



August 7, 2006

Compass Diversified Trust Reports Second Quarter 2006 Financial Results

WESTPORT, Conn., Aug 07, 2006 /PRNewswire-FirstCall via COMTEX News Network/ -- Compass Diversified Trust (Nasdaq: CODI) (the "Trust") announced today the consolidated results from operations for the three and six month periods ended June 30, 2006. The Trust completed its initial public offering (IPO), concurrent private placement and the acquisition of its initial businesses on May 16, 2006. Consequently, the Trust's results only reflect 46 days of activity for its initial businesses.

Initial Public Offering

Compass Diversified Trust completed its initial public offering of 19,500,000 shares at an offering price of \$15.00 per share, which included 6,000,000 shares issued in connection with the concurrent private placements. Total net proceeds from the offering, after deducting the underwriters' discounts, commissions and financial advisory fee and other offering costs, totaled approximately \$269.9 million.

Distribution

On June 26, 2006, the Trust's Board of Directors declared a distribution of \$0.1327 per share payable on July 18, 2006 to all Trust shareholders of record as of July 11, 2006. This reflects a quarterly distribution rate of \$0.2625 per share, prorated for the period May 16, 2006, the date of the Trust's initial public offering, to June 30, 2006. The Trust intends to declare and pay regular quarterly cash distributions on all outstanding shares.

For the quarter ended June 30, 2006, the Trust had cash flow available for distribution of \$6.0 million, which represents an approximate 2.3x coverage ratio for the distribution paid in July.

Initial Businesses

The Trust used approximately \$318.9 million of the net proceeds from its offering and concurrent private placement transactions, and initial borrowings from a third party credit facility, to acquire controlling interests in and provide debt financing to its initial four businesses.

The Trust's initial businesses as of June 30, 2006 include:

- * CBS Personnel Holdings, Inc. and its consolidated subsidiaries, referred to as CBS Personnel, is a provider of temporary staffing services in the United States. Headquartered in Cincinnati, OH, CBS Personnel operates 132 branch locations in 16 states.
- * Crosman Acquisition Corporation and its consolidated subsidiaries, referred to as Crosman, is a leading manufacturer of recreational airgun and paintball products (through Game Face). Crosman is headquartered in East Bloomfield, NY and was originally founded in 1923.
- * Compass AC Holdings, Inc. and its consolidated subsidiary, referred to as Advanced Circuits, is a manufacturer of low-volume quick-turn and prototype rigid printed circuit boards ("PCBs"). The Company is based in Aurora, CO and was founded in 1989.
- * Silvue Technologies Group, Inc. and its consolidated subsidiaries, referred to as Silvue, is a developer and manufacturer of proprietary, high-performance coating systems for polycarbonate, glass, acrylic, metals and other substrate materials used in the premium eyewear, aerospace, automotive and industrial markets.

Anodyne Medical Device

On August 1, 2006, the Trust announced that its subsidiary, Compass Group Diversified Holdings, LLC had acquired a controlling interest in Anodyne Medical Device, Inc. ("AMD"), a leading manufacturer of medical support surfaces and patient positioning devices headquartered in Los Angeles, California. Medical support surfaces and patient positioning devices are used for the prevention and treatment of pressure wounds experienced by patients with limited or no mobility. Total consideration for the transaction, which included the acquisition of a controlling equity interest in and loans made to AMD, was approximately \$30.4 million, and included cash and the issuance of 950,000 shares of the Trust.

Business Strategy

The Trust's strategy is to acquire controlling interest in and actively manage middle market businesses. Once acquired, these businesses are managed for consistency and growth in long term cash flow. The Trust believes its approach to its target market provides opportunities to methodically purchase attractive businesses at values that are accretive to its shareholders. Historically, the management team has found that significant opportunities may also exist to enhance the performance of these businesses upon their acquisition.

Management Structure

The Trust is managed by Compass Group Management LLC ("the manager"), which is controlled by I. Joseph Massoud, the Trust's CEO. The manager oversees and supports the management teams of the Trust's portfolio companies, as well as pursues additional acquisition opportunities on behalf of the Trust. The Trust pays the manager a management fee equal to 2.0% of the Trust's adjusted net assets annually. In lieu of any other equity compensation, the manager also receives an equity incentive of 20% of the Trust's profit allocation if the Trust's profits exceed an annualized hurdle rate of 7%.

The management fee for the quarter was approximately \$886,000, prorated for the period from May 16 until June 30, 2006.

In commenting on the quarter, Mr. Massoud, noted, "We are pleased by the events of this quarter. Following the successful completion of our initial public offering, we acquired our four initial businesses, which are managed by highly accomplished teams and provide a solid foundation from which to grow the Trust. More recently, we acquired Anodyne Medical Device, Inc. in a transaction that is consistent with our business model. Perhaps most importantly, each of our businesses performed well in the quarter and met our expectations.

Our plan is to work with the management teams of our businesses to continue to improve their performance and to leverage our access to capital and our historical relationships to consummate additional accretive acquisitions. We believe our unique structure provides an exceptional opportunity for public investors to participate in the ownership and growth of a diverse group of middle market businesses, an asset class which traditionally has been limited to large institutional and high-net worth individual investors through investments made in private equity firms."

About Compass Diversified Trust

Compass Diversified Trust and its subsidiary, Compass Group Diversified Holdings LLC, (collectively, "Compass") were formed to acquire and manage a group of small to middle market businesses that are headquartered in the United States. In addition to the recently acquired Anodyne Medical Device, Inc., Compass has controlling interests in four businesses: CBS Personnel Holdings, Inc., a human resources outsourcing firm; Crosman Acquisition Corporation, a recreational products company; Compass AC Holdings, Inc., an electronic components manufacturer; and Silvue Technologies Group, Inc., a global chemical hardcoatings manufacturer. Compass works with the management teams of North American based small to middle market businesses to identify and capitalize on diverse acquisition opportunities that satisfy Compass' acquisition criteria. Compass seeks to acquire controlling interest in businesses that have stable and growing cash flows, maintain strong niche market presences and have positive macroeconomic outlooks.

To find out more about Compass Diversified Trust (Nasdaq: CODI), visit the Company's websites at www.compassdiversifiedtrust.com.

This press release may contain certain forward-looking statements, including statements with regard to the future performance of Compass and each of the four initial businesses. Words such as "believes," "expects," "projects," and "future" or similar expressions are intended to identify forward-looking statements. These forward-looking statements are subject to the inherent uncertainties in predicting future results and conditions. Certain factors could cause actual results to differ materially from those projected in these forward-looking statements, and some of these factors are enumerated in the risk factor discussion in the Form 10Q filed by Compass with the Securities and Exchange Commission for the quarter ended March 31, 2006 and other filings with the Securities and Exchange Commission. Compass undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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Compass Diversified Trust
 Condensed Consolidated Balance Sheets
 (in thousands)

	June 30, 2006 (Unaudited)	December 31, 2005
Assets		
Current assets:		
Cash and cash equivalents	\$16,113	\$100
Accounts receivable, less allowances of \$4,857 at June 30, 2006	84,062	-
Inventories	11,667	-
Prepaid expenses and other current assets	10,019	3,308
Current assets of discontinued operations	597	-
Total current assets	122,458	3,408
Property, plant and equipment, net	19,451	-
Goodwill	167,981	-
Intangible assets, net	135,692	-
Deferred debt issuance costs, net	6,149	-
Other non-current assets	6,208	-
Assets of discontinued operations	488	-
Total assets	\$458,427	\$3,408
Liabilities and stockholders' equity (deficit)		
Current liabilities:		
Accounts payable and accrued expenses	\$59,565	\$1
Distribution payable	2,587	-
Due to related party	1,017	3,308
Working capital facility	2,260	-
Current liabilities of discontinued operations	635	-
Total current liabilities	66,064	3,309
Long-term debt	50,000	-
Deferred income taxes	41,969	-
Other non-current liabilities	16,400	-
Total liabilities	174,433	3,309
Minority interests	14,523	100
Total stockholders' equity (deficit)	269,471	(1)

Total liabilities and stockholders' equity (deficit)	\$458,427	\$3,408
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Compass Diversified Trust
Condensed Consolidated Statement of Operations
(in thousands, except per share data, unaudited)

	Three Months Ended June 30, 2006	Six Months Ended June 30, 2006
Net sales	\$ 94,683	\$ 94,683
Cost of sales	70,877	70,877
Gross profit	23,806	23,806
Operating expenses:		
Staffing expense	6,971	6,971
Selling, general and administrative expenses	8,348	8,348
Fees to manager	886	886
Research and development expense	1,273	1,273
Amortization expense	1,291	1,291
Operating income	5,037	5,037
Other income (expense):		
Interest income	139	139
Interest expense	(1,073)	(1,073)
Other income, net	184	184
Income from continuing operations before income taxes and minority interests	4,287	4,287
Provision for income taxes	1,581	1,581
Minority interest	709	709
Income from continuing operations	1,997	1,997
Income from discontinued operations, net of income taxes	115	115
Net income	\$2,112	\$2,112
Basic and fully diluted income per share	\$0.21	\$0.43
Weighted average number of shares of trust stock outstanding - basic and fully diluted	9,857	4,956

Compass Diversified Trust
Condensed Consolidated Statement of Cash Flows
(in thousands, unaudited)

	Six Months Ended June 30, 2006
Cash flows from operating activities:	
Net income from continuing operations	\$1,997

Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation of property and equipment	578
Amortization of intangible assets	1,291
Amortization of deferred debt costs	158
Minority interests	709
Deferred taxes	28
In process research and development charge	1,120
Other	421
Changes in operating assets and liabilities, net of acquisition:	
Increase in accounts receivable	(122)
Increase in inventories	(785)
Increase in prepaid expenses and other current assets	(235)
Increase in accounts payable and accrued expenses	6,633
Decrease in due to related party	(3,308)
Decrease in net assets of discontinued operations	124
Net cash provided by operating activities	8,609
Cash flows from investing activities:	
Acquisition of initial businesses, net of cash acquired	(310,649)
Purchases of property and equipment	(2,113)
Net cash used in investing activities	(312,762)
Cash flows from financing activities:	
Proceeds from the issuance of debt	52,438
Proceeds from the issuance of trust stock, net	273,269
Increase in deferred debt issuance costs	(6,401)
Other	870
Net cash provided by financing activities	320,176
Net increase in cash and cash equivalents	16,023
Foreign currency adjustment	(10)
Cash and cash equivalents - beginning of period	100
Cash and cash equivalents - end of period	\$16,113

Compass Diversified Trust

Condensed Consolidated Table of Cash Flows Available for Distribution ("CFAD")

(in thousands, unaudited)

	Six Months Ended June 30, 2006
Net income as reported	\$2,112
Adjustment to reconcile net income to cash provided by operating activities:	
Depreciation and amortization	2,027
Adjustment to add back Silvue's in process R&D expensed at acquisition date	1,120
Advanced Circuit's loan forgiveness accrual	536
Minority interest	709
Deferred taxes	28
Other	(106)
Changes in operating assets and liabilities	2,183

Net cash provided by operating activities	8,609
Add:	
Unused fee on delayed term loan	288
Less:	
Changes in operating assets and liabilities	2,183
Maintenance capital expenditures for the six months ended June 30, 2006	
Compass Group Diversified Holdings LLC	19
CBS Personnel	36
Crosman	585
Advanced Circuits	70
Silvue	3
Estimated cash flow available for distribution	\$6,001

Compass Diversified Trust
Operating Segment Data
(in thousands, unaudited)

	Three-months ended		Six-months ended	
	June 30, 2006	June 30, 2005	June 30, 2006	June 30, 2005
Revenues:				
CBS	\$137,141	\$135,000	\$269,548	\$266,583
Crosman	25,034	18,929	48,783	31,826
ACI	12,278	10,641	24,001	20,781
Silvue	5,516	4,412	10,254	7,390
Total	\$179,969	\$168,982	\$352,586	\$326,580
Income from operations:				
CBS	\$4,919	\$3,619	\$8,036	\$5,761
Crosman	4,517	1,134	8,483	1,970
ACI	3,963	3,849	7,008	7,556
Silvue	1,506	1,054	2,270	1,736
Total	\$14,905	\$9,656	\$25,797	\$17,023

SOURCE Compass Diversified Trust

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