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HYDROGEN ENGINE CENTER, INC.
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FOR IMMEDIATE RELEASE

HYDROGEN ENGINE CENTER REPORTS SECOND QUARTER AND FIRST HALF FINANCIAL RESULTS

Company Moving Toward Carbon Reduced, Carbon-Free Energy

First Half Engine Orders Strong

ALGONA, IA, August 14, 2008 -- Hydrogen Engine Center, Inc., (OTC BB: HYEG), a developer of systems and processes used in the design, manufacture and distribution of alternative fuel internal combustion engines, engine controls and generator systems, has announced its second quarter and first half 2008 financial results.

In second quarter 2008, revenues reached \$360,000, up from \$203,000 in second quarter 2007. Gross profit rose to \$107,000 in 2008's second quarter from \$33,000 in 2007. The Company recorded a net loss attributable to common stockholders of \$686,000, or 2 cents per fully diluted share, for the quarter ending June 30, 2008 compared to a net loss of \$1.1 million, or 4 cents per fully diluted share, for the quarter ended June 30, 2007.

For the six months ended June 30, 2008, Hydrogen Engine Center had revenue of \$521,000, an increase from \$442,000 in the first half of the previous year. Gross profit almost doubled to \$130,000 for the half year ended June 30, 2008 from \$69,000 recorded in the first six months of 2007. The net loss for first half 2008 declined to \$1.5 million, or 6 cents per fully diluted share, against a net loss of \$2.9 million, or 19 cents per fully diluted share, in the first six months of 2007.

Ted Hollinger, President and CEO of Hydrogen Engine Center, said, "Hydrogen Engine Center continues to move toward its goal of leading the way toward a carbon-free economy. Our product line is gaining traction and our sales team is building a successful track record.

"We believe that our third quarter results will improve on those of the comparable periods last year, and that 2008 will be our strongest performance since inception. We plan to be more involved in the distributed generation market as governmentally imposed emission standards tighten and the clean-energy solutions offered by our intellectual property develop and become accepted in the market place. We also plan to aggressively market our carbon-reduced and carbon-free products during the remainder of 2008.

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About Hydrogen Engine Center, Inc.

Hydrogen Engine Center, Inc. (HEC) develops systems and processes used in the design, manufacture and distribution of alternative fuel internal combustion engines, engine controls and generator systems. These technologies are for use by customers and partners in the industrial and power generation markets. We have and continue to file patents around these next generation systems and processes. These solutions and the engines using them are designed to run on alternative fuels including but not limited to gasoline, propane, natural gas, ethanol and hydrogen. We are developing engines that are fueled by ammonia. Our engines and engine products are sold under the brand name Oxx Power™. HEC trades on the Bulletin Board under the symbol "HYEG.OB." Principal offices are located at 2502 E Poplar St., Algona, Iowa 50511. Visit www.hydrogenenginecenter.com or in the US dial 515-295-3178 for more information.

This press release may contain certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including without limitation, acceptance of the Company's products, increased levels of competition for the Company, new products and technological changes, the Company's ability to hire and retained qualified employees, the Company's dependence on third-party suppliers, the availability of capital and other risks detailed from time to time in the Company's periodic reports filed with the Securities and Exchange Commission.

HYDROGEN ENGINE CENTER, INC. AND SUBSIDIARIES

(a corporation in the development stage)

Condensed Consolidated Balance Sheets

ASSETS	June 30, 2008	December 31, 2007
	(Unaudited)	
Current Assets		
Cash and cash equivalents	\$ 132,340	\$ 713,289
Restricted cash	-	115,157
Accounts receivable	201,867	134,237
Inventories	1,385,006	1,655,359
Prepaid expenses	263,003	89,901
Total current assets	1,982,216	2,707,943
 Property, Plant and Equipment		
Building	2,271,209	2,271,209
Equipment	899,620	908,999
Land and improvements	472,504	472,504
	3,643,333	3,652,712
Less accumulated depreciation	494,591	375,178
Net property and equipment	3,148,742	3,277,534
 Total Assets	\$ 5,130,958	\$ 5,985,477

HYDROGEN ENGINE CENTER, INC. AND SUBSIDIARIES

(a corporation in the development stage)

Condensed Consolidated Balance Sheets

LIABILITIES AND EQUITY	June 30, 2008	December 31, 2007
	(Unaudited)	
Current Liabilities		
Notes payable, banks	\$ 1,347,436	\$ 594,677
Current portion long-term debt	24,171	30,350
Current installments of obligation under capital lease	48,071	45,247
Accounts payable	256,360	146,585
Accrued expenses	279,642	207,328
Accrued interest	155,073	129,965
Unearned grants	18,773	30,977
Total current liabilities	<u>2,129,526</u>	<u>1,185,129</u>
Long-term debt, net of current maturities	731,848	1,338,235
Obligation under capital lease, excluding current installments	56,192	80,955
	<u>788,040</u>	<u>1,419,190</u>
Total liabilities	<u>2,917,566</u>	<u>2,604,319</u>
Commitments and Contingencies		
Stockholders' Equity		
Preferred stock - Series B, \$0.001 par value; 5,000,000 shares authorized, -0- shares issued and outstanding	-	1,933
Common stock, \$0.001 par value; 100,000,000 shares authorized, 29,909,577 shares issued and outstanding	29,910	27,590
Additional paid-in capital	16,241,091	15,860,725
Accumulated other comprehensive loss - foreign currency	(6,486)	(3,412)
Deficit accumulated during the development stage	(14,051,123)	(12,505,678)
Total stockholders' equity	<u>2,213,392</u>	<u>3,381,158</u>
Total Liabilities and Stockholders' Equity	<u>\$ 5,130,958</u>	<u>\$ 5,985,477</u>

HYDROGEN ENGINE CENTER, INC. AND SUBSIDIARIES

(a corporation in the development stage)

Condensed Consolidated Statements of Operations

	Three months ended June 30,	
	2008	2007
	(Unaudited)	(Unaudited)
Sales	\$ 359,772	\$ 203,383
Cost of Goods Sold		
Material, labor, and overhead	331,860	170,180
Inventory recovery	(78,669)	-
	<u>253,191</u>	<u>170,180</u>
Gross Profit	<u>106,581</u>	<u>33,203</u>
Operating Expenses		
Sales and marketing	50,491	78,234
General and administrative	497,132	717,739
Research and development	215,408	338,097
	<u>763,031</u>	<u>1,134,070</u>
Operating Loss	(656,450)	(1,100,867)
Other Income (Expense)		
Interest income	2,214	24,245
Interest expense	(32,166)	(44,601)
	<u>(29,952)</u>	<u>(20,356)</u>
Net Loss Attributable To Common Stockholders	<u>\$ (686,402)</u>	<u>\$ (1,121,223)</u>
Weighted -average shares outstanding	<u>28,320,350</u>	<u>25,737,648</u>
Basic and diluted net loss per share	<u>(0.02)</u>	<u>(0.04)</u>

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HYDROGEN ENGINE CENTER, INC. AND SUBSIDIARIES

(a corporation in the development stage)

Condensed Consolidated Statements of Operations

	Six months ended June 30,	
	2008	2007
	(Unaudited)	(Unaudited)
Sales	\$ 521,457	\$ 441,673
Cost of Goods Sold		
Material, labor, and overhead	482,227	372,844
Inventory recovery	(90,573)	-
	<u>391,654</u>	<u>372,844</u>
Gross Profit	<u>129,803</u>	<u>68,829</u>
Operating Expenses		
Sales and marketing	134,556	166,748
General and administrative	1,068,036	1,541,160
Research and development	406,674	745,454
Vendor settlement	-	448,011
	<u>1,609,266</u>	<u>2,901,373</u>
Operating Loss	(1,479,463)	(2,832,544)
Other Income (Expense)		
Interest income	6,643	35,746
Interest expense	(72,625)	(86,239)
	<u>(65,982)</u>	<u>(50,493)</u>
Net Loss	<u>\$ (1,545,445)</u>	<u>\$ (2,883,037)</u>
Series A Preferred stock beneficial conversion feature accreted as a dividend	<u>\$ -</u>	<u>\$ (1,889,063)</u>
Net Loss Attributable To Common Stockholders	<u>\$ (1,545,445)</u>	<u>\$ (4,772,100)</u>
Weighted -average shares outstanding	<u>27,953,240</u>	<u>25,737,648</u>
Basic and diluted net loss per share	<u>(0.06)</u>	<u>(0.19)</u>

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