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**FOR IMMEDIATE RELEASE**

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***CPAC, Inc. Announces First Quarter FY '06 Results; Declares Dividend***

**LEICESTER, NY... August 12, 2005** – CPAC, Inc. (Nasdaq: CPAK) today reported first quarter results for the fiscal year beginning April 1, 2005. Also this morning, the Board of Directors declared a quarterly cash dividend in the amount of \$0.07 per share, payable on September 23, 2005 to shareholders of record at the close of business on August 26, 2005.

**Q1 Consolidated Results**

Net sales for the first quarter ended June 30, 2005 increased 1.5% to \$22.4 million compared to \$22.1 million for the same quarter last year (a 0.6% increase excluding the impact of foreign currency exchange).

First quarter net loss was \$(139,000) or \$(0.03) per diluted share versus net income of \$70,600 or \$0.01 per diluted share for the same period last year.

Thomas N. Hendrickson, CPAC, Inc. President and CEO, remarked, “We were pleased with the sales performance of the Fuller Brands segment, which helped CPAC achieve its first consolidated sales increase in ten fiscal quarters. Consolidated earnings were lower than prior year due to higher raw material and freight costs driven by increased oil prices. We are addressing this issue with price increases phased-in throughout the year.”

**Q1 Results and Highlights by Segment**

***Fuller Brands Segment***

First quarter net sales in the Fuller Brands segment increased 3.7% to \$14.5 million versus \$14.0 million last year. Operating profit for the period was \$357,000 compared with \$890,000 for the first quarter of fiscal 2005.

- Fuller Brush Company sales were up 3% for the quarter over prior year. Sales to QVC increased 56% compared to Q1 FY '05. Factory outlet store sales increased over last year's first quarter, with two new stores opened in Outlet Marketplace locations in Souderton, PA and Wickliffe, OH.

- Cleaning Technologies Group (CTG) sales increased by 8% for the quarter, largely the result of improved sales force coverage through expanded use of manufacturer's representative groups.
- Stanley Home Products sales were down by 3% for the quarter. Management reported a 13% increase in new direct sellers, its strongest Q1 recruiting result in three years.

### **CPAC Imaging Segment**

First quarter Imaging sales were \$7.9 million versus \$8.1 million last year, a decline of 2.3% (or a 4.7% decrease excluding the impact of foreign currency exchange). Operating loss narrowed to \$(241,000) for the quarter, compared to \$(445,000) in last year's first quarter. This improvement was driven by a combination of increased domestic manufacturing efficiencies (post-consolidation) and ongoing cost containment efforts across all business units.

- Consolidated International sales, before the impact of currency exchange, were up by 4% on strong performances from the Italian and South African business units.
- Consolidated CPAC Imaging, Americas sales were off by 6% compared to last year's first quarter, due primarily to sluggish equipment sales. Traditional chemistry business was down less than 3%, bolstered by stronger sales to Mexico and Latin America.

Mr. Hendrickson commented, "While there has been a slowdown in CPAC's Imaging sales decline, there is no question that the traditional Imaging industry is shrinking. As competitors exit either the industry or the Imaging chemical business, we remain positioned to become the preferred manufacturing supplier of traditional Imaging products in the global market."

### **Other Financial Information:**

On April 1, 2005 the Company had approximately \$7.7 million in cash on hand. During this fiscal quarter, \$212,000 was invested in new property and equipment, debt in the amount of \$114,000 was retired, and shareholder dividends of \$346,000 were distributed. On June 30, 2005 the Company had \$7.5 million in cash and working capital of \$30.0 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**  
**JUNE 30, 2005 and JUNE 30, 2004**  
**(UNAUDITED)**

	<u>Three months ended</u>		
	<u>2005</u>	<u>2004</u>	<u>% change</u>
Net sales:			
Fuller Brands	\$ 14,494,155	\$ 13,973,224	3.7
Imaging	<u>7,929,412</u>	<u>8,112,431</u>	(2.3)
Total sales:	<u>\$ 22,423,567</u>	<u>\$ 22,085,655</u>	1.5
Net income	<u>\$ (139,070)</u>	<u>\$ 70,593</u>	
Diluted net income (loss) per share	<u>\$ (0.03)</u>	<u>\$ 0.01</u>	
Diluted shares outstanding	4,946,774	4,958,830	

**SUPPLEMENTAL SEGMENT DATA**  
**JUNE 30, 2005 and JUNE 30, 2004**  
**(UNAUDITED)**

**Three months ended June, 2005**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 14,494,155	\$ 7,929,412	\$ 22,423,567
Cost of sales	<u>7,589,298</u>	<u>5,315,841</u>	<u>12,905,139</u>
Gross profit	6,904,857	2,613,571	9,518,428
Selling, administrative and engineering expenses	6,378,638	2,791,686	9,170,324
Research and development expense	<u>169,405</u>	<u>63,347</u>	<u>232,752</u>
Operating income (loss)	<u>\$ 356,814</u>	<u>\$ (241,462)</u>	115,352
Corporate expense			(83,826)
Interest expense, net			<u>(99,113)</u>
Loss before non-operating item and income taxes			(67,587)
Non-operating item:			
Minority interests			<u>(4,483)</u>
Loss before income taxes			(72,070)
Provision for income taxes			<u>67,000</u>
Net loss			<u>\$ (139,070)</u>

**Three months ended June, 2004**

	<b>FULLER BRANDS</b>	<b>IMAGING</b>	<b>COMBINED</b>
Net sales	\$ 13,973,224	\$ 8,112,431	\$ 22,085,655
Cost of sales	<u>6,906,186</u>	<u>5,546,689</u>	<u>12,452,875</u>
Gross profit	7,067,038	2,565,742	9,632,780
Selling, administrative and engineering expenses	6,033,297	2,963,765	8,997,062
Research and development expense	<u>143,346</u>	<u>46,552</u>	<u>189,898</u>
Operating income	<u>\$ 890,395</u>	<u>\$ (444,575)</u>	\$ 445,820
Corporate expense			(26,951)
Interest expense, net			<u>(100,538)</u>
Income before non-operating items and income taxes			318,331
Non-operating items:			
Minority interests			(52,837)
Equity in loss of affiliate			<u>(127,901)</u>
			<u>(180,738)</u>
Income before income taxes			137,593
Provision for income taxes			<u>67,000</u>
Net income			<u>\$ 70,593</u>

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