



For Immediate Release: July 16, 2009

Hammond Power Solutions Inc.

Reports Results for Quarter 2, 2009

Three months ended:

(dollars in thousands)

	June 27, 2009	June 28, 2008	Change
Sales	\$ 48,203	\$ 54,936	\$ (6,733)
Earnings from Operations	\$ 3,966	\$ 6,161	\$ (2,195)
Exchange loss	\$ (2,180)	\$ (178)	\$ (2,002)
Net Earnings	\$ 472	\$ 3,623	\$ (3,151)
Earnings per share			
Basic	.04	.31	(.27)
Diluted	.04	.30	(.26)

Six months ended:

(dollars in thousands)

	June 27,2009	June 28,2008	Change
Sales	\$ 103,048	\$ 103,292	\$ (244)
Earnings from Operations	\$ 10,038	\$ 11,076	\$ (1,038)
Exchange gain (loss)	\$ (1,640)	\$ 254	\$ (1,894)
Net Earnings	\$ 4,714	\$ 8,743	\$ (4,029)
Earnings per share			
Basic	.40	.75	(.35)
Diluted	.40	.73	(.33)

Guelph, Ontario, July 16, 2009; Hammond Power Solutions Inc., (HPS) (TSX: HPS.A) today announced results for the Second Quarter 2009.

Sales for the quarter ended June 27, 2009, were \$48,203 down \$6,733 or 12.3% from the comparative quarter last year, and were \$6,642 or 12.1% lower than Quarter 1, 2009, and were slightly lower by \$244 or 0.2% year-to-date, finishing at \$103,048 compared to \$103,292 last year.



"The second quarter was also slower than expected as both the U.S. and Canadian economies continued to decelerate. A number of projects booked for the quarter were pushed out due to the tight availability of credit and financing. We also saw a slowdown in spending in the oil and gas sector given the drop in both commodity prices and demand as compared to earlier in the year, all of which contributed to the year-over-year drop in bookings. Even though we have seen a fall in sales rates, we are gaining market share in many market segments in this recession." said Bill Hammond, Chairman & Chief Executive Officer of Hammond Power Solutions Inc.

Gross margin rates for the quarter finished at 26.0%, versus 28.0% in Quarter 2, 2008 a decrease of 2.0% and year-to-date, gross margin rates were 27.6% compared to 28.0% in 2008, down 0.4%. Second Quarter 2009, gross margin dollars decreased as a result of lower sales levels, caused by the deteriorating economic conditions. Margin rates in the quarter were negatively impacted by a lower U.S. dollar to Canadian dollar exchange rate, and a significant reduction in capacity utilization.

Mr. Hammond commented, "The Company is focused on combating these negative gross margin rate deterrents through cost reduction initiatives, productivity improvements, product development, our custom design capabilities, and by taking advantage of short lead time order opportunities. These actions will help improve margin rates."

Total selling, general and administrative ("SG&A") expenses amounted to \$8,554,000 in Quarter 2, 2009, versus \$9,194 in Quarter 2, 2008, a decrease of \$640 or 7.0% and were \$18,413 year-to-date versus \$17,860 in 2008, an increase of \$553 or 3.1%.

The foreign exchange loss in Quarter 2, 2009 was \$2,180 compared to a foreign exchange loss of \$178 in Quarter 2, 2008 and there was a year-to-date foreign exchange loss of \$1,640 compared to a gain of \$254 in 2008. 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.

Earnings from operations for the quarter were eroded by lower sales and the drop in gross margin rates. Quarter 2, 2009 earnings from operations were down \$2,195 or 35.6% from the same quarter last year, finishing at \$3,966 in the quarter, as compared to \$6,161 in Quarter 2, 2008. Earnings from operations on a year-to-date basis were lower by \$1,038 or 9.4% finishing at \$10,038 compared to \$11,076 for the same period last year.

Quarter 2, 2009 income tax expense was \$1,271 as compared to \$2,212 in Quarter 2, 2008, a decrease of \$941 or 42.5% and was \$3,546 year-to-date, versus \$4,438 last year, a decrease of \$892 or 20.1%.

As a result of decreased sales, lower margin dollars, and foreign exchange losses, net earnings for Quarter 2, 2009, were lower by \$3,151 or 87%, concluding at \$472 compared to \$3,623 in Quarter 2, 2008 and was down \$4,029 or 46.1% year-to-date, finishing at \$4,714 versus \$8,743 last year. The 2008 year to date net earnings includes a \$1,749 onetime gain on the sale of HPS's equity and property investment in Moloney Electric Inc.

Cash provided by operations for Quarter 2, 2009 was \$8,006 versus cash used of \$2,179, in Quarter 2, 2008, an increase in cash provided by operations of \$10,185. Cash provided by operations year-to-date was \$10,018 versus cash used of \$5,003 in 2008, an increase in cash provided by operations of \$15,021.

Overall bank operating lines of credit and long-term debt, net of cash balances decreased to \$970 as at June 27, 2009, a decrease of \$8,640 as compared to a balance of \$9,610 as at June 28, 2008.



Mr. Hammond concluded, "Going forward, it is fair to say that the global economy is performing worse than even our most pessimistic forecasts of six months ago. We are not absolutely certain when robust growth will resume again; however we remain firm that HPS is well positioned in its markets as well as its channels and is financially sound with a strong Balance Sheet, all of which will help us weather this recession. Management is committed to counter the challenges created by this economic uncertainty and remains steadfast in the execution of its short-term and long-term strategies."

Hammond Power Solutions Inc. will hold a conference call on Friday, July 17, 2009 to discuss the Company's financial results for the second quarter 2009.

The dial in number for the live audio call beginning on Friday, July 17, 2009 at 10:00 a.m. Eastern is:

Local access: 416-340-8018
Toll Free access: 866-223-7781

Instant replay Access Information:

Local access: 416-695-5800
Toll Free access: 800-408-3053
Pass code: 6857676
Expiry date: July 24, 2009

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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