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HAMMOND POWER SOLUTIONS INC., REPORTS RESULTS FOR THIRD QUARTER 2003

Guelph, November 25, 2003 – Hammond Power Solutions Inc. (TSX:HPS.A) today announced results for the Third Quarter of 2003.

Third Quarter Results: (three months ended September 27, 2003 compared with three months ended September 28, 2002)

- Revenue was \$18.5 million compared with \$19.6 million.
- Loss from operations was \$112,000 (adjusted for one time booking of severance costs, earnings from operations was \$363,000) compared with earnings of \$229,000.
- Net loss was \$254,000 compared with earnings of \$3,000
- Net loss per share was \$0.02 basic and diluted compared with \$0.00 earnings basic and diluted.
- Cash flow from operations per share (\$0.01).

Year-To-Date Results: (nine months ended September 27, 2003 compared with nine months ended September 28, 2002)

- Revenue was \$54.8 million compared with \$55.7 million.
- Loss from operations was \$742,000 (adjusted for one time booking of severance costs, loss from operations was \$267,000) compared with earnings of \$349,000.
- Net loss was \$1,131,000 compared with \$160,000.
- Net loss per share was \$0.10 basic and diluted compared with a loss of \$0.01 basic and diluted.
- Cash flow from operations per share \$0.10.
- Book Value per share \$1.52

As the Company is in default of certain financial covenants with its principal lender, it has reclassified all of its bank debt as current. However, all scheduled payments of principal and interest have been made by the Company on the due dates, and its principal lender has not exercised its right to require repayment of the loans. The Company is currently in discussions with several financial institutions to arrange alternative financing.

William G. Hammond, Chairman and CEO, reported that the Third Quarter had improved on a pretax basis adjusted for the one time charge for severance costs by \$970,000 from the previous Quarter and by \$120,000 compared to Quarter 3, 2002. Mr. Hammond was pleased with the gains that were made from the previous Quarters' financial performance despite the soft economic conditions in Canada and the United States, the impact of the rise in the Canadian dollar and the severance costs

that were booked. Hammond Power Solutions (HPS) also reported consecutive Quarter growth in sales with several Canadian OEM's, and in the U. S., where the NAED, capital equipment, and drive systems market segments are starting to show slight improvement. U.S bookings were up over 13% and total bookings were up 4% as compared to the same quarter last year. Geographically the U.S. accounted for 70% of total sales, with the remaining 30% of the sales in Canada.

Mr. Hammond noted "that although the summer period is traditionally softer, HPS saw strong quotation activity resulting in improved booking and backlog levels and increased sales in the Quarter. HPS has successfully renegotiated a two year contract with a major electrical manufacturer for an estimated \$7 million U.S. annually, and we have also recently received an order for shipment in early 2004 of a 33 MVA power transformer, for a New Jersey utility company, which will be the largest dry type transformer built by anyone in the world to date. "This is another example that our customer base in the electrical market recognizes our strong engineering and manufacturing capabilities."

Gross margins for the Third Quarter ended at 23.5% a 1.8% increase over Quarter 2, 2003. Gross margins on a year to date basis were 22.8% compared to 23.2% last year. The Quarter increase was predominantly a result of cost reduction initiatives, selective market pricing strategies and sales mix.

Mr. Hammond commented, "We are heartened by the gains that have been made this past quarter but are definitely not content. We are starting to see some early hints that the US economy is improving in a few market segments, but we interpret these leading indicators with cautious optimism. HPS is anticipating moderate growth in our business given the failure of almost all economic forecasters to accurately predict the U.S. and Canadian economic recoveries. We are aggressively implementing strategies and cost reduction actions to combat the negative impact of the higher Canadian Dollar on our margins. U.S. business is improving as we see the oil-field and small commercial markets picking up and note increases in year-end expenditures and growth in some of our redesigned products through both our direct and distributor channels."

Hammond Power Solutions is committed to their short lead-time, quick turn around business strategy and continues to uphold their superior design and service capabilities for complex custom transformers.

"We are firm and resolute in our business strategies and are now in a much stronger position going into the forthcoming economic recovery," 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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