



For Immediate Release: April 24, 2006

**HAMMOND POWER SOLUTIONS INC.**

**Sales and Profits Continue to Climb**

**Three months ended:**

	<u>April 1, 2006</u>	<u>April 2, 2005</u>	<u>Change</u>
Net Sales	\$29,715,000	\$22,063,000	+\$7,652,000
Earnings from Operations	\$ 2,124,000	\$ 1,473,000	+\$651,000
Net Income	\$1,172,000	\$532,000	+\$640,000
Earnings per Share			
Basic	\$0.10	\$0.05	+\$0.05
Diluted	\$0.10	\$0.05	+\$0.05

**Guelph, Ontario, April 24, 2006** - Hammond Power Solutions Inc., (HPS) (TSX:HPS.SV.A) today announced results for the First Quarter 2006 – First Quarter sales were \$29,715,000 up \$7,562,000 or 34.7 % over the First Quarter 2005. The Quarter 1, 2006, rise in sales, was a result of continued growth in our strategic market segments and increased penetration in the electrical distributor channel in both Canada and the United States.

Mr. Hammond, Chairman & CEO stated, "Building on a strong 2005, our sales were up 35% over the same quarter last year. This growth continues to be fuelled by the global demand for commodities such as oil, gas, and metals, as well as the rapidly developing infrastructure in countries like India and China. HPS has been effective at growing its U. S. market share through the electrical distributor channel as well as on a direct basis to major customers. This global economy expansion has fueled sales for our traditional and new customer base, evidenced in our improved bookings and our rise in backlog levels."

Gross margin rates finished at 25.7% in the Quarter 1, 2006, compared to 27.4% in Quarter 1, 2005. "This margin decline is a result of the negative impact that a stronger Canadian dollar has on our Canadian manufactured products sold in the United States, competitive pressures, as well as rising copper and steel commodity costs. I am pleased that despite these pressures, our gross margin dollars were up over 26% from the same quarter last year." Mr. Hammond commented.

"We continue to battle the negative impact of the rising Canadian dollar and material cost pressures through purposeful price increases, manufacturing cost reductions and aggressive market expansion." Mr. Hammond also added.

Earnings from operations for Quarter 1, 2006, increased by over 44%, or \$651,000, from the same quarter last year, finishing at \$2,124,000, as compared to \$1,473,000.

Net earnings for Quarter 1, 2006, grew by \$640,000, finishing at \$1,172,000, compared to \$532,000, in Quarter 1, 2005 as a result of sales growth and increased gross margin dollars.

Cash used by operations for Quarter 1, 2006, was \$1,112,000, versus \$782,000, in Quarter 1, 2005, an increased usage of \$330,000. The majority of this cash use was a result of working capital required to support sales growth.

Overall bank operating lines of credit and long term debt, net of cash balances dropped to \$7,240,000, as at April 1, 2006, a decrease of \$4,269,000 or 37% as compared to a balance of \$11,509,000 as at April 2, 2005.

Mr. Hammond stated in closing, "We have been focused and committed to our strategies to strengthen our market position, accelerate sales growth, and solidify Company profitability and liquidity and looking forward we remain optimistic given the healthy global economy. Taking nothing for granted however, we will continue to reduce our product and manufacturing costs as well as grow our sales in a number of different markets and channels, thereby adding to our already strong competitive and strategic foundation for the future."

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:

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