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**FOR IMMEDIATE RELEASE**

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***CPAC, Inc. Announces Second Quarter and Six-Month Results;  
Declares Quarterly Cash Dividend of \$0.07***

**LEICESTER, NY... November 10, 2004** -- CPAC, Inc. (Nasdaq: CPAK), a manufacturer and marketer with holdings in the Cleaning & Personal Care and Imaging industries, today reported second quarter and six-month results for the fiscal period ended September 30, 2004.

On November 9, 2004, CPAC's Board of Directors declared a quarterly cash dividend in the amount of \$0.07 per share, payable on December 17, 2004 to shareholders of record at the close of business on November 24, 2004.

**Consolidated Results**

Net sales for the second quarter were \$22.3 million compared to \$23.5 million for the same quarter last year, a decline of 5.3% (6.3% excluding the impact of foreign currency exchange.) Net income for the quarter was \$207,000 or \$0.04 per diluted share versus net loss of \$(136,000) or \$(0.03) per diluted share for the quarter ended September 30, 2003.

For the six months ended September 30, 2004, net sales were \$44.4 million versus \$46.7 million for the same period last year, a drop of 5.0% (6.4% excluding the impact of foreign currency exchange.) Six-month net income was \$339,000 or \$0.07 per diluted share as compared to \$187,000 or \$0.04 per diluted share for the period ended September 30, 2003.

CPAC President and CEO Thomas N. Hendrickson commented, "Although consolidated revenues are down versus last year, Fuller Brush and two of our international Imaging locations delivered strong sales performances over the period. Increases in net income for the quarter and six month periods reflect continued cost control initiatives in both segments, in addition to improvements in gross margins. Our continued dividend underscores our belief that our fiscal restraint during our restructuring period will soon be reflected in increased profits going forward."

*more... more... more...*

## **Results and Highlights by Segment**

### ***Fuller Brands Segment***

Second quarter net sales in the Fuller Brands segment were \$13.6 million, which is on par with last year's comparable period. Operating profit more than doubled to \$678,000, versus \$316,000 for the second quarter of fiscal 2004. For the six month period ended September 30, 2004 net segment sales were \$27.6 million compared to \$28.0 million in the prior year. Operating profit increased by 15% to \$1.5 million versus \$1.3 million in the previous years' six-month period.

- For the quarter and six months, Fuller Brush sales increased by 16% and 14% respectively, due primarily to an increase in television home shopping sales as well as the new Fuller Brush retail initiative.
- Cleaning Technologies Group (CTG) sales were off by 13% for the quarter and six-month period. Sales to school districts, a focus of CTG's business, declined due to state and local budget constraints. Efforts to diversify into new classes of trade are underway, with positive results expected in the healthcare, building service contractors, and industrial / manufacturing sectors.
- Stanley Home Products sales were down 10% for both the quarter and six-month periods compared to prior year. Since April 2004, Stanley has been in the process of implementing a new strategy involving fundamental changes to key business areas such as its compensation plan, recruiting methods, and product focus. Stanley has introduced 15 new products already this year, and is committed to a minimum of six new products each quarter, with packaging and marketing designed to support its new 'Home Solutions' brand position.

Fuller Brands President Robert Gey remarked, "With respect to Stanley and CTG, although we made progress in the first half of the year towards the strategies we believe will drive future growth, improvements in these businesses will be gradual, due to the magnitude of change. In Fuller Brush, we are very pleased with our success with QVC so far this year, and in key retail channels. To support Fuller's future efforts, we hired a Chicago advertising firm to promote the brand to a 300-store East Coast grocery account. To date, Fuller Brush branded household product(s) can be purchased in more than 1000 retail locations nationwide, with additional stores being added every day."

### ***Imaging Segment***

Second quarter Imaging segment sales were \$8.7 million versus \$9.9 million last year, a drop of 13% (15% excluding the impact of foreign currency exchange.) Operating loss for the second quarter was \$(61,000). This compares to a loss of \$(235,000) in last year's second quarter, after restructuring expenses of \$417,000 related to the domestic plant consolidation. For the six-month period, Imaging

segment sales were \$16.8 million versus \$18.7 million in the prior year, a decrease of 10% (14% excluding the impact of foreign currency exchange.) Operating loss for the six-month period was \$(356,000) compared to \$(394,000) for the prior year's six-month period.

- Domestic sales are down for both the quarter and six-month period as against prior year. In US markets, declines reflect the ongoing industry conversion to digital technologies but include some growth in sales to Mexico. Sales in International markets have been trending higher for several successive quarters, but the Belgian and Italian subsidiaries experienced extreme currency pressures which interrupted this trend in Q2. Both European subsidiaries have large export sales which are negatively impacted by the strong Euro since pricing is in US dollars.
- Results reflect losses from our 40% ownership in TURA-AG for the quarter and for the six months of \$0.02 and \$0.05 per diluted share respectively. The remaining investment in TURA has been written off so that future TURA losses, if any, will have no impact on CPAC reported results.
- Near the end of the quarter, the Company acquired the remaining 20% share of CPAC Asia Imaging Products, Ltd. CPAC Asia's pretax profits for the trailing twelve months prior to purchase were over \$1 million dollars. As a wholly owned subsidiary, the entity is better able to pursue other opportunities to expand its presence in the Asian marketplace, including China. CPAC Asia continues to operate under a tax holiday through August 31, 2006.
- Sale of the St. Louis chemical manufacturing facility was completed in September, yielding a pretax gain of \$63,000.

Steven Baune, President of CPAC's Imaging segment, stated, "With restructuring behind us, we are clearly focused in two strategic areas. In the first, we are introducing new products to help our customers succeed in the digital arena. Our latest offerings include image enhancement software and new chemistries that enhance the photographic prints made from digital files. In the second, we are positioning to become a leading outsource supplier of traditional photographic, health care, and graphic arts chemistries and equipment for major imaging players that have chosen to invest their resources in digital products."

#### **Other Financial Information**

Thomas J. Weldgen, CPAC's Chief Financial Officer, said, "Since beginning the fiscal year on April 1, 2004 with approximately \$7.7 million in cash, we have expended \$500,000 on new property and equipment, invested \$600,000 (\$300,000 in cash this quarter) towards the purchase of the remaining 20% ownership of CPAC Asia, and reduced debt in the amount of \$150,000. In addition, shareholder dividends of \$700,000 were distributed. At September 30, 2004, the Company had \$6.3 million in cash,

and working capital in excess of \$31.0 million."

### About CPAC, Inc.

Established in 1969, CPAC, Inc. (cpac.com) manages holdings in two industries. The Fuller Brands segment manufactures commercial, industrial, and household cleaning products, as well as custom brushes and personal care lines. The CPAC Imaging segment develops and markets innovative Imaging chemicals, equipment, and supplies at seven operations worldwide. Products are sold under more than 350 registered trademarks. Stock is traded under the symbol: CPAK.

*Except for the historical matters contained herein, statements in this press release are forward-looking and are made pursuant to the safe harbor provisions of the Securities Litigation Reform Act of 1995. Investors are cautioned that forward-looking statements involve risks and uncertainties that may affect CPAC's business and prospects, including economic, competitive, governmental, technological, and other factors discussed in CPAC's filings with the Securities and Exchange Commission.*

(Tables follow)

### CPAC, Inc. RESULTS OF OPERATIONS DATA SEPTEMBER 30, 2004 and SEPTEMBER 30, 2003 (UNAUDITED)

	<u>Three months ended</u>		<u>% change</u>
	<u>2004</u>	<u>2003</u>	
Net sales:			
Fuller Brands	\$ 13,644,339	\$ 13,645,386	0.0
Imaging	<u>8,652,531</u>	<u>9,886,943</u>	(12.5)
Total sales:	<u>\$ 22,296,870</u>	<u>\$ 23,532,329</u>	(5.3)
Net income (loss)	<u>\$ 206,828</u>	<u>\$ (136,363)</u>	NM
Diluted net income (loss) per share	<u>\$ 0.04</u>	<u>\$ (0.03)</u>	NM
Diluted shares outstanding	4,949,647	4,945,212	NM

**SUPPLEMENTAL SEGMENT DATA**  
**SEPTEMBER 30, 2004 and SEPTEMBER 30, 2003**  
**(UNAUDITED)**

**Three months ended September, 2004**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 13,644,339	\$ 8,652,531	\$ 22,296,870
Cost of sales	<u>6,884,851</u>	<u>5,659,447</u>	<u>12,544,298</u>
Gross profits	6,759,488	2,993,084	9,752,572
Selling, administrative and engineering expenses	5,945,391	2,959,494	8,904,885
Restructuring expenses		0	0
Research and development expense	135,690	<u>94,458</u>	<u>230,148</u>
Operating income (loss)	<u>\$ 678,407</u>	<u>\$ (60,868)</u>	617,539
Corporate expense			(26,320)
Interest expense, net			<u>(84,707)</u>
Income before non-operating expenses and income taxes			506,512
Non-operating expenses:			
Minority interests			(63,149)
Equity in loss of affiliate			<u>(122,535)</u>
			<u>(185,684)</u>
Income (loss) before income taxes			320,828
Income tax expense			<u>114,000</u>
Net income			<u>\$ 206,828</u>

**Three months ended September, 2003**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 13,645,386	\$ 9,886,943	\$ 23,532,329
Cost of sales	<u>7,008,352</u>	<u>6,221,359</u>	<u>13,229,711</u>
Gross profits	6,637,034	3,665,584	10,302,618
Selling, administrative and engineering expenses	6,180,701	3,450,854	9,631,555
Restructuring expenses		417,029	417,029
Research and development expense	140,348	<u>32,371</u>	<u>172,719</u>
Operating income (loss)	<u>\$ 315,985</u>	<u>\$ (234,670)</u>	\$ 81,315
Corporate expense			(75,143)
Interest expense, net			<u>(125,455)</u>
Loss before non-operating expenses and income taxes			(119,283)
Non-operating expense:			
Minority interests			(45,207)
Equity in loss of affiliate			<u>(97,873)</u>
			<u>(143,080)</u>
Loss before income taxes			(262,636)
Income tax benefit			<u>(126,000)</u>
Net loss			<u>\$ (136,363)</u>

**SUPPLEMENTAL SEGMENT DATA**  
**SEPTEMBER 30, 2004 and SEPTEMBER 30, 2003**  
**(UNAUDITED)**

**Six months ended September, 2004**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 27,617,563	\$ 16,764,962	\$ 44,382,525
Cost of sales	<u>13,846,370</u>	<u>11,057,069</u>	<u>24,903,439</u>
Gross profits	13,771,193	5,707,893	19,479,086
Selling, administrative and engineering expenses	11,978,688	5,923,259	17,901,947
Restructuring expenses			
Research and development expense	<u>279,036</u>	<u>141,010</u>	<u>420,046</u>
Operating income (loss)	<u>\$ 1,513,469</u>	<u>\$ (356,376)</u>	1,157,093
Corporate expense			(53,271)
Interest expense, net			<u>(185,245)</u>
Income before non-operating expenses and income taxes			918,577
Non-operating expenses:			
Minority interests			(115,986)
Equity in loss of affiliate			<u>(250,436)</u>
			<u>(366,422)</u>
Income before income taxes			552,155
Income tax expense			<u>213,000</u>
Net income			<u>\$ 339,155</u>

**Six months ended September, 2003**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 27,997,187	\$ 18,715,296	\$ 46,712,483
Cost of sales	<u>14,192,149</u>	<u>11,715,968</u>	<u>25,908,117</u>
Gross profits	13,805,038	6,999,328	20,804,366
Selling, administrative and engineering expenses	12,235,670	6,736,625	18,972,295
Restructuring expenses		597,029	597,029
Research and development expense	<u>281,725</u>	<u>59,276</u>	<u>341,001</u>
Operating income	<u>\$ 1,287,643</u>	<u>\$ (393,602)</u>	\$ 894,041
Corporate expense			(119,721)
Interest expense, net			<u>(259,448)</u>
Income before non-operating expenses and income taxes			514,872
Non-operating expense:			
Minority interests			(98,026)
Equity in loss of affiliate			<u>(179,287)</u>
			<u>(277,313)</u>
Income before income taxes			237,559
Income tax expense			<u>51,000</u>
Net income			<u>\$ 186,559</u>

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