

# Nurturing Growth



**Ceapro Inc.** is a Canadian growth-stage biotechnology company. Primary business activities relate to the development and commercialization of organic products for personal care and cosmetic industries using proprietary technology and natural, renewable resources.

Ceapro (Ticker: CZO) is traded on the Canadian TSX Venture Stock Exchange.

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## Corporate Overview

Ceapro's achievements during 2007 and 2008 reflected the Company's diverse strengths and laid the ground for significant further growth. We increased our portfolio of products and inaugurated new manufacturing facilities to fill growing demand from our customers. Strategically we invested in marketing and business development initiatives for our line of active ingredients.

## Highlights

- . A portfolio of 18 innovative products on the market
- . New business opportunities in nutraceuticals
- . In-licensed mint variety rich in Rosmarinic acid, a powerful anti-oxidant and anti-inflammatory
- . Maintained strong gross margins
- . New manufacturing plant with greater capacity and more flexibility
- . Developed new partnerships and alliances for new markets

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# Research and Commercialization



Ceapro is further developing the ingredients extracted from oats – avenanthramides and beta glucan – that constitute our primary product base.

**Avenanthramides** are oat-derived compounds that Ceapro has made functional for use in therapeutics for skin allergies and inflammation. We've partnered with University medical hospitals in researching the effectiveness of avenanthramides in the treatment of inflammatory bowel disease and the prevention of atherosclerosis.

Avenanthramides are a group of chemicals found exclusively in oats and butterfly eggs. Oats contain at least 25 avenanthramides, three of which are predominant. Ceapro's avenanthramide extracts are marketed with a standardized avenanthramide concentration which ensures consistent biological activity. In vitro experiments indicate that they have significant antioxidant activities. In vivo, this antioxidant capacity provides health benefits ranging from a reduced rate of LDL oxidation to protection against cancers and heart disease.

**Beta glucan** is a polymer of glucan extracted from oats. Ceapro has become a recognized leader in the science and function of beta glucan. In 2005, we accomplished a world-first by demonstrating that beta glucan can penetrate human skin. Ceapro's beta glucan is distinguished from beta glucan from other sources by virtue of its application of patented biotechnology processes at the nano molecular scale level.

Beta glucan stimulates the production of procollagen and the growth of fibroblasts, which are essential to accelerate wound-healing and which also eliminate wrinkles. This latter application, preserving youthful appearance in the aging, represents an enormous market and business opportunity for Ceapro.

Ceapro also developed a drug-delivery system capable of delivering a wide range of molecules orally and through the skin. We are developing a partnership in this field with a multinational pharmaceutical company to develop an oral-care product line containing beta glucan and avenanthramides.

**Rosmarinic acid** is a natural water soluble antioxidant and preservative extracted from a high-yielding variety of spearmint. Ceapro licensed this variety to develop innovative nutraceutical and pharmaceutical applications.

# Partnering for Success



Ceapro's strategic marketing imperative has always been, "Find the right partner!"

**Ceapro** is an innovator and manufacturer. To introduce, promote, and sell our products we create partnerships with the world's leading marketing companies. We know that our technology can be a powerful enabler and add value to products in the cosmetics, personal care, nutraceutical and pharmaceutical sectors. We find the necessary leverage through working with well-connected, experienced partners. Their large sales forces give us access to global audiences.

This strategy has proven highly advantageous. We have pursued it with our organic and conventional line of active ingredients.

Since 1999, Symrise, among the top four in the international flavors and fragrances market, has been a key conduit to the marketplace for Ceapro. Symrise is a billion dollar revenue company and is represented in more than 30 countries in Europe, Asia, the United States and South America. In addition to selling our products, Symrise works with Ceapro to help us develop new products. The partnership thus makes us market-driven even while it cultivates our innovation focus.

Other examples of the long-lived partnerships that we have formed to deliver our products to market include Brennen Medical who markets our beta glucan-based products for wound-care and skin loss injuries since 1995. Daisen Sangyo Co. in Japan has acted as our partner in distributing veterinary therapeutic products since 1996.

More recently, Ceapro signed distribution agreements with Laserson in France, KAH Specialty Products and Harris & Ford in the U.S. and East Hill Corporation in South Korea.

# Active Ingredients



- Proprietary oat varieties
- Proprietary extraction technology
- Proprietary formulation capabilities
- Global commercialization of active ingredients

Ceapro's global reputation is based on our technology and our specialized expertise to identify and extract active ingredients from natural and organic sources. This capacity represents the heart of our organization. We standardize the extracted materials, which include avenanthramides, beta glucan, colloidal oat extract, peptides, and oat oil, to provide consistent and reliable results. Then we develop cosmeceutical, nutraceutical and biomedical applications for these active ingredients.



## An "active ingredient"

in reference to Ceapro's products (and as defined by the U.S. Food and Drug Administration) is any component of a product that provides therapeutic effect in the diagnosis, treatment, or prevention of disease.

Ceapro's platform extraction technology results in active ingredients with distinct formulation and performance advantages. Our active ingredients are manufactured from proprietary oat varieties sourced throughout the world. These oat varieties, licensed from plant breeders, are not genetically modified. The active ingredients that Ceapro extracts from the oats are used in the manufacture of preferred medical, veterinary, personal care, and cosmetic products worldwide.

Brand name products from personal care industry giants such as Bath & Body Works, Johnson & Johnson, Mary Kay, and Unilever add Ceapro's active ingredients to products with applications ranging from wound-care to baby-care, and from sun-care to anti-aging.

The demand for cosmeceuticals (cosmetic products that have drug-like benefits) is expected to grow by 8.5% annually in the U.S. This demand will be propelled by a stream of new products offering age-defying and other appearance-enhancing benefits. Skin care products will remain dominant. Market analysis by The Freedonia Group in 2006 valued the cosmeceutical market at \$5.4 billion.

Ceapro's active ingredients are particularly suited for the treatment of age-related conditions and diseases. Products enhanced by Ceapro's technology are being welcomed by aging "baby-boomers." The cosmeceutical and baby boomer market sectors hold vast potential for Ceapro.

