

**For Immediate Release: July 18, 2008**

**HAMMOND POWER SOLUTIONS INC.**

**Quarter 2, 2008 Earnings Continue To Climb**

**Three months ended:**

		<u>June 28, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>
<b>Sales</b>	\$	54,936,000	\$ 41,178,000	\$ 13,758,000
<b>Earnings from Operations</b>	\$	5,983,000	\$ 4,656,000	\$ 1,327,000
<b>Net Earnings</b>	\$	3,623,000	\$ 3,121,000	\$ 502,000
<b>Earnings per Share</b>				
<b>Basic</b>	\$	0.31	\$ 0.27	\$ 0.04
<b>Diluted</b>	\$	0.30	\$ 0.27	\$ 0.03

**Six months ended:**

		<u>June 28, 2008</u>	<u>June 30, 2007</u>	<u>Change</u>
<b>Sales</b>	\$	103,292,000	\$ 81,404,000	\$ 21,888,000
<b>Earnings from Operations</b>	\$	11,330,000	\$ 10,363,000	\$ 967,000
<b>Net Earnings</b>	\$	8,743,000	\$ 6,705,000	\$ 2,038,000
<b>Earnings per Share</b>				
<b>Basic</b>	\$	0.75	\$ 0.59	\$ 0.16
<b>Diluted</b>	\$	0.73	\$ 0.58	\$ 0.15

**Guelph, Ontario, July 18, 2008** - Hammond Power Solutions Inc., ("HPS") (TSX: HPS.A) today announced results for the Second Quarter 2008:

Sales for the quarter-ended June 28, 2008, were \$54,936,000 up \$13,758,000 or 33.4% from the comparative quarter last year, and were \$6,580,000 or 13.6% higher than Quarter 1, 2008, and are up \$21,888,000 or 26.9% year-to-date, finishing at \$103,292,000 compared to \$81,404,000 last year.

Chairman & CEO, Bill Hammond stated, "even in the face of the softening North American economy, HPS continues to benefit from strong global commodity demand, infrastructure development in both North America and abroad as well as the rapid expansion of alternative energy technologies resulting in a solid quarter of booking rates and order backlog".

Quarter 2, 2008, gross margin dollars further increased as a result of our rising sales levels, the acquisition of Delta Transformers Inc. ("DTI), compounded with selling price increases and a favourable product mix. Gross margin rates finished at 28.0% versus 29.6% in Quarter 2, 2007, a decrease of 1.6% and were also 28.0% for the year compared to 29.7% in 2007, down 1.7%.

Mr. Hammond further commented, "Despite the eroding effects the stronger Canadian dollar had on gross margin rates and rising commodity costs, we are pleased with our margin rates. Margins were positively impacted through internally driven material procurement activities, cost reductions, market specific selling price increases and higher manufacturing throughput."

The Company continues to escalate its earnings from operations. HPS' Quarter 2, 2008 earnings were up \$1,327,000, or 28.5% from the same quarter last year, finishing at \$5,983,000 in the quarter, as compared to \$4,656,000 in Quarter 2, 2007. Earnings from operations were \$11,330,000 on a year-to-date basis, up \$967,000 or 9.3% from the \$10,363,000 for the same period last year.

Mr. Hammond added "We continue to manage the increased raw material costs and the effects of a higher Canadian dollar on our resale margins in the United States. Our sales growth strategies in Canada and the United States and the attainment of market specific selling price increases and product design cost reductions, significantly offset these profit deterrents".

As a result of increased sales and higher margin dollars, net earnings for Quarter 2, 2008, grew by \$502,000 or 16.1%, concluding at \$3,623,000 compared to \$3,121,000, in Quarter 2, 2007, and were up \$2,038,000 or 30.4% year-to-date, finishing at \$8,743,000 year to date versus \$6,705,000 last year. The year to date net earnings includes a one time gain on the sale of HPS's equity and property investment in Moloney Electric Inc. as previously disclosed in the first quarter.

Cash used by operations for Quarter 2, 2008 was \$2,179,000 versus cash provided of \$2,340,000, in Quarter 2, 2007, an increase of \$4,519,000. Cash used by operations year-to-date, was \$5,003,000 versus \$1,793,000 in 2007, an increase in cash used by operations of \$3,210,000. This cash usage was for working capital requirements to support sales growth.

Overall bank operating lines of credit and long term debt, net of cash balances increased to \$9,610,000 as at June 28, 2008, an increase of \$7,003,000 as compared to a net overall bank indebtedness of \$2,607,000 as at June 30, 2007.

Mr. Hammond concluded, "Although HPS' operational profitability continues to grow The Company is keenly aware of both the risks and opportunities with the current economic environment. We are also aware of shareholder expectations for continued growth and fiscal prudence through these challenging times and as an organization we are committed to delivering both.

About Hammond Power Solutions Inc.

Hammond Power Solutions Inc. (the "Company") is the 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)).