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## **HAMMOND POWER SOLUTIONS REPORTS RESULTS FOR SECOND QUARTER 2002**

Guelph, July 29 – Hammond Power Solutions Inc. (TSX:HPS.A) today announced results for the second quarter of 2002.

Second Quarter Results: (three months ended June 29, 2002 compared with three months ended June 30, 2001)

- Revenue was \$19.0 million compared with \$21.8 million.
- Income from operations was \$374,000 compared with \$735,000.
- Net earnings were \$77,000 compared with \$244,000.
- Net earning per share was \$0.01 basic and diluted compared with \$0.02 basic and diluted.

Year-To-Date Results: (six months ended June 29, 2002 compared with six months ended June 30, 2001)

- Revenue was \$36.1 million compared with \$46.4 million.
- Income from operations was \$120,000 compared with \$1.6 million.
- Net loss was \$163,000 compared with earnings of \$359,000.
- Net loss per share was \$0.01 basic and diluted compared with earning of \$0.03 basic and diluted.
- Cash flow from operations per share \$0.07.
- Book Value per share \$1.62.

William G. Hammond, Chairman and CEO, said that he is particularly pleased with the second quarter results as the Company experienced sales growth of 11% as compared with the first quarter of 2002. An important contributor to this growth was increased activity in the oil & gas pumping and mining markets. Both are expected to continue to affect demand positively as the resource industry gains momentum. Along with the increase in sales, the Company is pleased to report that as a result of the strategic initiatives undertaken during the first half the year, HPS has returned to a profitable status. Mr. Hammond also noted that due to a deliberate marketing focus into a number of diversified user markets, the Company expects to experience continuing progressive growth during the balance of this year.

During the quarter, HPS achieved an increased volume of short lead time business, as a result of the Company's ability to design and build specialized custom dry-type transformers and electrical magnetics within very short cycle times. As a result of this business, HPS benefited from improved margins despite the challenging economy and associated pricing pressures in a number of the Company's markets.

HPS began to realize some of the cost reductions associated with the closure of the Company's Baraboo, Wisconsin facility. The phase out process commenced at year end 2001 and was completed in June. Full impact of this strategic decision will be obtained in future quarters.

Notwithstanding the increase in demand during the second quarter as compared with the first, the economic conditions continue to remain challenging in the near term for the manufacturing and resource industries. During the first half of the year, the economy in the United States improved at a much more modest level than was initially predicted. As a result, HPS remains cautious but optimistic in anticipation of more moderate economic activity for the remainder of the year.

**About Hammond Power Solutions Inc.**

Hammond Power Solutions Inc. is the North American stand-alone leader for the design and manufacture of custom electrical engineered magnetics and is also the leading manufacturer of standard electrical dry-type transformers. Leading edge engineering capabilities, high quality products, and fast and responsive service to customers' needs have all served to establish HPS as a technical and innovative leader in the electrical and electronic industries. The Company has two manufacturing plants in Canada, one in the United States and one in Mexico.

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