

For Immediate Release: March 5, 2007

HAMMOND POWER SOLUTIONS INC.

**Strong 2006 Finish
Quarter 4, 2006 Net Earnings Up 203%**

Three months ended:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>	<u>Change</u>
Sales	\$ 36,846,000	\$ 27,482,000	\$ 9,364,000
Earnings from Operations	\$ 6,165,000	\$ 2,488,000	\$ 3,677,000
Net Earnings	\$ 4,349,000	\$ 1,434,000	\$ 2,915,000
Earnings per Share			
Basic	\$ 0.38	\$ 0.13	\$ 0.25
Diluted	\$ 0.37	\$ 0.13	\$ 0.24

Twelve months ended:

	<u>December 31, 2006</u>	<u>December 31, 2005</u>	<u>Change</u>
Sales	\$ 131,978,000	\$ 98,896,000	\$ 33,082,000
Earnings from Operations	\$ 14,067,000	\$ 7,231,000	\$ 6,836,000
Gain on Sale of Surplus Property	\$ 0	\$ 374,000	\$ (374,000)
Net Earnings	\$ 8,674,000	\$ 3,857,000	\$ 4,817,000
Earnings per Share			
Basic	\$ 0.76	\$ 0.34	\$ 0.42
Diluted	\$ 0.75	\$ 0.34	\$ 0.41

Guelph, Ontario, March 5, 2007 - Hammond Power Solutions Inc., (HPS) (TSX: HPS.A) today announced results for the Fourth Quarter 2006:

Sales for the quarter ended December 31, 2006, were \$36,846,000 up \$9,364,000, or 34.1% from the comparative quarter last year, and increased 33.5% year-to-date, finishing at \$131,978,000 for the year, compared to \$98,896,000 for the same period last year. The Company's focus on sales expansion in its strategic market segments and the electrical distributor channel in both Canada and the United States led to the increased sales for the quarter.

"By directing considerable effort towards our strategic target markets, the Company has achieved these record sales levels. The Company has also benefited from the positive market conditions in both the U.S. and Canadian electrical markets. Our strategies combined with support from the favourable economic environment we are in, have contributed to the higher booking rates, elevated backlog levels, increased sales, and solid financial performance. Our manufacturing facilities have responded very well to capacity demands. The North American Electrical Distributor, capital equipment, power conditioning, mining equipment, and oil and gas pumping markets in both Canada and the United States have shown robust sales growth in the fourth quarter." Mr. W. G. Hammond, Chairman & CEO stated.

Gross margin rates finished at 32.9% in Quarter 4, 2006 versus 27.2% in Quarter 4, 2005, and were 28.0% year-to-date versus 26.8% last year. Quarter 4, 2006, gross margin dollars further increased as a result of the higher sales levels, beneficial product mix, a more favorable U.S. dollar and realized selling price increases. Quarter 4, 2006, gross margins were also favorably impacted by material and overhead absorption variances.

Mr. Hammond commented. "We are very cognizant of the unpredictability of the Canadian dollar and fluctuating raw material commodity costs which affects our margin rates and profitability. We are committed towards the implementation of operational strategies that aggressively counterbalance these uncertainties with many market growth, cost-reduction and efficiency-improvement initiatives"

The success achieved in the quarter is evidenced by the growth in the earnings from operations. Quarter 4, 2006 earnings from operations were up \$3,677,000, or 147.8% from the same quarter last year, finishing at \$6,165,000 in the quarter, as compared to \$2,488,000 in Quarter 4, 2005. Earnings from operations were \$14,067,000 for the year, up \$6,836,000 or 94.5% from the \$7,231,000 for the same period last year.

As a result of increased sales and higher margin dollars, net earnings for Quarter 4, 2006, grew by \$2,915,000 or 203.3%, finishing at \$4,349,000 compared to \$1,434,000, in Quarter 4, 2005, and were up \$4,817,000 or 124.9%, finishing at \$8,674,000 year-to-date versus \$3,857,000 last year.

Cash provided by operations for Quarter 4, 2006, was \$5,571,000 versus \$2,908,000, in Quarter 4, 2005, an increase of \$2,663,000. Cash provided by operations for the year was \$7,661,000 versus \$4,280,000, in 2005, an improvement in cash provided by operations of \$3,381,000 or 79.0%.

Net overall bank indebtedness dropped to \$180,000 as at December 31, 2006, a decrease of \$5,283,000 or 96.7%, as compared to \$5,463,000 as at December 31, 2005.

Mr. Hammond concluded "We are pleased with our 2006 financial results. For the third consecutive year, Hammond Power Solutions Inc. has delivered significant increases in sales and profits over the previous year and made continued improvements in the Company's balance sheet. We remain focused on advancing our market leadership position through sales-development, cost-reduction and efficiency-improvement initiatives, thereby enabling us to deliver strong, consistent financial results. This is indeed an exciting time at Hammond Power Solutions Inc."

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, CFO & Secretary

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