

ELECTROVAYA INC.

Consolidated Balance Sheets
(Expressed in thousands of U.S. dollars)

	September 30,	
	2003	2002
Assets		
Current assets		
Cash and cash equivalents	\$ 6,178	\$ 2,529
Short-term investments	11,415	18,089
Accounts receivable	1,047	762
Investment tax credits recoverable	427	378
Goods and Services Tax receivable	55	163
Inventories	2,852	3,324
Prepaid expenses and other	138	113
	<u>22,112</u>	<u>25,358</u>
Capital assets	12,024	14,539
	<u>\$ 34,136</u>	<u>\$ 39,897</u>
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,760	\$ 1,220
Income taxes payable	6	42
	<u>1,766</u>	<u>1,262</u>
Shareholders' equity		
Share capital	63,729	63,729
Cumulative translation adjustment	954	(2,657)
Deficit	<u>(32,313)</u>	<u>(22,437)</u>
	<u>32,370</u>	<u>38,635</u>
	<u>\$ 34,136</u>	<u>\$ 39,897</u>

These financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2003.

ELECTROVAYA INC.

Consolidated Statements of Operations and Deficit
(Expressed in thousands of U.S. dollars, except per share amounts)

	Years ended September 30,	
	2003	2002
Revenue	\$ 4,323	\$ 2,976
Cost of goods sold	5,331	4,641
Gross margin	(1,008)	(1,665)
Expenses		
Research and development	2,656	1,845
Government assistance	(1,140)	—
Sales and marketing	2,439	2,221
General and administrative	1,928	2,331
	5,883	6,397
Loss before the undernoted	6,891	8,062
Amortization	2,746	2,495
Loss from operations	9,637	10,557
Interest income	(445)	(597)
Loss(gain) from foreign exchange	652	(11)
	207	(608)
Loss before income taxes	9,844	9,949
Income tax expense	32	42
Loss for the year	9,876	9,991
Deficit, beginning of year	22,437	12,446
Deficit, end of year	\$ 32,313	\$ 22,437
Basic and diluted loss per common share	\$ 0.14	\$ 0.14

These financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2003.

ELECTROVAYA INC.

Consolidated Statements of Cash Flows
(Expressed in thousands of U.S. dollars)

	Years ended September 30,	
	2003	2002
Cash provided by (used in)		
Operating activities		
Loss for the year	\$ (9,876)	\$ (9,991)
Amortization which does not involve cash	2,746	2,495
Change in non-cash operating working capital	725	(1,620)
	(6,405)	(9,116)
Investing activities		
Reductions to short-term investments	6,674	10,607
Additions to capital assets	(231)	(1,305)
	6,443	9,302
Increase in cash and cash equivalents	38	186
Effect of currency translation adjustments on cash and cash equivalents	3,611	(93)
Cash and cash equivalents beginning of year	2,529	2,436
Cash and cash equivalents end of year	\$ 6,178	\$ 2,529
Supplemental disclosure of cash flow information		
Income taxes paid	\$ 80	\$ 34
Interest received	479	823

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