



2364 Leicester Rd.  
Leicester, NY 14481 USA  
585-382-3223 cpac.com

***For Immediate Release***

**COMPANY CONTACTS:**

Wendy F. Clay, VP, Admin  
Kate T. Kreger, Corp. Communications

**CPAC, Inc. Announces Completion of Filing of Form 10-K  
Reports Fourth Quarter and Full-Year Results**

**LEICESTER, NY... July 13, 2005** – CPAC, Inc. (Nasdaq: CPAK) today announced that on July 11, 2005 it completed the filing with the Securities and Exchange Commission of its annual report to shareholders on Form 10-K for the fiscal year ended March 31, 2005. On June 30, 2005 the Company had filed for an extension of time to file Form 10-K to review certain items requiring adjustment to previously issued quarterly financial statements. This review has been completed, allowing the Company's annual financial results to be finalized. The results are consistent with the previously released annual earnings range, reported on June 10, 2005. The Company is currently in the process of refiling restated 2005 fiscal quarters and expects to have this completed in the near term.

**Q4 Consolidated Results**

Net sales for the fourth quarter were \$22.4 million compared to \$22.8 million for the same quarter last year.

Based on restated results of operations for the first three quarters of fiscal 2005, the Company incurred a consolidated net loss in the fourth quarter of \$(4.00) million or \$(0.81) per diluted share, versus a net loss of \$(2.71) million or \$(0.55) per diluted share in last year's fourth quarter, as impacted by non-recurring or unusual items discussed below.

The 2005 net loss is inclusive of \$(3.7) million of one time, non-cash items including a \$(3.2) million or \$(0.65) per diluted share valuation reserve against certain deferred tax assets, and an impairment charge of \$(0.5) million or \$(0.10) per diluted share on an investment. The 2004 net loss included an after tax charge of \$(0.54) related to the combination of impairment charge and equity in losses of TURA.

**Q4 Results and Highlights by Segment**

**Fuller Brands Segment**

Fourth quarter net sales in the Fuller Brands segment increased 6% to \$13.7 million versus \$12.9 million

last year. Operating profit was up 20% for the period to \$173,000 compared with \$144,000 for the fourth quarter of fiscal 2004.

- The Fuller Brush Company sales were up 16% versus prior year's fourth quarter, driven largely by an increase in television home shopping sales, resulting in a doubling of the division's operating profits.
- Cleaning Technologies Group (CTG) sales increased by 4% for the quarter over last year, but operating losses increased due primarily to higher raw material and shipping costs. The division instituted price increases in April 2005 to help address the higher costs.
- Stanley Home Products sales were down 12%, with fourth quarter operating losses only slightly higher than last year.

### **Imaging Segment**

Fourth quarter Imaging segment sales were \$8.7 million versus \$9.9 million last year, a decrease of 11.5% (12.5% excluding the impact of foreign currency exchange). Operating loss was \$(808,000) compared with a loss of \$(222,000) in last year's fourth quarter.

- Domestic Imaging sales were off by 18% for the quarter compared to the prior year's fourth quarter. Continuing consolidation expenses and cost cutting efforts including warehouse lease termination charges and additional employee severance costs, contributed to the fourth quarter loss.
- CPAC's international Imaging operations, which produced 46% of total Imaging sales in Q4, posted a slight sales decline of 4% versus last year after accounting for the impact of currency exchange tied to the strong Euro.
- Operating income for the combined international entities increased versus prior year at CPAC Asia and CPAC Africa, which offset declines at both CPAC Europe and CPAC Italia.
- CPAC Africa, the smallest of CPAC's international operations, posted sales gains of 82% for the quarter (55% excluding the impact of foreign currency exchange), as a direct result of private-label medical chemical business.

## Full Year Results

For the year ended March 31, 2005, CPAC, Inc. consolidated net sales were down 3% to \$87.2 million, compared to \$90.0 million for the same period last year (a 4.4% decrease excluding the impact of foreign currency exchange). Net loss for the fiscal year was \$(3.8) million or \$(0.78) per share. These results include an after tax charge of \$(0.10) for impairment of an investment, an after tax charge of \$(0.05) for the final equity in losses of TURA, and an after tax charge of \$(0.65) for recognition of a valuation reserve on deferred tax assets. These one time, non-cash items contributed \$(0.80) of \$(0.78) per share loss. The comparative 2004 results included an after tax charge of \$(0.15) for Imaging restructuring charges and \$(0.59) for the combination of impairment charge and equity in losses of TURA. These one time, non-cash items amounted to \$(0.74) per share included in the net loss of \$(3.4) million or \$(0.68) per share.

For the full year, the Fuller Brands segment achieved modest sales growth of 1.4%, resulting from a year-over-year sales increase of \$3.6 million or 18% at The Fuller Brush Company, which offset full-year sales declines of 8% at CTG and 14% at Stanley. Fuller Brush continues to enjoy growth from television home shopping sales.

Consolidated Imaging sales for the fiscal year were down by 9.4% versus prior year (12.3% excluding the impact of foreign currency exchange), due to continued contraction in silver halide film usage and unfavorable currency exchange. In fiscal 2005 CPAC Asia posted its fifth consecutive record year and CPAC Africa added more than \$1 million in new sales over prior year (\$727,000 excluding the impact of foreign currency exchange).

Thomas N. Hendrickson, CPAC, Inc. President and CEO, remarked, "We will continue our strategy to invest in high-potential international markets to become the global leader in manufacturing and distribution of all imaging chemical formulations. We recently signed a lease on a 30,000 sq ft. plant in Sijiu, China and expect to be serving the China market in the near future."

Hendrickson continued, "Regarding Fuller Brands, two sales channels have confirmed the value of the Fuller Brush brand: television home shopping and retail. Television home shopping continues to be Fuller's fastest growing sales channel. Our retail initiative has shown promise at chains such as Stop & Shop, Lewis Drug, Altmeyer, and others, with newly designed packaging, as well as numerous new product formats. These two growing channels provide increased exposure for our 100-year-old brand, making it easier for new customers to understand Fuller's guaranteed quality and value."

**Other Financial Information:**

- On April 1, 2004 the Company had approximately \$7.7 million in cash on hand. During this fiscal year, \$1.6 million was invested in new property and equipment, debt in the amount of \$82,000 was retired, and shareholder dividends of \$1.4 million were distributed. On March 31, 2005 the Company had \$7.7 million in cash and working capital of \$30.4 million.
  
- On June 10, 2005 the Board of Directors declared a quarterly cash dividend in the amount of \$0.07 per share, payable on June 28, 2005 to shareholders of record at the close of business on June 22, 2005.

**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**  
**MARCH 31, 2005 and MARCH 31, 2004**  
**(UNAUDITED)**

	<u>Three months ended</u>			<u>Twelve months ended</u>		
	<u>2005</u>	<u>2004</u>	<u>% change</u>	<u>2005</u>	<u>2004</u>	<u>% change</u>
Net sales:						
Fuller Brands	\$ 13,728,261	\$ 12,938,689	6.1	\$ 52,851,390	\$ 52,101,111	1.4
Imaging	<u>8,717,099</u>	<u>9,850,801</u>	(11.5)	<u>34,361,854</u>	<u>37,909,634</u>	( 9.4)
Total sales:	<u>\$ 22,445,360</u>	<u>\$ 22,789,490</u>	(1.5)	<u>\$ 87,213,244</u>	<u>\$ 90,010,745</u>	(3.1)
 Net income (loss)	 <u>\$ (4,002,477)</u>	 <u>\$ (2,713,911)</u>		 <u>\$ (3,846,886)</u>	 <u>\$ (3,349,540)</u>	
 Diluted net income (loss) per share	 <u>\$ (0.81)</u>	 <u>\$ (0.55)</u>		 <u>\$ (0.78)</u>	 <u>\$ (0.68)</u>	
 Diluted shares outstanding	 4,946,774	 4,946,774		 4,946,774	 4,945,717	

**CPAC, Inc.**  
**SUPPLEMENTAL SEGMENT DATA**  
**MARCH 31, 2005 and MARCH 31, 2004**  
**(UNAUDITED)**

**Three months ended March, 2005**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 13,728,261	\$ 8,717,099	\$ 22,445,360
Cost of sales	<u>7,291,601</u>	<u>5,944,173</u>	<u>13,235,774</u>
Gross profits	6,436,660	2,772,926	9,209,586
Selling, administrative and engineering expenses	6,099,463	3,512,632	9,612,095
Research and development expense	<u>164,450</u>	<u>68,108</u>	<u>232,558</u>
Operating income (loss)	<u>\$ 172,747</u>	<u>\$ (807,814)</u>	<u>(635,067)</u>
Corporate expense			(77,152)
Interest expense, net			<u>(93,697)</u>
Loss before non-operating income and income tax			(805,916)
Non-operating expense:			
Minority interests			(11,561)
Equity in loss of affiliate			0
Investment expense			<u>(500,000)</u>
			<u>(511,561)</u>
Loss before income taxes			(1,317,477)
Provision for income taxes			<u>2,685,000</u>
Net loss			<u>\$ (4,002,477)</u>

**Three months ended March, 2004**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 12,938,689	\$ 9,850,801	\$ 22,789,490
Cost of sales	<u>6,933,445</u>	<u>6,584,803</u>	<u>13,518,248</u>
Gross profits	6,005,244	3,265,998	9,271,242
Selling, administrative and engineering expenses	5,707,853	3,282,398	8,990,251
Restructuring expenses		144,352	144,352
Research and development expense	<u>153,624</u>	<u>61,596</u>	<u>215,220</u>
Operating income (loss)	<u>\$ 143,767</u>	<u>\$ (222,348)</u>	<u>(78,581)</u>
Corporate income			15,063
Interest expense, net			<u>(73,294)</u>
Loss before non-operating income and income tax			(136,812)
Non-operating expense:			
Minority interests			(86,453)
Equity in loss of affiliate			<u>(2,680,646)</u>
			<u>(2,767,099)</u>
Loss before income taxes			(2,903,911)
Provision (benefit) for income taxes			<u>(190,000)</u>
Net loss			<u>\$ (2,713,911)</u>

**CPAC, Inc.**  
**SUPPLEMENTAL SEGMENT DATA**  
**MARCH 31, 2005 and MARCH 31, 2004**  
**(UNAUDITED)**

**Twelve months ended March, 2005**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 52,851,390	\$ 34,361,854	\$ 87,213,244
Cost of sales	<u>27,242,616</u>	<u>22,812,039</u>	<u>50,054,655</u>
Gross profits	25,608,774	11,549,815	37,158,589
Selling, administrative and engineering expenses	23,732,511	12,339,282	36,071,793
Research and development expense	<u>612,045</u>	<u>285,435</u>	<u>897,480</u>
Operating income (loss)	<u>\$ 1,264,218</u>	<u>\$ (1,074,902)</u>	189,316
Corporate expense			(133,004)
Interest expense, net			<u>(390,792)</u>
Loss before non-operating income and income tax			(334,480)
Non-operating expense:			
Minority interests			(174,970)
Equity in loss of affiliate			(250,436)
Investment expense			<u>(500,000)</u>
			<u>(925,406)</u>
Loss before income taxes			(1,259,886)
Provision (benefit) for income taxes			<u>2,587,000</u>
Net loss			<u>\$ (3,846,886)</u>

**Twelve months ended March, 2004**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 52,101,111	\$ 37,909,634	\$ 90,010,745
Cost of sales	<u>26,850,471</u>	<u>24,420,366</u>	<u>51,270,837</u>
Gross profits	25,250,640	13,489,268	38,739,908
Selling, administrative and engineering expenses	23,574,488	13,336,212	36,910,700
Restructuring expenses		1,275,349	1,275,349
Research and development expense	<u>568,135</u>	<u>166,430</u>	<u>734,565</u>
Operating income (loss)	<u>\$ 1,108,017</u>	<u>\$ (1,288,723)</u>	(180,706)
Corporate expense			(42,986)
Interest expense, net			<u>(460,899)</u>
Loss before non-operating income and income tax			(684,591)
Non-operating expense:			
Minority interests			(219,372)
Equity in loss of affiliate			<u>(2,914,577)</u>
			<u>(3,133,949)</u>
Loss before income taxes			(3,818,540)
Provision (benefit) for income taxes			<u>(469,000)</u>
Net loss			<u>\$ (3,349,540)</u>

###