

August 29, 2013



Ceapro Reports Second Quarter 2013 Financial Results

EDMONTON, ALBERTA -- (Marketwired) -- 08/29/13 -- **Ceapro Inc. (TSX VENTURE:CZO) ("Ceapro" or the Company)** today announced its financial results for the three-month and six-month periods ended June 30, 2013.

Second quarter 2013 corporate highlights

- Announcement of a Distribution Agreement signed with German- based multinational, Symrise AG
- Additional funding of up to \$97,000 for a key research project as part of a collaboration with a Canadian agriculture producer group
- Initiation of new state of the art manufacturing facility construction in Edmonton

Subsequent to quarter-end

- Initiation of a research program to assess the suitability of dry formulations of Beta Glucan and Avenanthramides for the large nutraceuticals/functional food markets
- \$1,600,000 loan secured from Alberta Financial Corporation Services (AFSC) for the acquisition of equipment in the new plant
- Conclusion of non-repayable grant of up to \$674,000 with Canadian Government Growing Forward 2 Program for the new manufacturing plant project

FINANCIAL RESULTS FOR THE SECOND QUARTER AND THE FIRST SIX MONTHS ENDED JUNE 30, 2013

Revenues were \$1,012,000 for the three-month period ended June 30, 2013, as compared to \$1,490,000 for the same period in 2012. This decrease of revenues in the second quarter of 2013 is mostly due to timing of customers' orders. For the first six months, revenues were up to \$3,025,000 in 2013 compared to \$2,680,000 for the same period in 2012, representing an increase of 12.9%.

Gross Margins were \$579,000 and \$1,629,000 for the three-month period and six-month period ended June 30, 2013 as compared to \$673,000 and \$1,342,000 for the same periods in 2012. This significant six-month 21% improvement mostly reflects increased sales of one higher margin product.

Research and Development Investments were \$227,000 and \$364,000 for the three-month period and six-month period ended June 30, 2013 as compared to \$267,000 and \$430,000 for the same periods in 2012. These decreased numbers in 2013 represent a favourable result from grant revenues recognition received from government funding programs. We remain strongly committed to expand our pipeline through the development of

new products as well as the development of second generation of products from our value drivers, Avenanthramides and Beta Glucan.

General and Administration Expenses were \$437,000 and \$873,000 for the three-month period and six-month period ended June 30, 2013 compared to \$490,000 and \$881,000 for the same periods in 2012. These lower G&A expenses in Q2 2013 are due to lower consulting costs than the ones incurred in 2012 for feasibility studies for the new plant. They are also due to the non-renewal in 2013 of a contract for an investor relations firm and to lower legal expenses registered in 2013 compared to 2012.

Sales and Marketing Expenses were \$47,000 and \$69,000 for the three-month and six-month periods ended June 30, 2013 compared to \$55,000 and \$126,000 for the same periods in 2012. These decreased expenses in 2013 are due to the non-renewal of marketing feasibility studies conducted in 2012 partially offset by Ceapro's participation at a major conference in April 2013.

Net Income/Loss. For the three-month period ended June 30, 2013, net loss was \$252,000 versus a net loss of \$161,000 for the same period in 2012. This net loss includes a relocation rent expense of \$81,000 for the new facility. It also includes \$122,000 in new patents costs mostly issued in European Countries for Beta Glucan. The relocation expenses are reported under "other operating income (loss)" in the Profit and Loss statement. For the first six-months of 2012, net profit amounted to \$156,000 compared to a net loss of \$164,000 for the same period in 2012. Without the extraordinary expenses incurred in Q2 2013 for the new rent and patents, net income for the first six months of 2013 would amount to \$359,000 compared to a loss of \$164,000 for the same period in 2012.

"We are pleased with the 2013 year to date results showing a 12.9% increase of revenues compared to the first half of 2012 and a net profit of \$156,000 compared to a loss of \$164,000 for the same period in 2012. We have achieved these results as we have been focusing our activities on the successful implementation of our new state of the art manufacturing facility, our top priority for 2013. Activities in the second quarter progressed as scheduled and we are on track to complete this major milestone by the end of 2013" said Gilles Gagnon, President and CEO. "Furthermore, we are very pleased with the significant progresses made for the financing of this \$5.0 million project in a non-dilutive manner. We thank our partners who believe in and greatly support Ceapro's innovative technologies and products" he added.

The complete financial statements are available for review on SEDAR at <http://sedar.com/Ceapro> and on the Company's website at <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.

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.

CEAPRO INC.

Consolidated Statements of Net Income (Loss) and Comprehensive Income (Loss)

Unaudited

	Quarters Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
	\$	\$	\$	\$
Revenue	1,012,322	1,490,131	3,024,601	2,679,644
Cost of goods sold	433,204	817,217	1,395,589	1,337,911
Gross margin	579,118	672,914	1,629,012	1,341,733
Research and product development	226,738	267,142	364,449	429,614
General and administration	436,473	489,605	872,986	881,493
Sales and marketing	46,570	55,008	68,923	126,434
Finance costs (note 12)	24,137	27,926	74,643	54,662
Income (loss) from operations	(154,800)	(166,767)	248,011	(150,470)
Other operating income (loss) (note 11)	(96,915)	6,221	(91,555)	(13,592)
Net income (loss) for the period	(251,715)	(160,546)	156,456	(164,062)
Other comprehensive loss				
Actuarial loss on employee future benefit obligation (note 7)	-	-	(16,916)	-
Total comprehensive income (loss) for the period	(251,715)	(160,546)	139,540	(164,062)
Net income (loss) per common share (note 18):				
Basic	(0.00)	(0.00)	0.00	(0.00)
Diluted	(0.00)	(0.00)	0.00	(0.00)
Weighted average number of common shares outstanding	60,278,948	60,278,948	60,278,948	60,278,948

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Source: Ceapro Inc.