

June 20, 2011



# Ceapro Reports Record Profit and Record Revenues for First Quarter 2011

EDMONTON, ALBERTA -- (MARKET WIRE) -- 06/20/11 -- Ceapro Inc. (TSX VENTURE: CZO) ("Ceapro" or the Company") today announced its financial results for the first quarter ended March 31, 2011. These results are presented in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB).

## FIRST QUARTER 2011 HIGHLIGHTS

-- For Q1 2011 as compared to Q1 2010 :

Revenues increased by 33% from \$1,155,000 in 2010 to \$1,534,000 in 2011

Gross Margin increased 98% from \$465,000 in 2010 to \$922,000 in 2011.

Net income of \$325,000 in 2011 vs. a net loss of \$46,000 in 2010

- Company's Directors exchanged debt obligations of \$175,000 for 1,590,909 common shares
- Company received \$56,957 from the Canadian Agriculture Adaptation program.
- An agreement was signed with a multi-national company for the direct supply of two products.

## SUBSEQUENT TO QUARTER-END

- The Company repaid its royalties payable obligation in the amount of \$378,051 which represents the balance due at December 31, 2010.
- The Company was approved for a non-repayable grant of up to \$100,000 from Innovation PEI to carry out a research and development project to develop high value actives from a unique variety of rosehips. A material transfer agreement with an option to license the related technologies for this project was executed with the National Research Council of Canada.

## FINANCIAL RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2011

- Revenues. The sales of active ingredients to the personal care and animal health industries increased by 33% or \$379,000 in the first three months of 2011 due primarily to significantly higher sales volumes of Avenanthramides, the Company's flagship product.
- Cost of Goods Sold decreased by 11% or \$78,000 to \$612,000 in 2011 from \$690,000 in 2010. As a percentage of revenue, the cost of goods sold decreased by 20% from 60% in 2010 to 40% in 2011
- Gross margin increased by \$457,000 to \$922,000 in 2011 from \$465,000 in 2010. The improvement in the amount of gross margin and the gross margin percentage are due to the mix of product sales which featured increased sales volumes of high margin products as well as to an increase in production efficiency, and, to the acquisition of top grade raw materials resulting in significant yield increase.
- Research and development investments increased by 40% (\$51,000) compared to 2010 as a result of new research and development projects initiated in 2010 which continued throughout 2011 and higher costs for patents.
- General and Administration and Sales and Marketing expenses slightly increased in 2011 by \$8,000 and \$9,000 respectively.
- Net income of \$325,000 in the first three months of 2011 increased significantly by \$371,000 in comparison with a net loss (\$46,000) for the same period in 2010.

"The first quarter of 2011 represents the best ever first quarter in the history of Ceapro and builds on the consistent positive trend of solid operating results we have displayed over the last two years. We have continued to show improvement in our balance sheet and this will help support further growth initiatives" said Gilles Gagnon, Acting CEO. Given these solid financial results and the clear demonstration of our capacity to develop and sell innovative products and technologies through a highly skilled team, Ceapro is now attracting significant attention from Governments, academic institutions, and companies that are all expressing a strong desire to partner with Ceapro. We are now in the fortunate position to prioritize projects according to our available resources and we expect to sign new partnerships in 2011" he added.

The complete audited annual report and financial statements are available for review on SEDAR at <http://sedar.com/Ceapro> and on the Company's website at [www.ceapro.com](http://www.ceapro.com) .

#### About Ceapro Inc.

Ceapro Inc. is a Canadian growth-stage biotechnology company. Primary business activities relate to the development and commercialization of active ingredients for personal care and cosmetic industries using proprietary technology and natural, renewable resources. To learn more about Ceapro, visit [www.ceapro.com](http://www.ceapro.com).

CEAPRO INC.  
 Consolidated Statements of Net Income (Loss) and Comprehensive Income  
 (Loss)  
 Unaudited

Three Months Ended March 31,	
2011	2010
\$	\$

Revenue (note 17)	1,533,594	1,154,862
Cost of goods sold	612,248	690,042
Gross margin	921,346	464,820
Research and product development	187,275	135,713
General and administration	304,511	295,915
Sales and marketing	30,028	21,169
Other operating loss (note 12)	23,063	3,168
Income from operations	376,469	8,855
Finance costs (note 13)	51,280	55,312
Income (loss) before tax	325,189	(46,457)
Income taxes		
Current	117,000	22,000
Reduction as a result of applying non-capital losses carried forward against the current period's taxable income	(117,000)	(22,000)
Net income (loss) and comprehensive income (loss) for the period	325,189	(46,457)
Net income (loss) per common share:		
Basic	0.01	(0.00)
Diluted	0.01	(0.00)
Weighted average number of common shares outstanding	56,508,241	51,710,063

See accompanying notes

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.

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Source: Ceapro Inc.