

Attention Business/Financial Editors:
Azure Dynamics reports 2003 first quarter results

VANCOUVER, May 30 /CNW/ - Azure Dynamics Corporation (TSX Venture - AZD) ("Azure") a leading developer of hybrid electric powertrains for commercial vehicles is pleased to announce its results for the three months ("quarter") ended March 31, 2003.

The Company incurred a net loss of \$778,715 or \$0.02 per share in the quarter compared to a net loss for the three months ended March 31, 2002 ("2002"), of \$1,505,418 or \$0.04 per share. The first quarter 2003 deficit is lower than the comparable period in 2002 mainly as the comparative period in 2002 included two large expenditure items in respect of third-party product development and corporate finance costs which have not reoccurred in the current quarter. The Company's cost base is also lower in the current period due to cost reduction initiatives that the Company has implemented since mid-2002.

The Company requires further funds to finance its ongoing operations. The Company is currently in discussions with investors to secure further financing.

Azure Dynamics Corporation is an innovative company that has developed proprietary hybrid electric vehicle technology for the light and medium duty commercial vehicle category. Azure was the recipient of the Canadian Energy Efficiency Award 2003 from Natural Resources Canada in the category of transportation (light duty commercial vehicles) and also received the 2002 Applied Energy Innovation Award from the Canadian Institute of Energy (BC).

The TSX Venture Exchange does not accept responsibility for the adequacy or accuracy of this release.

NOTE: The foregoing information may contain forward-looking statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results to be materially different from any future results, performance or achievements expressed or implied by such statements. Such factors include, but are not limited to: the ability to raise the capital required for product development and operations, product development delays, changing environmental regulations, the ability to attract and retain business partners, competition from other developers of hybrid electric vehicle control systems, competition from other advanced or existing power technologies, evolving markets for power for transportation vehicles. These factors should be considered carefully and readers should not place undue reliance on Azure's forward-looking statements. Investors are encouraged to review the risks detailed from time to time in the company's filings with regulatory authorities.

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Azure Dynamics Corporation
(A Development Stage Enterprise)

Consolidated Balance Sheets

	March 31	December 31	March 31
	2003	2002	2002
As at	(Unaudited)	(Audited)	(Unaudited)

ASSETS

Current			
Cash and cash equivalents	\$ 350,716	\$ 1,030,594	\$ 3,520,811
Accounts receivable	25,788	28,253	118,268
Contributions receivable	95,238	264,455	460,031
Prepaid and other expenses	47,248	13,320	73,833
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	518,990	1,336,622	4,172,943
Employee loans	257,429	259,214	266,357
Capital assets	242,749	276,036	576,472
Other assets	103,926	95,992	97,944
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	\$ 1,123,094	\$ 1,967,864	\$ 5,113,716

LIABILITIES AND SHAREHOLDERS'
EQUITY

Current			
Accounts payable and accrued liabilities	\$ 259,777	\$ 347,313	\$ 522,668
Obligations under capital leases	6,277	9,796	12,789
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	266,054	357,109	535,457
Obligations under capital leases	-	-	6,466
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	266,054	357,109	541,923
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Shareholders' equity			
Share capital	11,813,905	11,788,905	11,060,825
Special warrants	90,000	90,000	-
Deficit	(11,046,865)	(10,268,150)	(6,489,032)
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	857,040	1,610,755	4,571,793
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	\$ 1,123,094	\$ 1,967,864	\$ 5,113,716

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Unaudited Consolidated Statements of Operations and Deficit

For the three months ended
March 31

2003 2002

Revenue		
Other income	\$ 6,176	\$ 16,393
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Expenses		
Research and development, net	273,740	722,936
Selling and marketing	141,817	163,935
General and administrative	269,449	461,653
Rent	56,993	153,108
Amortization	42,892	20,179
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	784,891	1,521,811
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Net loss for the period	(778,715)	(1,505,418)
Deficit, beginning of period	(10,268,150)	(4,983,614)
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Deficit, end of period	\$ (11,046,865)	\$ (6,489,032)
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Loss per share	\$ (0.02)	\$ (0.04)
Weighted average number of shares	45,008,264	34,328,753
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Azure Dynamics Corporation
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Unaudited Consolidated Statements of Cash Flows

For the three months ended
March 31

	2003	2002
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Cash flows from operating activities		
Operations		
Net loss for the period	\$ (778,715)	\$ (1,505,418)
Adjustment for:		
Amortization	42,892	20,179
Shares issued in lieu of non-executive directors fees	6,250	-
Doubtful debt provision	1,786	-
Changes in non-cash working capital items	68,968	(596,519)
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	(658,819)	(2,081,758)
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Cash flows from financing activities		
Issuance of common shares (net of costs)	-	5,058,907
Reduction in employee loan	-	7,144
Payment of obligations under capital leases	(3,519)	(2,861)
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	(3,519)	5,063,190

Cash flows from investing activities		
Acquisition of capital assets	-	(70,479)
Acquisition of intellectual properties	(17,540)	(42,567)
	(17,540)	(113,046)
Increase / (Decrease) in cash and cash equivalents	(679,878)	2,868,386
Cash and cash equivalents, beginning of period	1,030,594	652,425
Cash and cash equivalents, end of period	\$ 350,716	\$ 3,520,811

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 www.azuredynamics.com/
 (AZD.)

CO: Azure Dynamics Corporation

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