News for Immediate Release

ELECTROVAYA ANNOUNCES SECOND QUARTER FISCAL 2005 FINANCIAL RESULTS

***Toronto, Ontario* – May 5, 2005 –** Electrovaya Inc. (TSX: EFL) today announced financial results for the second quarter ended March 31, 2005. All figures are in US dollars.

Highlights

For the quarter ending March 31, 2005:

- Revenue decreased by 25.9% to $1.2 million from $1.6 million for the quarter ended March 31, 2004.
- Loss from operation, before interest, taxes, foreign exchange and amortization increased by $0.2 million from a loss of ($1.2 million) to ($1.4 million) compared to the same quarter in fiscal 2004.
- Cash & investments were $12.5 million as at March 31, 2005, compared to $15.6 million as at March 31, 2004 and $13.6 million as at September 30, 2004.

Summary of Financial Results

In thousands of US$ except per share amounts	**3 months ended March 31**		**6 months ended March 31**	
	2005	**2004**	**2005**	**2004**
Revenue	$1,180	$ 1,593	$ 2,668	$ 3,174
Loss from operations before interest, taxes, foreign exchange and amortization*	$(1,389)	$(1,224)	$(2,446)	$(2,691)
Loss for the period*	$(2,360)	$(1,861)	$(4,312)	$(4,263)
Loss per share	$(0.03)	$(0.03)	$(0.06)	$(0.06)
Cash & investments	$ 12,503	$ 15,668	$ 12,503	$ 15,668

***** *Net of TPC repayable contribution of $NIL and $127 for the quarters ending March 31, 2005 and 2004 respectively and $309and $371 for the six months ending March 31, 2005 and March 31, 2004 respectively.***

"Quarterly financial performance continues to fluctuate as R&D service milestones, especially NASA, are achieved. Work to complete these activities, as well as additional milestones, continues into the next quarter" said Dr. Sankar Das Gupta, President and CEO. We continue to work to develop new markets for our Scribbler and PowerPad, but the slow-down in computer and IT purchases also contributed to our lower quarterly revenues" added Dr. Das Gupta.

Three Months Ended March 31, 2005

For the three month period ended March 31, 2005, total revenue decreased by 25.9% to $1.2 million from $1.5 million for the quarter ended March 31, 2004. The decrease in total revenue primarily resulted from a decrease in revenue from consumer electronics and machine building.

Research and development expenses, net of investment tax credits, increased by $11,000 or 2.0% to $576,000 for the quarter ended March 31, 2005 from $565,000 for the same three month period in 2004. During the three month period ending March 31, 2005, the company did not receive any cash contributions from the TPC, but did submit a request totaling $409,000 for work performed for the quarters ending September 30 and December 31, 2004. This cash was received in April, 2005.

For the quarters ended March 31, 2005 and 2004, sales and marketing expenses were $322,000 and $255,000 respectively. The $67,000 increase was primarily due to increased warranty expense compared to the prior quarter, when excess reserves for warranty expense had been reversed, and higher salaries and benefits due to increases in the sales and customer services teams.

General and administrative expenses decreased by 11.8% or $79,000 to $591,000 for the quarter ended March 31, 2005 compared to $670,000 for the same period the prior year. The decrease primarily reflects a decrease in provisions for bad debts, insurance and salary and benefit expenses, offset by increases in professional services fees.

The loss from operations, before amortization, interest income and foreign exchange losses increased by 13% to $1.4 million from $1.2 million in the same quarter last year.

The loss per share for the quarter was $0.03, unchanged from the quarter ending March 31, 2004.

Liquidity and Capital Resources

As of March 31, 2005, the Company had $12.5 million in cash, cash equivalents and short-term investments, a decrease of $1.1 million from the quarter ending September 30, 2004.

Conference Call Notice
Electrovaya will host a conference call on 6th May, 2005 at 9 am Eastern time. The call can be accessed by dialing 416-640-4127 or 1-800-814-4853 or through a replay available at 416-640-1917 passcode 21124186#. The call will be web cast live on the Internet at ***www.electrovaya.com*** and ***www.newswire.ca/en/webcast.***

About Electrovaya Inc.

Electrovaya's goal is to become the leading provider of tablet PC's, portable power for the notebook computer, aerospace and wireless sectors, and to apply its technology to a broad spectrum of alternative energy applications including UPS, stand-by power and zero-emission vehicles. It develops, manufactures and sells high value products globally using award winning patented proprietary lithium ion SuperPolymer® 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 longer run time than any other Tablet PC currently available. 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.

For more information, please contact:

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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 Annual Report for the year ending September 30, 2004 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.

ELECTROVAYA INC.

Interim Consolidated Balance Sheets
(Expressed in Thousands of U.S. dollars)
(Unaudited)

	March 31, 2005 (Unaudited)	September 30, 2004 (Audited)
Assets		
Current assets		
Cash and cash equivalents	$ 12,503	$ 2,715
Short-term investments	-	10,897
Accounts receivable	600	698
Investment tax credits recoverable	57	165
Goods and Services Tax receivable	27	66
Inventories (note 2)	2,284	2,886
Prepaid expenses and other	229	52
	15,700	17,479
Capital assets	7,823	9,203
	$ 23,523	$ 26,682
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	$ 1,792	$ 1,514
	1,792	1,514
Shareholders' equity		
Share capital (note 3)	63,745	63,745
Contributed Surplus	124	43
Cumulative translation adjustment	2,950	2,156
Deficit	(45,088)	(40,776)
	21,731	25,168
Contingencies (note 1(h))		
	$ 23,523	$ 26,682

See accompanying notes to interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30

ELECTROVAYA INC.

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

	Three months ended March 31, 2005	Three months ended March 31, 2004	Six months ended March 31, 2005	Six months ended March 31, 2004
Revenue	$ 1,180	$ 1,593	$ 2,668	$ 3,174
Direct manufacturing costs	1,080	1,454	2,544	2,891
	100	139	124	283
Expenses				
Research and development	576	565	1,035	1,154
Government assistance Note 1(g)	-	(127)	(309)	(371)
Sales and marketing	322	255	596	811
General and administrative	591	670	1,248	1,380
	1,489	1,363	2,570	2,974
Loss before the undernoted	1,389	1,224	2,446	2,691
Amortization	721	752	1,465	1,521
Loss from operations	2,110	1,976	3,911	4,212
Interest income	(68)	(71)	(144)	(160)
(Gain) Loss from foreign exchange	318	(44)	545	211
	250	(115)	401	51
Loss for the period	2,360	1,861	4,312	4,263
Deficit, beginning of period	42,728	34,715	40,776	32,313
Deficit, end of period	45,088	36,576	45,088	36,576
Basic and diluted loss per common share	$ (0.03)	$ (0.03)	$ (0.06)	$ (0.06)
Weighted average number of shares outstanding, basic and fully diluted	69,575,442	69,539,109	69,575,442	69,539,109

See accompanying notes to interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2004.

ELECTROVAYA INC.

Interim Consolidated Statements of Cash Flows
(Expressed in Thousands of U.S. dollars, except per share amounts)

(Unaudited)

	Three months ended March 31, 2005	Three months ended March 31, 2004	Six months ended March 31, 2005	Six months ended March 31, 2004
Cash provided by (used in)				
Operating activities				
Loss for the period	$ (2,360)	$ (1,861)	$ (4,312)	$ (4,263)
Amortization which does not involve cash	721	752	1,465	1,521
Stock compensation expense	37	-	73	-
Change in non-cash operating working capital	736	162	948	285
	(866)	(947)	(1,826)	(2,457)
Investing activities				
Additions to capital assets	(39)	(62)	(85)	(130)
Reduction to short-term investments	-	8,358	10,897	8,771
	(39)	8,296	10,812	8,641
Increase (decrease) in cash and cash equivalents	(905)	7,349	8,986	6,184
Effect of currency translation adjustments on cash and cash equivalents	(70)	(292)	802	663
Cash and cash equivalents, beginning of year	13,478	5,968	2,715	6,178
Cash and cash equivalents, end of period	$ 12,503	$ 13,025	$ 12,503	$ 13,025
Supplemental disclosure of cash flow information				
Income taxes paid	$ 6	$ 43	$ 6	$ 43
Interest received	67	98	195	186

See accompanying notes to interim consolidated financial statements.

These unaudited interim consolidated financial statements should be read in conjunction with the annual audited consolidated financial statements for the year ended September 30, 2004.

Electrovaya Inc. (the "Company"), incorporated in 1996 under the Business Corporations Act (Ontario), develops, manufactures and markets portable power technology products using its patented lithium ion SuperPolymer® technology.

1. Significant accounting policies

(a) Basis of presentation

The Company prepares its financial statements in accordance with Canadian generally accepted accounting principles. These unaudited interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All inter-company balances and transactions have been eliminated during consolidation.

The company has no operating assets located outside of Canada.

The disclosures contained in these unaudited interim consolidated financial statements do not include all disclosures required under Canadian generally accepted accounting principles (GAAP) for annual financial statements. The unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements for the year ended September 30, 2004.

The unaudited interim consolidated financial statements are based upon accounting policies consistent with those used and described in the annual consolidated financial statements. The interim financial statements are not considered to be materially affected by seasonal or cyclical factors.

Management believes these unaudited interim consolidated financial statements include all adjustments, including normal recurring adjustments, necessary to present fairly the financial position of the Company as at March 31, 2005 and the results of its operations and its cash flows for the six months and three months ended March 31, 2005. Results for the three months ended March 31, 2005 are not necessarily indicative of the results to be expected for the entire year.

(b) Cash and cash equivalents and short term investments

Cash and cash equivalents include temporary investments in marketable securities which are readily convertible into cash and which have an original term to maturity of 90 days or less. Short term investments consist of temporary investments in marketable securities with longer terms to maturity are recorded at cost, which is equivalent to their market value.

1. Significant accounting policies (continued)

(c) Capital assets

Capital assets are recorded at cost less related investment tax credits and accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Building	4%
Building improvements	4%
Production equipment	20%
Workshop equipment	20%
Patents and technology	20%
Office furniture and equipment	20%
Vehicles	20%

(d) Impairment of long-lived assets

The Company reviews capital and intangible assets for impairment on a regular basis or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows that the long-lived assets are expected to generate.

(e) Research and development costs

Research costs, net of related investment tax credits, are expensed in the period in which they are incurred.

Development costs, net of related investment tax credits, are expensed in the period incurred unless such costs meet the criteria under Canadian generally accepted accounting principles for deferral and amortization. To date, the Company has not deferred any development costs.

Certain costs related to the Company's research and development efforts related to fast batteries and electric vehicles are being funded by a repayable grant from Technology Partnerships Canada (see Note 1 (g)).

1. Significant accounting policies (continued)

(f) Inventories

Inventories are comprised of raw materials, work in progress and finished goods. Raw materials and work in progress are recorded at the lower of cost and replacement cost. Finished goods are recorded at the lower of cost and net realizable value.

(g) Government assistance

The Company receives indirect financial assistance from the government by way of the investment tax credit program. This program provides assistance, by way of direct payments and reductions in corporate income taxes, for specially defined qualifying expenditures. Investment tax credits are credited against the related research and development expenses, or capital assets.

The Company has been approved for funding under the Technology Partnerships Canada initiative of Industry Canada. The funding is to support the Company's research and development efforts in fast rate batteries and electric vehicles. The Company will receive contributions of up to 29.7% of the specified costs of the development project, to a maximum amount of $6.7 million. Under the terms of the agreement, an amount up to a maximum of $31.1 million is to be repaid by royalties, commencing in 2007 through to 2013, with payment to be deferred or reduced if certain revenue thresholds are not achieved. No additional claims were received during the quarter ending March 31, 2005 (Quarter ending March 31, 2004: $127).

(h) Stock based Compensation

In accordance with one of the transitional options permitted under the amended Handbook section 3870 "Stock-based Compensation and Other Stock-based Payments," the Company applies the fair value method of accounting for employee stock options to all employee stock options granted on or after October 1, 2003. Under the fair value based method, compensation cost is measured at fair value at the date of grant and expensed over the award's vesting period. During the quarter, due to the effect of prospectively adopting the fair value method, there was an increase in stock based compensation of $37, with a negligible impact on loss per share.

(i) Revenue recognition

Revenue from product sales is recognized upon shipment, since persuasive evidence of an arrangement exists, risks and rewards of ownership have been transferred to customers, selling price is fixed and determinable and collectibility is reasonably assured. Estimated returns and allowances and sales rebates are recorded as a reduction of revenue at the

1. Significant accounting policies (continued)

time of revenue recognition. In addition, the Company provides for the estimated cost of standard product warranties at the time of revenue recognition. The Company primarily uses a binding purchase order as evidence of its sales arrangements and with respect to its service arrangements uses contractual agreements. The Company considers delivery to occur upon shipment, provided risks and rewards of ownership, including transfer of title have passed to the customer. At the point of sale, the Company assesses whether collection is reasonably assured. If the Company determines that collection is not reasonably assured, the Company defers recognition of the revenue until collection becomes reasonably assured, which is generally upon receipt of cash. Where an estimate of the potential sales return cannot be made, the recognition of revenue does not occur until the distributor has sold the product.

Revenue from services provided to third parties under contracts is recognized as services are performed and as each milestone in the contract is achieved and accepted by the customer.

Revenue from custom machine building is recognized based on the percentage of completion method of accounting for contracts. Under such contracts, revenue is recognized based on the ratio of total costs incurred to date to overall estimated costs. Provisions for estimated losses on contracts are recognized when identified.

(j) Warranty costs

Warranty costs are provided for as revenues are earned.

(k) Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the years. Actual results may differ from the estimates. Sales returns are estimated at the time of delivery based on past experience and customer specific factors. Bad debts are determined based on the ageing of accounts receivable where such amounts are not insured and considered uncollectible.

Warranty accruals are based on the actual warranty experience rate for the past year and sales during the most recent warranty period.

The Company operates in a competitive market subject to fast-paced technological changes. The Company has estimated the provisions for sales returns, warranty costs and obsolete inventory based on historical patterns, communication with its distributors, industry

1. Significant accounting policies (continued)

trends and existing competitive pressures. Significant changes in technology or competitors' products could result in a material change in the rate of sales returns.

(l) Income taxes

The Company uses the asset and liability method of accounting for income taxes. Future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carry-forwards. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in the income in the period that includes the date of enactment or substantive enactment. A valuation allowance is recorded against any future income tax asset if it is not more likely than not that the asset will be realized.

(m) Currency translation

Monetary assets and liabilities of the Company which are denominated in foreign currencies are translated into Canadian dollars (which is considered to be the measurement currency) at the exchange rates prevailing at the balance sheet date, and transactions denominated in foreign currencies which are included in operations are translated at the average rates for the period. Exchange gains and losses resulting from the translation of these amounts are reflected in the statement of operations in the period in which they occur.

As the Company's reporting currency is the U.S. dollar, the Company translates assets and liabilities denominated in Canadian dollars into U.S. dollars at the exchange rate prevailing at the balance sheet date, and the results of operations at the average rate for the period. Cumulative net translation adjustments are included as a separate component of shareholders' equity.

(n) Earnings per share

Basic earnings per share is calculated using the weighted average number of shares outstanding during the year. Diluted earnings per share is computed using the weighted average number of common and potential common shares outstanding during the year, if dilutive.

(Expressed in Thousands of U.S. dollars, except per share amounts)

2. Inventories

	March 31, 2005	September 30 2004
Raw materials	$ 842	$ 1,052
Work in progress	1,317	1,725
Finished goods	125	109
	$ 2,284	$ 2,886

3. Share capital

As at March 31, 2005, the Company had 69,575,442 common shares (69,575,442 as at December 31, 2004) outstanding and 2,468,934 options (2,488,934 as at December 31, 2004) to acquire common shares under the Company's employee incentive plan.

4. Financial instruments

(a) Fair values

The reported values of the financial instruments, which consist of cash and cash equivalents, short-term investments, accounts receivable and accounts payable and accrued liabilities, approximate their fair values due to the near-term maturity of those instruments.

(b) Foreign currency risk

The Company is exposed to foreign currency fluctuations to the extent that the Company is holding significant cash and cash equivalent balances denominated in U.S. dollars. The Company does not hedge the risk related to fluctuations of the exchange rate between U.S. and Canadian dollars.

(c) Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist primarily of trade accounts receivable. The Company performs periodic credit evaluations of the financial condition of its customers and typically does not require collateral from them. Allowances are maintained for potential credit losses consistent with the credit risk of specific customers, historical trends and other information. Credit losses have been within management's range of expectations. The company also insures some of its accounts receivable.

(Expressed in Thousands of U.S. dollars, except per share amounts)

5. Related Party Transactions

The Company leased its Hanna Avenue premises in Toronto, Ontario, from a company owned by its controlling shareholders for $209 per year plus GST and business tax. The lease was renewed from January 1, 2003 to December 31, 2003. In June, 2003, the Company secured an additional 11,800 square feet at $80 per year plus GST and business tax until December 31, 2003, with one rent free month. Beginning on January 2004, the Company occupied these premises on a monthly basis. In April 2004, the premises were sold by the controlling shareholders to an independent third party for consideration that included a vendor-take back mortgage. The measurement basis for the transaction was fair market value On July 31, 2004, the Company vacated the original space leaving 11,800 square feet at an annual rental amount of $80.

Electrovaya has invested $115 in a private company engaged in the business of producing and evaluating new materials in return for 6% of its Class A and 21% of its Class B shares, subsequently providing research and development services totaling $153 in consideration of 30% of additional non-voting, participating Class B shares. The Class B shares are convertible into Class A voting, participating shares in the event the company becomes registered on a stock exchange. During the second quarter of 2004, Electrovaya provided a $38 loan and space to the company to assist with the operation of a pilot plant, resulting in the potential for Electrovaya to exert significant influence over the activities of the Company. The original investment, additional shares and loan have been valued at Nil as at the end of March 31, 2005.

6. Changes in non-cash operating working capital

	March 31, 2005
Accounts receivable	98
Investment tax credits recoverable	108
Goods and Services Tax receivable	39
Inventories	602
Prepaid expenses and other	(177)
Accounts payable and accrued liabilities	$ 278
	$ 948