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TSX VENTURE: HTL



HAMILTON THORNE ANNOUNCES 2011 SECOND QUARTER FINANCIAL RESULTS

Rapid Product Adoption of LYKOS Drives 14% Growth

BEVERLY, MA and TORONTO, Ontario – August 26, 2011 - Hamilton Thorne Ltd. (TSX-V: HTL) (“Hamilton Thorne” or the “Company”), a leading provider of advanced laser systems for the regenerative medicine, fertility and stem cell research markets, today reported operational and financial results for the second quarter and six months year to date ended June 30, 2011.

“Hamilton Thorne’s second quarter sales increased 14% over the prior year, and 27% over the first quarter, as we experienced growth across all of our product lines. Sales were bolstered by a strong market adoption of our newly introduced LYKOS™ laser system, while our Stiletto™ laser continues to open up new and exciting research areas in the stem cell field,” said Meg Spencer, Chief Executive Officer of Hamilton Thorne Ltd. “The first half of 2011 brought the launch of several exciting products for our Company, and as we move into the second half of the year, we are excited to unveil additional products that will help our customers to discover and develop life-saving treatments for patients.”

Second Quarter Highlights

- The Company launched its ground-breaking LYKOS™ laser system for the clinical and fertility markets during the 27th Annual Meeting of the European Society of Human Reproduction and Embryology (ESHRE) in July 2011. The LYKOS™ is a significant advance in integrated laser optics, providing additional functionality, improved optics, increased resolution and compatibility with all major microscope models. The LYKOS™ has been well received by customers, and has contributed to growth of laser sales in the second quarter 2011.
- Hamilton Thorne also unveiled an advanced preview of its new IMSI STRICT™ morphology analysis software at ESHRE 2011. IMSI STRICT™ is an imaging analysis product that provides fertility clinicians with the ability to select optimum sperm and thus improve outcomes during advanced fertility procedures. Intracytoplasmic morphologically selected sperm injection (IMSI) is becoming a key procedure to improve outcomes in fertility treatments, and IMSI STRICT™ will provide scientists and patients with better solutions for their conception goals.
- Hamilton Thorne continues to advance their collaboration with ISee3D Inc. to market their unique single camera, single lens, single chip 3D microscope technology, which is currently under development. Under this agreement, Hamilton Thorne has exclusive rights to sell the ISee3D three-dimensional technology with its lasers within certain cell research and regenerative medical research markets. The product will support both inverted and upright configurations, and is expected to be previewed in the fall of 2011.
- The Company secured a distribution deal with Sutter Instrument Company, a company focused on delivering premium micro- manipulation and micro-injection devices to the research market. The agreement will provide Hamilton Thorne with the opportunity to sell Sutter’s complementary products to the Company’s customers.

Financial Results

All amounts are in US dollars, unless specified otherwise, and results expressed in accordance with the International Financial Reporting Standards ("IFRS"), which replaces Canadian Generally Accepted Accounting Policies ("GAAP") effective January 1, 2010 for all publicly accountable enterprises in Canada.

For the three months ended June 30, 2011, the Company reported a total sales increase of 14% to \$1,833,242 for the quarter, an increase of \$224,722 from \$1,608,520 during the previous year, and an increase of 27% over the first quarter of 2011. Six months sales for 2011 of \$3,278,655 were up 18%, from sales of \$2,789,207 in 2010. This increase was attributable to increased demand for our existing products and improved budget availability for capital equipment purchases across all customer types and geographic regions. The Company's customers in the regenerative medicine field primarily use the Company's products in research applications.

Gross profit for the quarter increased 16% to \$1,172,842 in the quarter ended June 30, 2011, compared to \$1,009,321 in the previous year and increased to \$2,053,372 versus \$1,719,522 for the comparable six month periods. Gross profit as a percentage of sales were slightly higher at 64.0% for the quarter and 62.6% for the six months ended June 30, 2011, versus 62.7% and 61.6% for the comparable periods in 2010, due primarily to product mix and increased sales spread over a relatively constant overhead base.

Operating expenses were \$1,460,591 and 2,960,476 for the quarter and six-months ended June 30, 2011, up from \$1,332,421 and \$2,543,293 for comparable periods during the previous year. This increase in operating expenses represents continued strategic investment in the growth of the Company.

Research and development expenses increased from \$228,947 to \$320,281 for the quarter ended June 30, 2012 and from \$479,254 to \$619,728 for the six-month period due to continued development of new products. Sales and marketing expenses increased from \$595,107 to \$675,063 for the quarter ended June 30, 2012 and from \$1,080,794 to \$1,309,240 for the six-month period due to the expansion of our sales and marketing staff, commission expense on higher sales volume, and increased variable costs of selling.

General and administrative (G&A) expenses decreased from \$508,367 to \$465,247. for the quarter ended June 30, 2011 versus the prior quarter and increased from \$983,245 to \$1,031,508 for the six-month period due primarily to increases in staffing, as well as foreign currency valuation adjustments related to the convertible debentures issued in August 2010 and March 2011 issued in Canadian dollars.

Net interest expense increased from \$62,165 to \$155,489 for the quarter ended June 30, 2011 and from \$132,114 to \$282,510 for the six-month period. The increase was due primarily to the non-cash interest expense, both coupon and accreted, on the Company's convertible debentures.

The net loss for the quarter ended June 30, 2011 increased from \$385,265 to \$443,328 and from \$955,885 to \$1,189,614 for the six-month period of the previous year. The increased loss was due primarily to the additional investments by the Company in research, product development, sales and marketing, additional general and administrative expenses and interest expense, partially offset by increased gross profit resulting from increased sales.

As of June 30, 2011, the Company had 24,415,157 common shares. As of June 30, 2011, there were 5,694,440 warrants outstanding to purchase common shares: 5,500,005, at a price of Cdn \$0.60 which

originally were set to expire in April 2011 but were extended by eighteen months to October 2012; and 194,435 warrants to acquire one common share at an exercise price of Cdn\$0.50, expiring in August 2012 and March 2013, issued to its financial advisors in connection with the August 2010 and March 2011 sales of the convertible debentures.

Stock options issued to employees and directors outstanding at June 30, 2011 totaled 4,071,480 at exercise prices ranging from Cdn \$0.205 to Cdn \$0.7712. Options for 2,357,351 shares are exercisable as of June 30, 2011. Options expire at varying times from July 2012 through January 2021.

The financial statements are available on www.sedar.com.

About Hamilton Thorne Ltd. (www.hamiltonthorne.com)

Hamilton Thorne provides novel solutions for Life Science that reduce cost, increase productivity as much as ten-fold, and enable research breakthroughs in regenerative medicine, stem cell research and fertility markets. The Company's new LYKOS™, Staccato™ and Stiletto™ laser systems offer significant scientific advantages in the fields of developmental biology, cancer research and advanced cell biology. Hamilton Thorne's laser products attach to standard inverted microscopes and operate as robotic micro-surgeons, enabling a wide array of scientific applications and procedures. Each member of Hamilton Thorne's family of products serves a different research purpose. By simply turning the microscope turret, researchers can have a new world of scientific capabilities at their fingertips.

Hamilton Thorne's growing customer base includes pharmaceutical companies, biotechnology companies, fertility clinics, university research centers, and other commercial and academic research establishments worldwide. Current customers include world-leading research labs such as Harvard University, MIT, Yale, McGill University, DuPont, Monsanto, Charles River Labs, Jackson Labs, Merck, Novartis, Pfizer, Oxford University, and Cambridge.

Neither the Toronto Venture Exchange, nor its regulation services provider (as that term is defined in the policies of the exchange), accepts responsibility for the adequacy or accuracy of this release.

Certain information in this press release may contain forward-looking statements. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. The Company assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements unless and until required by securities laws applicable to the Company. Additional information identifying risks and uncertainties is contained in filings by the Company with the Canadian securities regulators, which filings are available at www.sedar.com.

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Financial results included below:

Hamilton Thorne Ltd. Consolidated Statements of Financial Position

For the periods ended June 30, 2011 and December 31, 2010

(Expressed in U.S. Dollars - unaudited)

June 30, 2011 December 31, 2010

Assets

Current

Cash and cash equivalents	229,705	714,498
Accounts receivable	986,633	971,406
Inventories	701,286	544,170
Prepaid expenses and other current assets	99,648	58,241
	2,017,272	2,288,315

Property and equipment	195,606	134,662
Other assets	112,996	111,968
	2,325,874	2,534,945

Total assets

Liabilities

Current

Accounts payable and accrued liabilities	1,617,071	1,412,831
Notes payable	107,910	104,460
Capital lease obligations, current	30,621	20,250
Deferred revenue	54,985	91,086
	1,810,587	1,628,627

Capital lease obligations, non-current	60,989	37,295
Deferred revenue, long-term	79,486	79,486
Long-term debt	6,793,598	6,121,015
	8,744,660	7,866,423

Shareholders' Equity (Deficiency)

Common shares	24,345,752	24,345,752
Warrants	353,495	349,019
Contributed surplus	705,366	607,535
Accumulated deficit	(31,823,399)	(30,633,784)
	(6,418,786)	(5,331,478)

Total Shareholders' equity (deficiency)	2,325,874	2,534,945
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Total Liabilities and shareholders' equity (deficiency)

Hamilton Thorne Ltd.
Consolidated Statements of Operations and Comprehensive Loss
For the three and six months ended June 30, 2011 and 2010
(Expressed in U.S. Dollars - unaudited)

	<i>Three Months ended June 30</i>		<i>Six Months ended June 30</i>	
	2011	2010	2011	2010
Sales	1,833,242	1,608,520	3,278,655	2,789,207
Cost of sales	660,400	599,199	1,225,283	1,069,685
	1,172,842	1,009,321	2,053,372	1,719,522
Expenses				
Research and development	320,281	228,947	619,728	479,254
Sales and marketing	675,063	595,107	1,309,240	1,080,794
General and administrative	465,247	508,367	1,031,508	983,245
Total expenses	1,460,591	1,332,421	2,960,476	2,543,293
Loss from operations	(287,749)	(323,100)	(907,104)	(823,771)
Other income (expense)				
Interest expense, net, including accretion	(155,489)	(62,165)	(282,510)	(132,114)
Net loss and comprehensive loss	(443,238)	(385,265)	(1,189,614)	(955,885)
Loss per share				
Basic	\$(0.02)	\$(0.02)	\$(0.05)	\$(0.04)
Diluted	\$(0.02)	\$(0.02)	\$(0.05)	\$(0.04)
Weighted average number of common shares outstanding				
Basic	24,415,157	24,415,157	24,415,157	24,415,157
Diluted	24,415,157	24,415,157	24,415,157	24,415,157

Hamilton Thorne Ltd Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2011 and 2010

(Expressed in U.S. Dollars - unaudited)

	<i>Three Months ended June 30</i>	<i>2010</i>	<i>Six Months ended June 30</i>	<i>2010</i>
	2011		2011	
Cash flows from operating activities				
Net loss for the year	(443,238)	(385,265)	(1,189,614)	(955,885)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization	14,460	16,164	28,920	31,191
Non-cash interest expense/accretion	103,897	-	213,271	-
Share-based payments expense	34,560	61,245	74,310	122,490
Changes in non-cash operating assets and liabilities:				
Accounts receivable	(277,422)	(502,981)	(15,227)	(585,072)
Inventories	(79,302)	(57,891)	(157,116)	(57,582)
Prepaid expenses and other assets	(52,200)	12,921	(41,407)	43,475
Other assets	557	-	(1,028)	(57,000)
Accounts payable and accrued liabilities	117,014	342,087	116,705	324,455
Deferred revenue	(22,067)	127,971	(36,101)	130,888
Net cash flows used in operating activities	(603,741)	(385,749)	(1,007,287)	(1,003,040)
Cash flows from investing activities				
Purchase of capital assets	(22,814)	(11,101)	(43,254)	(48,197)
Cash flows from financing activities				
Proceeds from debt	25,585	256,411	600,475	754,454
Costs of private placement refunded		3,814	-	3,814
Payments on debt	(16,564)	(553,015)	(34,727)	(1,056,699)
Net cash flows provided by (used in) financing activities	9,021	(292,790)	565,748	(298,431)
Net Increase (decrease) in cash and cash equivalents	(617,534)	(689,640)	(484,793)	(1,349,668)
Cash and cash equivalents, beginning of period	847,239	696,343	714,498	1,356,371
Cash and cash equivalents, end of period	229,705	6,703	229,705	6,703
Supplemental disclosure of cash flow information:				
Cash paid during the period for:				
Interest	70,942	53,058	132,277	107,466
Supplemental disclosure of non-cash financing activities:				
Equipment acquired under capital lease	21,436	0	46,619	0