



For Immediate Release: April 27, 2011

**Hammond Power Solutions Inc.
Quarter 1, 2011
Reports Increased Sales in a Highly Volatile Environment**

Three months ended:
(dollars in thousands)

| | April 2, 2011 | April 3, 2010 | Change |
|---|----------------------|----------------------|---------------|
| Sales | \$ 52,777 | \$ 44,273 | \$ 8,504 |
| Earnings from Operations | \$ 2,669 | \$ 3,506 | \$ (837) |
| Exchange Gain/(Loss) | \$ (302) | \$ 1,073 | \$ (1,375) |
| Net Earnings | \$ 1,571 | \$ 2,976 | \$ (1,405) |
| Earnings per share | | | |
| Basic | .14 | .25 | (.11) |
| Diluted | .14 | .25 | (.11) |
| Cash Provided/(Used) by Operations | \$ (2,578) | \$ 1,607 | \$ (4,185) |

NOTE: All numbers have been stated under IFRS

Guelph, Ontario, April 27, 2011 - Hammond Power Solutions Inc., ("HPS") (TSX: HPS.A) today announced results for the First Quarter 2011.

"Overall our operational and strategic momentum exceeded expectations. Sales compared to a year ago were up 19%, driven by strong OEM sales as well as continued distributor growth in the United States." said Bill Hammond, Chairman & Chief Executive Officer of Hammond Power Solutions Inc.

HPS announced on March 21, 2011 that the acquisition of Euroelettro S.p.A. ("EE") located in Vicenza, Italy was completed. The purchase of EE expands HPS' global presence, provides a platform for expansion into the European market and increases its product breadth offering with design and manufacturing capabilities in cast coil transformer technology. The addition of cast coil product with HPS' already broad dry transformer product offering will support HPS' growth in North America as well as in other global markets.

Sales for the quarter ended April 2, 2011, were \$52,777 up \$8,504 or 19.2% from the comparative quarter last year, and were \$5,169 higher or 10.9% from Quarter 4, 2010. This increase can be attributed to higher shipments to both American and Canadian markets.

"Our sales growth strategies along with slightly improved market conditions have produced healthy booking rates in Quarter 1, 2011. These factors were conducive in delivering a 33.8% increase in bookings as compared to a year ago." Bill Hammond further commented.



Due to improved manufacturing cycle times, order backlog decreased by 1.2% from the Quarter 4, 2010 and was up 1.4% from Quarter 1, 2010.

The Company delivered respectable gross margin rates despite selling price pressures and the negative impact of a 5.5% stronger Canadian dollar. Quarter 1, 2011 gross margin rates finished at 24.3% versus 26.7% in Quarter 1, 2010, a decrease of 2.4%.

Mr. Hammond commented, "We have seen the return of marked volatility presumably as a result of these uncontrollable events affecting material costs, market pricing, and booking activity from certain markets."

Total selling, general and administrative expenses were \$10,134 in Quarter 1, 2011, versus \$8,319 in Quarter 1, 2010, an increase of \$1,815 or 21.8%. Increases in sales commissions due to higher sales, acquisition costs, additional SG&A expenses due to the acquisition of EE and stock option expense were main contributors the increase. The Company continues with its people resource investment.

Earnings from operations for the quarter continue to be hurt by the impact of lower gross margin rates due to the lower U.S. dollar, and competitive price pressures. This resulted in a decrease in earnings from operations of \$837 or 23.9% from the same quarter last year, finishing at \$2,669 in the quarter, as compared to \$3,506 in Quarter 1, 2010.

The transactional foreign exchange loss in Quarter 1, 2011 was \$302 compared to a foreign exchange gain of \$1,073 in Quarter 1, 2010.

Quarter 1, 2011, income tax expense was \$734 as compared to \$1,533 in Quarter 1, 2010.

Net earnings were lowered by fluctuating material costs, competitive pricing pressures, increased SG&A expenses and general market volatility. As well, a stronger Canadian dollar resulted in a Quarter 1, 2011 transactional exchange loss of \$302 compared to a transactional exchange gain of \$1,073 for the same quarter in 2010. The earnings per share impact of the transactional foreign exchange and SG&A increases were approximately .16 cents a share. The Company delivered respectable net earnings of \$1,571 for Quarter 1, 2011, compared to \$2,976 in Quarter 1, 2010

Cash used by operations for Quarter 1, 2011 was \$2,578 versus cash provided of \$1,607 in Quarter 1, 2010. Bank operating lines of credit finished Quarter 1, 2011 at \$2,952 compared to \$2,169 at the end of Quarter 1, 2010, an increase of \$783. The Company's overall cash balances, net of debt, resulted in a net cash position of \$320 in Quarter 1, 2010, a net change of \$10,355 when compared to a net cash position of \$10,675 in Quarter 1, 2010. The major contributor to this decrease in cash was the purchase of a wholly owned subsidiary, Euroelettro S.p.A. for \$7,786 plus the assumption of the company's net debt position of \$6,573 made up of bank operating lines and long term debt.

Mr. Hammond concluded, "We remain confident that our strong position in a diversity of markets, channels and geography as well as our global expansion strategy will generate growth in both sales and profits in the year ahead."



Hammond Power Solutions Inc. will hold a conference call on Wednesday, April 27, 2011 at 3:00 p.m. EST, to discuss the Company's financial results for the First Quarter, 2011.

The dial in number for the live audio call is:

Participant dial-in number(s)

Local access: 416-340-2216
Toll Free access: 866-226-1792

Instant replay Access Information:

Local access: 416-695-5800
Toll Free access: 800-408-3053
Pass code: 3878157

Caution Regarding Forward-Looking Information

This press release contains "forward-looking information" within the meaning of applicable securities laws. The forward-looking information contained in this press release is subject to known and unknown risks, uncertainties and other factors that are not within the control of HPS. Generally, this forward-looking information can be identified by the use of forward-looking terminology such as "outlook", "anticipate", "project", "target", "believe", "estimate", "expect", "intend", "should", "scheduled", "will", "plan" and similar expressions. Forward-looking information is subject to known and unknown risks, uncertainties and other factors that may cause HPS's actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information and developed based on assumptions about such risks, uncertainties and other factors set out herein.

A discussion of factors that may affect HPS' actual results, performance, achievements or financial position is contained in the filings by HPS with the Canadian securities regulatory authorities, including HPS' Annual Information Form. This list is not exhaustive of the factors that may affect our forward-looking information. These and other factors should be considered carefully and readers should not place undue reliance on such forward-looking information. HPS disclaims any intent or obligations to update or revise publicly any forward-looking statements whether as a result of new information, estimates or options, future events or results or otherwise, unless required to do so by law.

About Hammond Power Solutions Inc.

Hammond Power Solutions Inc., ("HPS" or the "Company") is the North American leader for the design of custom electrical engineered magnetics as well as the leading manufacturer of standard electrical dry type transformers. Advanced engineering capabilities, high quality products and fast responsive service to customers' needs have established the Company, as a technical and innovative leader in the electrical and electronic industries. The Company has manufacturing plants in Canada, the United States and Mexico.

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