2007. The \$0.7 million increase in operating expenses is due to higher research and development expenses, the \$0.2 million impairment charge recorded against certain of the Company's intangible assets and increases in selling, general and administrative costs and net interest expense, partially offset by \$0.1 million foreign exchange gain in 2008. Total operating expenses for year ended December 31, 2008 were \$17.0 million, an increase of 8% compared to \$15.7 million for the year ended December 31, 2007. The increase from 2007 relates to an increase in net interest expense and higher research and development spending, offset partially by lower SG&A costs. This highlights the impact of the Company's efforts during the third and fourth quarters of 2007 to focus its resources on research activities rather than administrative costs.

Research and development expenses increased by 17% to \$2.5 million for the three months ended December 31, 2008 compared to \$2.1 million for the three months ended December 31, 2007. For the year ended December 31, 2008, research and development costs increased 11% to \$9.3 million compared to \$8.3 million for the year ended December 31, 2007. The majority of the spending in the fourth quarter and the year related to the completion of the Short and Long-Term Studies required to address the conditions raised in the Approvable Letter, costs associated with the Phase 2 trial of WF10 as an adjuvant therapy for pancreatic cancer, the preclinical development of the Company's pipeline candidates and costs relating to expanding the Company's research capabilities in San Diego and a pain advisory conference hosted by the Company.

SG&A expenses increased by 9% to \$1.6 million for the three months ended December 31, 2008 compared to \$1.5 million for the three months ended December 31, 2007. During the quarter, the impact of lower ongoing personnel costs and the savings associated with closing the Company's international marketing office in Barbados were more than offset by increased spending on business development activities as the Company expanded efforts to sign a U.S. licensee for Pennsaid and higher professional fees related to the Squire Tax Reassessment. For the year ended December 31, 2008, SG&A costs decreased 5% to \$5.2 million compared to \$5.5 million for the year ended December 31, 2007. The decrease is primarily attributable to activities undertaken during the third and fourth quarters of 2007, including the closure of the Company's international marketing office in Barbados and staff reductions at the corporate head office, offset partially by additional severance costs incurred as the Company continued to strengthen its team, increased spending on business development activities, incurred higher professional fees and the costs related to the Squire Tax Reassessment.

For the three months ended December 31, 2008, the net loss decreased to \$2.4 million from \$3.3 million for the three months ended December 31, 2007. Included in the results for the quarter is a non-cash gain of \$0.9 million from the change in the estimate of the amount of the liability related to the loans from Leadenhall. Excluding the impact of this item, the net loss would have declined slightly to \$3.3 million in the current quarter compared to \$3.4 million a year ago. For the year ended December 31, 2008, the net loss declined by 15% to \$10.6 million from \$12.4 million for the year ended December 31, 2007.

Cash and cash equivalents on hand at December 31, 2008 of \$15.2 million were \$3.7 million less than the \$18.9 million at September 30, 2008. The decrease is almost entirely attributable to cash used by operating activities.

Cash used in operating activities of \$4.2 million was higher than the \$2.7 million used in the three-month comparative period ended December 31, 2007 due primarily to a higher investment in non-cash working capital during the fourth quarter of 2008. The significant investment in non-cash working capital relates primarily to the significant increase in accounts receivable attributable to the achieving record quarterly sales of Pennsaid to Europe during the fourth quarter of 2008. For the year ended December 31, 2008 funds used in operating activities decreased to \$9.1 million from \$12.3 million.

Detailed financial statements and the MD&A are available at www.nuvoresearch.com or www.sedar.com.

Notice of Annual and Special Meeting

Nuvo will be holding its Annual and Special Meeting of Shareholders on Thursday, April 30, 2009 at 9:00 a.m. (EST) at the Gallery of the Toronto Stock Exchange (TSX) Broadcast & Conference Centre, The Exchange Tower, 130 King Street West, Toronto, Ontario, Canada.

About Pennsaid

Pennsaid is a topical non-steroidal anti-inflammatory drug used for the treatment of osteoarthritis. Pennsaid allows the active ingredient, diclofenac, to be delivered to a specific site via the surface of the skin and thus limits complications associated with systemic delivery. According to published clinical trials, Pennsaid is as effective as the maximum daily dose of comparable oral medication at relieving pain and stiffness associated with osteoarthritis of the knee, as well as improving overall well-being. There are more than 27 million Americans suffering from osteoarthritis, a very painful and debilitating condition, and the United States market for this condition is estimated at US\$4 billion annually.

About Nuvo Research Inc.

Nuvo is focused on the research and development of drug products delivered to and through the skin using its topical and transdermal drug delivery technologies. Nuvo's lead product is Pennsaid, a topical non-steroidal anti-inflammatory drug used for the treatment of osteoarthritis. Nuvo intends to leverage its skin-penetrating technologies to create a portfolio of topical and transdermal products targeting a variety of indications.

Nuvo Research Inc. is a publicly traded, Canadian pharmaceutical company headquartered in Mississauga, Ontario, with manufacturing facilities in Varennes, Québec and Wanzleben, Germany and a research and development Center in San Diego, California. For more information, please visit www.nuvoresearch.com.

These forward-looking statements, by their nature, necessarily involve risks and uncertainties that could cause actual results to differ materially from those contemplated by the forward-looking statements. The Company considers the assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared, but caution that these

assumptions regarding future events, many of which are beyond the control of the Company, may ultimately prove to be incorrect. Factors and risks, which could cause actual results to differ materially from current expectations, are discussed in the annual report, as well as in the Company's Annual Information Form for the year ended December 31, 2007. The Company disclaims any intention or obligation to update or revise any forward-looking statements whether a result of new information or future events, except as required by law. For additional information on risks and uncertainties relating to these forward-looking statements, investors should consult the Company's ongoing quarterly filings, annual report and Annual Information Form and other filings found on SEDAR at www.sedar.com.

For more information about Nuvo, please contact:

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Summary financial statements attached:

CONSOLIDATED BALANCE SHEETS

(thousands of Canadian dollars)	As at December 31, 2008 \$	As at December 31, 2007 \$
ASSETS		
CURRENT		
Cash and cash equivalents	15,219	21,791
Accounts receivable	2,294	1,802
Other receivable	-	579
Inventories	1,393	1,042
Prepaid expenses and other	446	789
TOTAL CURRENT ASSETS	19,352	26,003
Restricted cash	93	79
Property, plant and equipment	1,990	2,475
Intangible assets	-	90
TOTAL ASSETS	21,435	28,647
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT		
Accounts payable and accrued liabilities	2,736	2,994
Short-term loan	-	587
Deferred revenue	2,241	1,211
Current portion of long-term debt and capital lease obligations	181	94
Current portion of debentures	-	500
TOTAL CURRENT LIABILITIES	5,158	5,386
Deferred revenue	3,321	5,169
Long-term debt and capital lease obligations	320	222
Debentures	4,774	2,006
TOTAL LIABILITIES	13,573	12,783
SHAREHOLDERS' EQUITY		
Common shares	189,603	187,877
Warrants	10,847	11,243
Contributed surplus	6,890	5,670
Accumulated other comprehensive income	114	114
Deficit	(199,592)	(189,040)
TOTAL SHAREHOLDERS' EQUITY	7,862	15,864
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	21,435	28,647

CONSOLIDATED STATEMENTS OF LOSS, COMPREHENSIVE LOSS AND DEFICIT

	Year ended December 31, 2008	Year ended December 31, 2007
(thousands of Canadian dollars except per share and share amounts)	\$	\$
REVENUE		
Product sales	8,008	5,933
Cost of goods sold	4,809	4,391
Gross margin on product sales	3,199	1,542
Other revenue		
Licensing fees	2,514	1,000
Research and other contract revenue	205	245
	5,918	2,787
EXPENSES		
Research and development	9,263	8,319
Selling, general and administrative expenses	5,204	5,498
Stock-based compensation	803	808
Amortization of property, plant, and equipment and intangibles and impairment of intangibles)	1,068	869
Foreign currency gain	(93)	(118)
Interest expense	1,283	1,102
Interest income	(497)	(779)
	17,031	15,699
Loss from operations	(11,113)	(12,912)
Change in estimate in contingency	860	-
Loss on extinguishment of convertible debenture	(299)	-
Gain on sale of assets	-	536
NET LOSS AND TOTAL COMPREHENSIVE LOSS	(10,552)	(12,376)
Deficit, beginning of year	(189,040)	(176,664)
DEFICIT, END OF YEAR	(199,592)	(189,040)
Net loss per common share – basic and diluted	\$(0.04)	\$(0.05)
Average number of common shares outstanding – basic and diluted (millions)	306.3	243.1

CONSOLIDATED STATEMENTS OF CASH FLOWS

(thousands of Canadian dollars)	Year ended December 31, 2008 \$	Year ended December 31, 2007 \$
OPERATING ACTIVITIES		
Net loss	(10,552)	(12,376)
Items not involving current cash flows:		
Amortization and impairment charge	1,068	869
Deferred revenue recognized	(1,832)	(1,285)
Stock-based compensation and payments	815	940
Accretion of interest on debentures	828	665
Loss on extinguishment of convertible debenture	299	-
Change in estimate in contingency	(860)	-
Gain on sale of assets	-	(536)
Other	(44)	(345)
Net change in non-cash working capital	149	(211)
Proceeds from licensing arrangements and advances on research contracts	1,014	11
CASH USED IN OPERATING ACTIVITIES	(9,115)	(12,268)
INVESTING ACTIVITIES		
Investment in term deposits with restricted use	-	(79)
Acquisition of property, plant and equipment	(151)	(222)
Proceeds from the sale of assets	28	-
CASH USED IN INVESTING ACTIVITIES	(123)	(301)
FINANCING ACTIVITIES		
Issuance of common shares and warrants, net of related costs	1,115	23,854
Issue of debentures, net of related costs	1,956	-
Costs related to the November 2004 Unsecured Convertible Debenture amendments	(32)	-
Repayments of debentures, long-term debt and capital lease obligations	(630)	(675)
CASH PROVIDED BY FINANCING ACTIVITIES	2,409	23,179
Effect of exchange rate changes on cash and cash equivalents	257	(32)
Net increase (decrease) in cash and cash equivalents during the year	(6,572)	10,578
Cash and cash equivalents, beginning of year	21,791	11,213
CASH AND CASH EQUIVALENTS, END OF YEAR	15,219	21,791
<i>Interest paid</i>	<i>256</i>	<i>299</i>