



Ceapro Inc. Reports Second Quarter 2016 Financial and Operational Results

- Ceapro completes another record-setting quarter for the highest quarterly revenues reported in Company's history
- Clinical program with avenanthramides as anti-inflammatory compound initiated

EDMONTON, ALBERTA – August 24, 2016 – [Ceapro Inc.](#) (TSX-V: 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, 2016 and provided an overview of recent operational highlights.

Financial Highlights for the Second Quarter of 2016

- Best second quarter performance with revenues reaching historical highs;
- Total sales of \$4,168,000 in 2Q 2016 vs. \$2,439,000 in 2Q 2015, an increase of 71%;
- Income from operations before tax of \$2,358,000 in 2Q 2016 vs. \$658,000 in 2Q 2015;
- Gross margin of \$3,014,000 in 2Q 2016 vs. \$1,749,000 in 2Q 2015; and
- Net profit after tax of \$1,636,000 in 2Q 2016 vs. \$658,000 in 2Q 2015.

Gilles Gagnon, M.Sc., MBA, President and CEO of Ceapro, stated, “We are very pleased to have ended the second quarter of 2016 with these exceptional results. Of note, this is the fourth consecutive record-setting quarter that Ceapro has delivered and we aim to continue to excel in our high-value de-risked base business in cosmeceuticals, which has shown to be a proven result of the effectiveness of our business strategy.”

Recent Corporate Highlights

- Closed a private placement of CDN\$10.0 million with the majority of the offering subscribed by fundamental institutional investors;
- Renewed a major distribution agreement with long-time partner, Symrise AG;
- Completed human bioavailability study using Ceapro's high concentration of avenanthramides. Manuscript submitted for publication;
- Contributed high concentration avenanthramides for a U.S.-based human bio-efficacy study to be co-sponsored with a multinational company;
- Pursued the development of the Company's enabling Pressurized Gas eXpanded Technology (PGX) at demonstration scale level; and
- Initiated commissioning of a new manufacturing facility.



“With the results from this quarter combined with the announcement of the renewal of a long-term agreement with our major distributor, Symrise AG, Ceapro has established a solid base for this tremendous year-over-year growth and for the long term,” added Mr. Gagnon.

Expected Near-Term Milestones

- Opening of new GMP bio-processing extraction facility in Edmonton, Alberta, Canada in Q3 2016;
- Commence pilot clinical study to develop beta glucan as a cholesterol reducer in Q4 2016;
- Complete the development of a prototype for a functional drink in Q4 2016; and
- Complete bio-efficacy study of avenanthramides as an anti-inflammatory compound in exercise induced inflammation in Q1 2017.

Mr. Gagnon concluded, “Beyond these excellent financial results and while we will transfer the manufacturing operations to a new manufacturing facility during the second half of 2016, we will do our utmost to continue to develop our pipeline and execute our projects rigorously toward market expansion into the profitable nutraceutical and pharmaceutical sectors.”

Financial Results for the Three Month and Six Month Periods Ended June 30, 2016

- Total sales of \$4,168,000 and \$8,231,000 in Q2 and H1 2016 respectively compared to \$2,439,000 and \$4,154,000 in 2015. A 98% increase for the first six month period.
- Income from operations before tax of \$2,358,000 and \$4,092,000 in Q2 and H1 2016 respectively compared to \$658,000 and \$428,000 in 2015.
- Net profit of \$1,636,000 and \$2,849,000 in Q2 and H1 2016 respectively compared to a net profit of \$658,000 and net profit of \$464,000 in 2015.
- General and Administration expenses of \$525,000 and \$1,020,000 in Q2 and H1 2016 respectively compared to \$629,000 and \$1,431,000 in 2015. The decrease in G&A in 2016 compared to 2015 is mostly due to a significant decrease in share based compensation costs due to the fact that the number of options granted in 2016 is negligible.
- Cash generated from operations of \$3,059,000 during the first six months of 2016 compared to \$279,000 for the same period in 2015.
- Retained earnings position of \$2,790,000 as of June 30, 2016 compared to a deficit of \$59,000 as of December 31, 2015.
- The Company had cash and cash equivalents of \$910,000 as of June 30, 2016 as compared to \$1,681,000 as of December 31, 2015.



CEAPRO INC.
 Consolidated Statements of Net Income and Comprehensive Income
 Unaudited

	Quarters Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
	\$	\$	\$	\$
Revenue (note 15)	4,167,855	2,439,366	8,231,431	4,153,851
Cost of goods sold	1,153,517	690,229	2,383,280	1,612,615
Gross margin	3,014,338	1,749,137	5,848,151	2,541,236
Research and product development	(61,251)	236,835	266,581	342,742
General and administration	524,858	629,225	1,020,504	1,431,158
Sales and marketing	643	3,506	2,829	6,673
Finance costs (note 14)	48,896	37,024	147,377	143,774
Income from operations	2,501,192	842,547	4,410,860	616,889
Other operating loss (note 13)	(143,587)	(184,823)	(319,279)	(189,253)
Income before tax	2,357,605	657,724	4,091,581	427,636
Income taxes				
Current tax expense	36,090	-	(421,916)	-
Deferred tax (expense) recovery	(757,897)	-	(820,475)	36,250
Income tax (expense) recovery	(721,807)	-	(1,242,391)	36,250
Total comprehensive income for the period	1,635,798	657,724	2,849,190	463,886
Net income per common share (note 20):				
Basic	0.03	0.01	0.05	0.01
Diluted	0.02	0.01	0.04	0.01
Weighted average number of common shares outstanding (note 20):				
Basic	62,879,483	61,669,149	62,731,361	61,605,706
Diluted	66,476,458	65,843,789	66,106,894	65,298,020



CEAPRO INC.
 Consolidated Balance Sheets
 Unaudited

	June 30, 2016	December 31, 2015
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	909,934	1,681,125
Trade receivables	1,332,038	538,995
Other receivables	71,462	124,132
Inventories (note 4)	960,302	1,242,417
Prepaid expenses and deposits	117,489	259,560
	3,391,225	3,846,229
Non-Current Assets		
Investment tax credits receivable	487,339	603,302
Deposits	94,309	93,264
Licenses (note 5)	31,848	33,329
Property and equipment (note 6)	13,047,816	9,868,676
Deferred tax assets	326,578	1,258,674
	13,987,890	11,857,245
TOTAL ASSETS	17,379,115	15,703,474
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	1,906,688	2,005,611
Deferred revenue (note 9)	372,328	1,172,198
Current portion of long-term debt (note 7)	988,291	984,318
Convertible debentures (note 8)	914,569	872,355
Current portion of CAAP loan (note 11)	77,858	72,942
Income tax payable	200,840	95,180
	4,460,574	5,202,604
Non-Current Liabilities		
Long-term debt (note 7)	1,758,369	2,277,186
CAAP loan (note 11)	254,484	235,529
Deferred tax liabilities	-	111,621
	2,012,853	2,624,336
TOTAL LIABILITIES	6,473,427	7,826,940
Equity		
Share capital (note 10)	6,973,903	6,800,018
Equity component of convertible debentures (note 8)	106,200	106,200
Contributed surplus	1,035,643	1,029,564
Retained earnings (deficit)	2,789,942	(59,248)
	10,905,688	7,876,534
TOTAL LIABILITIES AND EQUITY	17,379,115	15,703,474



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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