

August 26, 2015



Ceapro Inc. Reports Second Quarter 2015 Financial and Operations Results

EDMONTON, ALBERTA -- (Marketwired) -- 08/26/15 -- [Ceapro Inc. \(TSX VENTURE:CZO\)](#) ("**Ceapro**" or the "**Company**"), a growth-stage biotechnology company focused on the development and commercialization of active ingredients for healthcare and cosmetic industries, announced today its financial results for the three-month and six-month periods ended June 30, 2015 and provided an overview of recent operational highlights.

Financial Highlights for the Second Quarter of 2015

- Total sales of \$2,439,000 in 2Q 2015 vs. \$2,432,000 in 2Q 2014
- Income from operations of \$843,000 in 2Q 2015 vs. \$727,000 in 2Q 2014
- Gross margin of \$1,749,000 in 2Q 2015 vs. \$1,444,000 in 2Q 2014
- Net profit of \$658,000 in 2Q 2015 vs. \$630,000 in 2Q 2014

Gilles Gagnon, M.Sc., MBA, President and CEO of Ceapro, stated, "While we are very pleased with our financial performance, it is important to emphasize that we are positioning Ceapro for the long term. Leveraging on our de-risked base business in cosmetics, we remain focused on our vision to develop our value drivers, beta glucan and avenanthramides, into different formulations enabling us to transition to other sectors like nutraceuticals and pharmaceuticals."

Second Quarter 2015 and Recent Operational Highlights

- Received a Notice of Allowance from the U.S. Patent and Trademark Office for the Company's proprietary PGX Technology;
- Initiated a second impregnation study at Massachusetts Institute of Technology to test dry formulations of beta glucan as a potential delivery system for selected bioactive natural ingredients;
- Announced the decision to develop the Company's enabling Pressurized Gas eXpanded Technology (PGX) at commercial and demonstration scale levels;
- Contributed avenanthramides produced by Ceapro's innovative technology for the highest dose level component of a U.S.-based human bioavailability study currently analyzing data on three escalating doses of avenanthramides;
- Produced high concentrations of avenanthramides at commercial scale levels utilizing Ceapro's innovative malting technology;
- Presented a highly successful overview on the unique advantages of Ceapro's PGX drying technology platform at the International Conference on Engineering and Food and the BIO World Congress on Industrial Biotechnology;
- Appointed accomplished finance and accounting executive, Stacy Prefontaine, CA, as Chief Financial Officer; and
- Appointed seasoned pharmaceutical executive, Dr. Ulrich Kosciessa to the Board of

Directors.

Mr. Gagnon continued, "As previously announced, the successful production of pharmaceutical grade powder formulation of beta glucan obtained through the use of our unique and promising PGX Technology confirmed our decision to develop this enabling technology at the commercial scale level. This decision is further reinforced by promising results recently obtained from analysis of samples from different industrial sources. Attaining worldwide rights for PGX in all industrial applications was a major milestone and has triggered significant changes in terms of the scope and magnitude of our contemplated scale-up for this innovative technology platform to be exploited in our upcoming world-class manufacturing facility. In the meantime, we are currently producing at record levels in the existing facility and have even significantly improved our efficiencies. We would like to thank our dedicated employees who once again delivered superior results."

Financial Results for the Three Month and Six Month Periods Ended June 30, 2015

- Total sales of \$2,439,000 and \$4,154,000 in Q2 and H1 2015 respectively compared to \$2,432,000 and \$4,386,000 in 2014.
- Net profit of \$658,000 and \$464,000 in Q2 and H1 2015 respectively compared to a net profit of \$630,000 and net profit of \$807,000 in 2014. Taking into account the non-cash item related to share based compensation costs of \$396,000 for H1 2015 vs. \$68,000 for H1 2014, net profit amounts to \$860,000 for the first six months of 2015 vs. \$875,000 for the same period in 2014.
- Research and Development investments of \$237,000 and \$343,000 in Q2 and H1 2015 respectively compared to \$189,000 and \$414,000 in 2014.
- General and Administration expenses of \$629,000 and \$1,431,000 in Q2 and H1 2015 respectively compared to \$462,000 and \$884,000 in 2014. The increase in G&A in 2015 compared to 2014 is mostly due to share based compensation costs due to the granting of options at a time when the Company share price was higher. Share based expense is an accounting charge that does not impact cash flows as no actual payment is made. Although it decreases net profit, it also increases the Company's equity component.
- Sales and Marketing expenses of only \$3,500 and \$6,700 in Q2 and H1 2015 respectively compared to \$5,500 and \$6,700 in 2014, due to a sales strategy through a distribution network.
- The Company had cash and cash equivalents of \$550,000 as of June 30, 2015 as compared to \$273,000 as of December 31, 2014.

CEAPRO INC.

Consolidated Statements of Net Income and Comprehensive Income

Unaudited

	Quarters Ended		Six Months Ended	
	June 30,		June 30,	
	2015	2014	2015	2014
	\$	\$	\$	\$
Revenue (note 15)	2,439,366	2,431,736	4,153,851	4,386,083
Cost of goods sold	690,229	987,603	1,612,615	1,881,906

Gross margin	1,749,137	1,444,133	2,541,236	2,504,177
Research and product development	236,835	189,461	342,742	413,967
General and administration	629,225	461,808	1,431,158	884,067
Sales and marketing	3,506	5,500	6,673	6,667
Finance costs (note 14)	37,024	60,496	143,774	152,360
Income from operations	842,547	726,868	616,889	1,047,116
Other operating loss (note 13)	(184,823)	(96,902)	(189,253)	(239,721)
Income before tax	657,724	629,966	427,636	807,395
Income taxes				
Deferred tax recovery	-	-	36,250	-
Total comprehensive income for the period	657,724	629,966	463,886	807,395
Net income per common share (note 20):				
Basic	0.01	0.01	0.01	0.01
Diluted	0.01	0.01	0.01	0.01
Weighted average number of common shares outstanding (note 20):				
Basic	61,669,149	60,591,860	61,605,706	60,474,252
Diluted	65,843,789	60,940,811	65,298,020	61,110,510

The complete 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 biotechnology company involved in the development of proprietary extraction technology and the application of this technology to the production of extracts and "active ingredients" from oats and other renewable plant resources.

Ceapro adds further value to its extracts by supporting their use in cosmeceutical, nutraceutical, and therapeutics products for humans and animals. The Company has a broad range of expertise in natural product chemistry, microbiology, biochemistry, immunology and process engineering. These skills merge in the fields of active ingredients, biopharmaceuticals and drug-delivery solutions. For more information on

Ceapro, please visit the Company's website at www.ceapro.com.

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Source: Ceapro Inc.