



For Immediate Release: July 22, 2010

Hammond Power Solutions Inc.

Quarter 2, 2010 Net Earnings Increase Significantly

Three months ended:

(dollars in thousands)

	July 3, 2010	June 27, 2009	Change
Sales	\$50,820	\$ 48,203	\$ 2,617
Earnings from Operations	\$3,420	\$ 3,966	\$ (546)
Exchange Gain / (Loss)	\$(206)	\$ (2,180)	\$ 1,974
Net Earnings	\$2,401	\$ 472	\$ 1,929
Earnings per share			
Basic	.21	.04	.17
Diluted	.21	.04	.17
Cash Provided by Operations	\$1,852	\$ 8,006	\$(6,154)

Six months ended:

(dollars in thousands)

	July 3, 2010	June 27, 2009	Change
Sales	\$95,093	\$ 103,048	\$(7,955)
Earnings from Operations	\$7,000	\$ 10,038	\$ (3,038)
Exchange Gain / (Loss)	\$41	(1,640)	\$1,681
Net Earnings	\$4,625	\$ 4,714	\$(89)
Earnings per share			
Basic	.40	.40	-
Diluted	.40	.40	-
Cash Provided by Operations	\$3,497	\$10,018	\$(6,521)

Guelph, Ontario, July 22, 2010 - Hammond Power Solutions Inc., ("HPS") (TSX: HPS.A) today announced results for the Second Quarter 2010.



"HPS has delivered another quarter of solid results given the uncertain global economy and strengthened Canadian dollar. These results are a significant improvement from the same quarter a year ago when the Company and the North American economy were mired in a severe recession" commented Bill Hammond, Chairman & Chief Executive Officer of Hammond Power Solutions Inc.

The Company attained excellent sales growth in the Quarter. Sales for the quarter ended July 3, 2010, were \$50,820, an increase of \$2,617 or 5.4% from the comparative quarter last year, and were \$6,547 or 14.8% higher than Quarter 1, 2010. Year to date sales finished at \$95,093 compared to \$103,048 last year, lower by \$7,955 or 7.7%. Shipments have increased in both the quarter and year to date. There was approximately \$9,600 of sales decline due solely to U.S. dollar translation when comparing year to year.

"Real volumes are up approximately 15% in the Quarter compared to 2009. Our sales growth strategies and moderately improved market conditions have produced stronger bookings rates this quarter. These factors were fundamental in our ability to deliver a 15.8% increase in bookings over the same quarter last year and an 8.2% increase over Quarter 1, 2010" Bill Hammond stated.

The Company continues to deliver solid margin rates despite competitor selling price pressures and a stronger Canadian dollar. Gross margin rates for the quarter finished at 24.8%, versus 26.0% in Quarter 2, 2009 a decrease of 1.2%. On a year-to-date basis, gross margin rates were 25.7% compared to 27.6% in 2009, down 1.9%. Quarter 2, 2010, gross margin dollars further increased as a result of rising sales levels, higher manufacturing throughput and a favourable product mix.

Mr. Hammond further commented, "Margin rate generation is a key focal point for the Company."

Total selling, general and administrative ("SG&A") expenses amounted to \$9,199 in Quarter 2, 2010, versus \$8,554 in Quarter 2, 2009, an increase of \$645 or 7.5% and were \$17,444 year-to-date versus \$18,413 in 2009, a decrease of \$969 or 5.3%. The Company continues to invest in information systems infrastructure and strategic engineering initiatives and is maintaining SG&A managed costs at less than inflationary rates.

Quarter 2, 2010 earnings from operations were \$546 or 13.8% lower than the same quarter last year, finishing at \$3,420 in the quarter, as compared to \$3,966 in Quarter 2, 2009. Earnings from operations on a year-to-date basis were lower by \$3,038 or 30.3% finishing at \$7,000 compared to \$10,038 for the same period last year. Earnings from operations for the quarter and the year were hampered by the detrimental effects of a higher Canadian dollar on our resale margins in the United States and gross margin rate decline resulting from competitive pricing pressure, and costs associated with excess manufacturing capacity. The Company continues to focus on market expansion strategies in Canada and the United States, improving gross margin rates and cost reduction initiatives.

The effectiveness of the Company's hedging strategy has significantly reduced its U.S. dollar Balance Sheet translation exposure. Foreign exchange losses in Quarter 2, 2010 were \$206 compared to a foreign exchange loss of \$2,180 in Quarter 2, 2009 and there was a year-to-date foreign exchange gain of \$41 compared to a loss of \$1,640 in 2009. The majority of the foreign exchange gains and losses are as a result of realized and unrealized gains and losses from U.S. balance sheet translation and the Company's settled U.S. dollar hedge contracts.



Quarter 2, 2010 income tax expense was \$750 as compared to \$1,271 in Quarter 2, 2009, a decrease of \$521 or 41.0% and was \$2,283 year-to-date, versus \$3,546 last year a decrease of \$1,263 or 35.6%.

The Company delivered much improved net earnings in the quarter as compared to last year. As a result of increased sales, and foreign exchange gains, net earnings for Quarter 2, 2010, were higher by \$1,929 or 408.7% concluding at \$2,401 compared to \$472 in Quarter 2, 2009. Despite lower sales in the first Quarter of 2010, the Company was down a nominal \$89 or 1.9% year-to-date, finishing at \$4,625 year-to-date versus \$4,714 last year.

Cash provided by operations for Quarter 2, 2010 was \$1,852 versus \$8,006 in Quarter 2, 2009, a decrease in cash provided by operations of \$6,154. Cash provided by operations year-to-date was \$3,497 versus \$10,018 in 2009, a decrease in cash provided by operations of \$6,521. When comparing cash provided by operations year to year, the Company had a natural decline in working capital as a result of the reduced sales volumes in 2009 while inversely the Company has higher working capital investment as a result of surging sales in 2010.

When comparing Quarter end Balance Sheets, the Company's overall cash balances, net of bank indebtedness, resulted in a net cash position of \$10,415 as at July 3, 2010, a net improvement of \$11,385 compared to a net debt position of \$970 as at June 27, 2009.

Mr. Hammond concluded, "We are positioning the company for growth and the delivery of solid financial performance. Our efforts to increase our market share will result in sales expansion as the economy regains strength and our strategies to reduce our costs through improved productivity, global material sourcing, and product redesigns will add to our bottom line."

Hammond Power Solutions Inc. will hold a conference call on Friday, July 23, 2010 at 10:00 a.m. EST, to discuss the Company's financial results for the Second Quarter 2010.

The dial in number for the live audio call is:

Participant dial-in number(s)

Local access: 416-340-2216
Toll Free access: 866-226-1793

Instant replay Access Information:

Local access: 416-695-5800
Toll Free access: 800-408-3053
Pass code: 1848255

Caution Regarding Forward-Looking Information

This press release contains "forward-looking information" within the meaning of applicable securities laws. The forward-looking information contained in this press release is subject to known and unknown risks, uncertainties and other factors that are not within the control of HPS. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "believe", "estimate", "expect", "intend", "should", "scheduled", "will", "plan" and similar expressions. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause HPS's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by



such forward-looking information and developed based on assumptions about such risks, uncertainties and other factors set out herein.

A discussion of factors that may affect HPS' actual results, performance, achievements or financial position is contained in the filings by HPS with the Canadian securities regulatory authorities, including HPS' Annual Information Form. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. HPS disclaims any intent or obligations to update or revise publicly any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.

About Hammond Power Solutions Inc.

Hammond Power Solutions Inc., ("HPS" or the "Company") is the North American leader for the design of custom electrical engineered magnetics as well as the leading manufacturer of standard electrical dry type transformers. Advanced engineering capabilities, high quality products and fast responsive service to customers' needs have established the Company, as a technical and innovative leader in the electrical and electronic industries. The Company has manufacturing plants in Canada, the United States and Mexico.

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