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HAMMOND POWER SOLUTIONS REPORTS RESULTS FOR SECOND QUARTER 2003

Guelph, July 21, 2003 – Hammond Power Solutions Inc. (TSX:HPS.A) today announced results for the Second Quarter of 2003.

Second Quarter Results: (three months ended June 28, 2003 compared with three months ended June 29, 2002)

- Revenue was \$17.9 million compared with \$19.0 million.
- Loss from operations was \$559,000 compared with earnings of \$374,000.
- Net loss was \$582,000 compared with earnings of \$77,000
- Net loss per share was \$0.05 basic and diluted compared with earnings of \$0.01 basic and diluted.
- Cash flow from operations per share \$0.19.

Year-To-Date Results: (six months ended June 28, 2003 compared with six months ended June 29, 2002)

- Revenue was \$36.3 million compared with \$36.1 million.
- Loss from operations was \$630,000 compared with earnings of \$120,000.
- Net loss was \$877,000 compared with \$163,000.
- Net loss per share was \$0.08 basic and diluted compared with a loss of \$0.01 basic and diluted.
- Cash flow from operations per share \$0.13.
- Book Value per share \$1.54

William G. Hammond, Chairman and CEO, said that the Second Quarter results were impacted by the stagnant U.S. and Canadian economies and the unprecedented strengthening of the Canadian dollar. Despite this unpredictable economic climate Mr. Hammond was pleased to report a slight growth in their U. S. currency sales, where the NAED, U.S. capital equipment and drive systems market segments performed relatively well. HPS also successfully increased market share with several key Canadian OEM's. Geographically the U.S. accounted for 68% of total sales, with 32% of the sales in Canada. Due to these market conditions, booking rates have held through the quarter while our backlog has dropped slightly.

Gross margins for the Second Quarter ended at 21.7% a 3.0% decrease over Quarter 2, 2002. Gross margins on a year to date basis were 22.4% compared to 22.7% last year. The Quarter decrease was primarily due to the devalued U.S. dollar, which was partially offset from selective market pricing strategies, sales mix and cost reduction initiatives.

Mr. Hammond also stated that, "although many pundits are predicting that the US economy will start to grow in the second half of 2003, Hammond Power Solutions (HPS) is planning for very modest growth in our business given the inability of almost all economic forecaster to accurately predict the future. We need to see some consistent economic trends and sustained evidence that companies are willing to retool, restock and spend money before we can say the economy is on the rebound. We are also cognizant about the negative short-term impact of the higher Canadian Dollar on the profitability of Canadian manufacturing companies and their ability or desire to invest in new infrastructure. "

As HPS moves forward, they are committed to expanding their market share in the United States and Canada through short lead-time, quick turn around business and will aggressively pursue all business opportunities where they exist. HPS will continue to promote their superior design and service capabilities for complex custom transformers. Furthermore, they will implement additional cost reduction programs to counter the impact of currency fluctuations and the stagnant economy on our profitability.

"We are resolute in our efforts to return this Company to profitability and will benefit from our strategic initiatives implemented over the last eighteen months as the economy improves" Mr. Hammond stated.

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

FOR FURTHER INFORMATION PLEASE CONTACT:

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