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HAMMOND POWER SOLUTIONS INC.,

Kicks off 2005 with Solid First Quarter

Three months ended:

	<u>April 2, 2005</u>	<u>April 3, 2004</u>	<u>Change</u>
Net Sales	\$22,063,000	\$20,033,000	+\$2,030,000
Earnings from Operations	\$1,473,000	\$755,000	+\$718,000
Net Income	\$532,000	\$169,000	+\$363,000
Earnings per Share	\$0.05	\$0.01	+\$0.04
Shares outstanding	11,285,300	11,285,300	
Net book value per share			
Basic	\$1.72	\$1.56	\$0.16
Diluted	\$1.71	\$1.56	\$0.15

Guelph, Ontario, April 22, 2005 - Hammond Power Solutions Inc., (TSX:HPS.SV.A) today announced results for the First Quarter 2005 – First Quarter sales were \$22,063,000, up \$2,030,000 or 10.1 % over the First Quarter 2004 and were up \$1,665,000 or 14.5% from Quarter 4, 2004. The increase in sales in Quarter 1, 2005, was a result of growth in the North American electrical distributor channel, and mining equipment, power conditioning and motor control markets in both Canada and the United States

Mr. Hammond, Chairman & CEO commented, "I am pleased that Hammond Power Solutions Inc., is on its continuum of consistent and improving financial performance. The positive momentum continued during the quarter despite the pressures of escalating raw material commodity cost increases and Canadian dollar volatility.

Our U. S. business continued on a strong positive trend as we increased our market share through distribution as well as a direct basis. This is indicated in higher booking rates and sales levels, as compared to a year ago and the Fourth Quarter 2004.

Our continued pursuit of cost reduction, productivity improvement, product design and development projects, combined with our short lead-time manufacturing capabilities have enabled us to stabilize and sustain our margin rates and improve company profitability."

Earnings from operations nearly doubled in Quarter 1, 2005, finishing at \$1,473,000, as compared to \$755,000 in Quarter 1, 2004, and were up \$81,000 or 5.8% from Quarter

4, 2004. The increase in sales, stronger gross margins, improved cost structures and sales mix contributed to this growth.

As a result of sales growth and margin gains, net income for Quarter 1, 2005, was \$532,000 compared to Quarter 1, 2004 net income of \$169,000, and was \$141,000, higher than Quarter 4, 2004.

Cash used by operations for Quarter 1, 2005, was \$782,000, versus \$152,000 in Quarter 1, 2004, an increased usage of \$630,000. The majority of this cash use was a direct result of working capital requirements supporting our sales growth. As a result, total bank indebtedness increased by \$1, 112, 000, in Quarter 1, 2005, due to this working capital cash use and higher capital expenditures.

Mr. Hammond also stated, "As we progress through the year we are cautiously confident about our abilities to increase both sales and profits. The general economic indicators remain positive yet a little more guarded as economic growth has leveled off, particularly in the United States. The mining and petroleum sectors in both Canada and the U.S. should continue to be strong given global growth. Sales through our distributor network continue to do well. We are however; very mindful of the challenges ahead created by surging material costs and the inflationary impact this will have on our selling prices. We are still concerned that further upward appreciation of the Canadian dollar will put more negative pressures on the Canadian manufacturing sector. Our resolve to reduce costs, improve productivity, grow targeted market segments are supported with our broad product capabilities, multi-national manufacturing presence and service capabilities. Hammond Power Solutions has a solid foundation to build on in the future."

About Hammond Power Solutions Inc.

Hammond Power Solutions Inc. (the "Company") is the North American stand-alone leader for the design and manufacture of 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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Hammond Power Solutions Inc.

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