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FOR: **ELECTROVAYA INC.**

TSX SYMBOL: EFL

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Electrovaya Announces 54% Revenue Growth In Q2 Over Q1 Fiscal 2003 And 104% Revenue Growth Over Q4 Fiscal 2002

TORONTO, ONTARIO--Electrovaya Inc. (TSX: EFL) today announced financial results for the second quarter ended March 31, 2003. All figures are in US dollars.

Second Quarter Highlights

- Second quarter revenue for 2003 up 54% from first quarter 2003 and up 104% from Q4, FY 2002.
- For the first time in its history, the company showed a small gross profit.
- As part of corporate restructuring, the company is reducing expenses. Sales and marketing expenses decreased by 56% over the prior quarter, general & administrative expenses decreased by 21% and research and development expenses declined by 15%. In spite of lower expenditures, the sales & marketing activities have increased through improved efficiency & increased coordination with distributors and partners.
- The Company entered into an agreement with Technology Partnerships Canada (TPC) to contribute up to 29.7% of eligible costs incurred since January 1, 2002 for research in high rate batteries and electric vehicles to a maximum of \$6.7 million.
- The company continued to expand its distribution and promote its products in 27 expositions in Q2, 2003.

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Summary of Financial Results

In thousands of US \$ except per share amounts	3 months ended March 31	3 months ended December 31	6 months ended March 31		
	2003	2002	2002	2003	2002
Revenue	\$1,364	\$1,160	\$883	\$2,247	\$1,675
Expenses	2,937	2,659	3,297	6,177	4,403
Loss from operations before interest, taxes and amortization	1,573	1,499	2,414	3,930	2,728
Loss for the period	2,379	2,251	2,901	5,280	3,618
Loss per share	\$0.03	\$0.03	\$0.04	\$0.08	\$0.05
Cash & investments	16,750	24,626	17,862	16,750	24,626

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"Early in the quarter, the company started reorganizing to lower costs and increase revenues. Total expenses declined by \$360,000 from Q1, 2003 or 11%, while revenue increased by 54% to \$1.364 million," said Sankar Das Gupta, President and CEO of Electrovaya.

For the second quarter of fiscal 2003, revenue increased by \$0.5 million, or 54%, to \$1.4 million, compared to \$0.9 million in the quarter ending December 31, 2002. Compared to the three month period ended March 31, 2002, total revenue was up by \$0.2 million, or 18%, from \$1.2 million to \$1.4 million. The increase was primarily due to new products and service business.

Gross profit consists of revenue less the material, labor and manufacturing overhead costs related to the production of SuperPolymer(R) batteries, expenses related to research and development service revenue and machinery for resale and the Scribbler Tablet PC. For the first time in the history of the Company, gross profit was positive at \$7,000 for the three months ending March 31, 2003, compared to negative gross profits of \$0.2 million and \$38,000 for the periods ending March 31, 2002 and December 31, 2002 respectively. Gross profit improved due to the higher profit margins on the Scribbler product and service revenues. The Company is also restructuring and lowering its expenses.

Research and development expenses consist primarily of compensation and related costs for research and development personnel, including independent contractors and consultants, direct materials related to research activities, and premises costs. Research and development expenses, net of investment tax

credits, decreased by \$0.1 million, or 15%, to \$0.7 million, from \$0.8 million in the quarter ending December 31, 2002. Compared to research and development expenses of \$0.2 million the three month period ending March 31, 2002, research and development increased by \$0.5 million, or 176%, predominantly due to research & development activities on the electric vehicle, cell-phone batteries and other projects.

Sales and marketing expenses are comprised of the salaries and benefits of sales and marketing personnel, marketing activities, the cost of trade shows, advertising and other costs associated with sales of the PowerPad product line and the launch of Scribbler. The activities in the sales and marketing area continue to increase; however, expenses were successfully reduced due to restructuring, increased efficiencies and improved coordination with our distributors and partners. Sales and marketing expenses decreased by \$0.5 million, or 56%, to \$0.4 million in the quarter ending March 31, 2003, compared to \$1.0 million in the quarter ending December 31, 2002. Compared to expenses of \$0.5 million during the three month period ending March 31, 2002, expenses decreased by 13%.

General and administrative expenses include salaries and benefits for corporate personnel, professional fees and facilities expenses. General and administrative expenses decreased by \$0.1 million, or 21%, to \$0.5 million, from \$0.6 million in the quarter ending December 31, 2002 due mainly to a decrease in administrative staff, lowered information technology costs & consulting fees. Compared to expenses of \$0.5 million for the three month period ending March 31, 2002, expenses decreased \$56,000, or 10%.

The EBITA loss for the quarter decreased by 35%, or \$841,000, from \$2.4 million in quarter ended 31st December, 2002, to \$ 1.5 million in the quarter ending March 31, 2003 and increased by \$74,000 from the quarter ended 31st March, 2002. This improvement of Q2 over Q1, FY 2003 was due to increased revenues and lower costs.

The net loss for the quarter was \$2.4 million compared to \$2.3 million for the prior year, but improved from \$2.9 million in the quarter ending December 31, 2002. The loss per share was \$0.03 per share in the quarters ending March 31, 2002 and March 2003 respectively, compared to \$0.04 during the three month period ending December 31, 2002.

Cash used in operating activities was \$2.6 million for the quarter ended March 31, 2003, compared to \$2.1 million for the quarter ended March 31, 2002 and \$2.9 million for the quarter ended December 31, 2002. Excluding cash balances, the decrease in working capital of \$0.9 million compared to the quarter ending December 31, 2002 was principally attributable to an increase in Scribbler Tablet PC semi-finished inventory and prepaid expenses related to future shipments of the product.

Further financial information can be found at www.sedar.com

Conference Call Notice

Electrovaya will host a conference call on Tuesday, May 6, 2003

at 11:00 a.m. EST. The call can be accessed by dialling 416-640-4127 or 800-814-4890 or through a replay available at 877-289-8525 (call #251180). The call will be web cast live on the Internet at www.electrovaya.com and www.newswire.ca/webcast/.

About Electrovaya Inc.

Electrovaya's goal is to become the leading provider of portable power for the notebook computer and wireless sectors, and to apply its technology to a broad spectrum of alternative energy applications over the long term. It develops, manufactures and sells high value products globally using its award winning patented proprietary lithium ion SuperPolymer(TM) rechargeable battery technology, which delivers the highest energy density of any battery technology on the market today. Electrovaya has designed, developed and markets the SCRIBBLER Tablet PC which offers significantly longer run time than any other Tablet PC on the market today. The Company's shares trade on the Toronto Stock Exchange under the symbol EFL.

For more information about the Company and its products, please visit our website at www.electrovaya.com.

Forward-Looking Statements

This news release may contain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and results of operations. Risks are outlined in the Company's MD&A for the three months ended March 31, 2002 and are set forth in public disclosure documents filed with Canadian regulatory authorities. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. The Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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FOR FURTHER INFORMATION PLEASE CONTACT:

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