

August 10, 2011



Ceapro Reports Second Quarter 2011 Financial Results

EDMONTON, ALBERTA -- (MARKET WIRE) -- 08/10/11 -- Ceapro Inc. (TSX VENTURE: CZO)("Ceapro" or the Company") today announced its financial results as at and for the three-month and the six-month periods ended June 30, 2011. These results are presented in accordance with the International Financial Reporting Standards (IFRS) of the International Accounting Standards Board (IASB).

SECOND QUARTER 2011 HIGHLIGHTS

- For Q2 2011 as compared to Q2 2010:
Revenues increase of 16% from \$1,018,000 in 2010 to \$1,185,000 in 2011.
Gross Margin increase of 69% from \$463,000 in 2010 to \$781,000 in 2011.
Net income of \$105,000 in 2011 compared to \$239,000 in 2010 which included a non-recurring cost recovery of \$315,000 in 2010
- Non-repayable grant of up to \$100,000 obtained from Innovation PEI for the development of rosehips extracts in collaboration with the National Research Council of Canada
- Payment of \$378,000 to royalty holders
- Initiation of two new studies with the National Research Council to assess the efficacy of certain Ceapro products and follow up studies based on data generated in 2010 and to perform synergistic studies by combining Ceapro products with new rosehip extracts.
- Ongoing development of dry beta glucan project for a potential commercial scale up by year end 2011
- Agreement with a major customer for prepaid orders until April 1, 2013 provides additional liquidity.

SUBSEQUENT TO QUARTER END

- Completion of new website with launch expected the week of August 8, 2011

"The second quarter of 2011 represents another excellent quarter for Ceapro showing continued profitability and improvement in our balance sheet" said Gilles Gagnon, Acting CEO." These solid results were obtained through improved efficiencies by our highly qualified team and the strong support from our partners and particularly from our major customers who clearly recognize our capacity to develop and sell innovative products and

technologies. We now look forward increasing our sales and expanding our pipeline through increased investments in R&D activities along with existing and new upcoming partners in 2011" he added.

FINANCIAL RESULTS FOR THE SECOND QUARTER AND THE FIRST SIX MONTHS ENDED JUNE 30, 2011

- Revenue. The sales of active ingredients to the personal care industry increased by 16% or \$167,000 in the second quarter of 2011 due primarily to significantly higher sales volumes of Beta Glucan. For the first six months, sales rose by \$546,000 representing an increase of 25% compared to the same period in 2010.
- Cost of Goods Sold. Cost of Goods Sold decreased by 27% or \$\$151,000 in Q 2, 2011 versus Q2, 2010. As a percentage of revenue, the cost of goods sold decreased by 21% from 55% in Q2, 2010 to 34% in Q2, 2011. For the six months ended on June 30, 2011, the cost of goods fell by 18% from 1,246,000 in 2010 to \$1,017,000 in 2011.
- Gross margin. As a percentage of revenues, gross margin in Q2, 2011 was at 66% compared to 45% in Q2, 2010 representing a significant improvement of 21% in Q2, 2011. For the first six months of 2011, gross margin was at 63% of revenues compared to 43% for the same period in 2010; an improvement of 20%. In absolute numbers, gross margin increased by \$318,000 in Q2, 2011 versus Q2, 2010 and by \$775,000 for the first six months of 2011 compared to the same period 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 high sales volumes of high margin products as well as to production efficiencies and to the acquisition of high grade raw materials resulting in a significant yield increase.
- Research and development. Investments increased by 61% (\$87,000) in Q2, 2011 compared to Q2, 2010 as a result of new research and development projects initiated in 2010 and continued throughout 2011 and higher costs for patents. For the first six months of 2011, R&D investments increased by 50% or \$139,000 compared to the same period in 2010. This reflects our commitment to expand our pipeline and manufacturing technologies.
- General and Administration. Costs increased by \$36,000 in Q2, 2011 versus Q2, 2010 and by \$44,000 for the first six months of 2011 compared to the same period last year. These additional costs are primarily due to increased consulting fees for the implementation of IFRS new accounting rules and some modest increases in salary and wage cost
- Sales and Marketing. Expenses increased by \$16,000 in Q2, 2011 compared to Q2, 2010 and by \$25,000 for the first six months of 2011 compared to the same period in 2010. These increases result from assessment of new marketing initiatives and attendance at major personal care and cosmetic conferences.
- Net income. For Q2, 2011, net income was \$105,000 versus \$239,000 in Q2, 2010. Of note, net income in Q2, 2010 included the recovery of a non-recurring cost of \$315,000. Net income for the first six months of 2011 amount to \$430,000 compared to \$192,000 for the same period in 2010 which included the recovery of \$315,000. Excluding the effects of the non-recurring cost recovery in 2010, net income increased by \$182,000 for Q2 2011 versus Q2 2010 and \$554,000 for the first six months of 2011

versus 2010.

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.

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.

CEAPRO INC.

Consolidated Statements of Net Income and Comprehensive Income

Unaudited

	Six Months Ended June 30,		Quarters Ended June 30,	
	2011	2010	2011	2010
	\$	\$	\$	\$
Revenue (note 18)	2,719,083	2,173,343	1,185,489	1,018,481
Cost of goods sold	1,017,067	1,245,895	404,819	555,853
Gross margin	1,702,016	927,448	780,670	462,628
Research and product development	415,674	277,398	228,399	141,685
General and administration	669,256	625,094	364,745	329,179
Sales and marketing	64,110	39,116	34,082	17,947
Other operating (income) loss (note 13)	24,097	(10,353)	1,034	(13,521)
Write off of property and equipment	-	10,490	-	10,490
Income (loss) from operations	528,879	(14,297)	152,410	(23,152)
Finance costs (note 14)	(98,404)	(108,536)	(47,124)	(53,224)
SGGF legal fees (note 16)	-	314,983	-	314,983
Income before tax	430,475	192,150	105,286	238,607
Income taxes				
Current	192,000	59,000	75,000	37,000
Reduction as a result of applying non-				

capital losses carried forward against the current period's taxable income	(192,000)	(59,000)	(75,000)	(37,000)

Net income and comprehensive income for the period	430,475	192,150	105,286	238,607

Net income per common share:				
Basic	0.01	0.00	0.00	0.00

Diluted	0.01	0.00	0.00	0.00

Weighted average number of common shares outstanding	56,543,790	51,710,063	56,578,948	51,710,063

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Source: Ceapro Inc.