



For Immediate Release: July 20, 2007

**HAMMOND POWER SOLUTIONS INC.**  
**Quarter 2, 2007 Earnings Release**

**Sales and Earnings Continue to be Strong**

**Three months ended:**

	<u>June 30, 2007</u>		<u>July 1, 2006</u>		<u>Change</u>
Sales	\$	41,178,000	\$	32,020,000	\$ 9,158,000
Earnings from Operations	\$	4,656,000	\$	2,653,000	\$ 2,003,000
Net Earnings	\$	3,121,000	\$	1,338,000	\$ 1,783,000
<b>Earnings per Share</b>					
Basic	\$	0.27	\$	0.12	\$ 0.15
Diluted	\$	0.27	\$	0.12	\$ 0.15

**Six months ended:**

	<u>June 30, 2007</u>		<u>July 1, 2006</u>		<u>Change</u>
Sales	\$	81,404,000	\$	61,735,000	\$ 19,669,000
Earnings from Operations	\$	10,363,000	\$	4,777,000	\$ 5,586,000
Net Earnings	\$	6,705,000	\$	2,510,000	\$ 4,195,000
<b>Earnings per Share</b>					
Basic	\$	0.59	\$	0.22	\$ 0.37
Diluted	\$	0.58	\$	0.22	\$ 0.36

**Guelph, Ontario, July 20,, 2007** - Hammond Power Solutions Inc., (HPS) (TSX: HPS.A) today announced results for the Second Quarter 2007:

Sales for the quarter ended June 30,2007, were \$41,178,000 up \$9,158, 000, or 28.6% from the comparative quarter last year, and were \$952,000, or 2.9% higher than Quarter 1, 2007, and are up \$19,669,000 or 31.9% year to date, finishing at \$81,404,000 compared to \$61,735,000 last year.

Chairman & CEO, Bill Hammond stated, "The positive momentum for HPS continues and is being driven by the strong global demand for resources, robust exports of electrical equipment and systems overseas as well as the rapid expansion of alternative energy technologies, resulting in the highest level of booking rates and order backlog in our history."

Quarter 2, 2007, gross margin dollars further increased as a result of rising sales levels, compounded with selling price increases and a favourable product mix.

Mr. Hammond further commented "The Company is very pleased with its margin rate performance despite the eroding effects the stronger Canadian dollar had on gross margin rates and rising copper costs. Margins were positively effected by cost reductions, market specific selling price increases, productivity improvements and the favourable impact that higher manufacturing throughput has on our factory cost structures."

Earnings from operations were up \$2,003,000, or 75.5% from the same quarter last year, finishing at \$4,656,000 in the quarter, as compared to \$2,653,000 in Quarter 2, 2006, and were \$10,363,000 on a year to date basis, up \$5,586,000 or 116.9% from \$4,777,000 for the same period last year. The Company's focus on sales expansion in the United States, and sales mix also contributed to this surge in earnings from operations.

As a result of increased sales and higher margin dollars, net earnings for Quarter 2, 2007, grew by \$1,783,000, or 133.3%, concluding at \$3,121,000, compared to \$1,338,000, in Quarter 2, 2006, and were up \$4,195,000 or 167.1%, finishing at \$6,705,000, year to date versus \$2,510,000 last year.

Cash provided by operations for Quarter 2, 2007 was \$2,340,000, versus \$1,068,000, in Quarter 2, 2006, an increase of \$1,272,000. Cash used by operations year to date, was \$1,793,000, versus \$72,000 in 2006, an increase in cash used by operations of \$1,721,000.

Net overall bank indebtedness, net of cash balances dropped to \$2,607,000, as at June 30, 2007, a decrease of \$4,195,000 or 61.7% as compared to a balance of \$6,802,000 as at July 1, 2006.

Mr. Hammond concluded, "We are pleased with our Quarter 2, 2007 financial results delivering another strong quarter of growth in sales and profits as compared to a year ago. The company is cognizant of the external factors that Hammond Power Solutions Inc., is subject to and is determined and confident that its strategies will deliver consistently strong financial performance going forward."

About Hammond Power Solutions Inc.

Hammond Power Solutions Inc. (the "Company") is a North American leader for the design and manufacture of dry-type custom electrical engineered magnetics and is also a leading manufacturer of standard electrical dry-type transformers. Leading edge engineering capabilities, high quality products, and fast, 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:

W.G. (Bill) Hammond, Chairman & CEO (519) 822 - 2441  
Chris R. Huether, Corporate Secretary & CFO

If you would prefer to receive press releases via email contact Investor Relations at:  
([ir@hammondpowersolutions.com](mailto:ir@hammondpowersolutions.com)).