

DJ CANADA VENTURE: AccelRate Expects Rev With Charger Order

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VANCOUVER (Dow Jones)--With an initial purchase order from a U.S. distributor, AccelRate Power Systems Inc. (APS.V) expects to start posting revenue in July when 30 of its rapid battery chargers are shipped.

AccelRate develops fast chargers for various types of batteries and is targeting industrial applications, such as chargers for big forklift batteries used in warehouses.

President Reimar Koch said his company's product can fully recharge industrial batteries in two hours, versus about 10 hours for a conventional charger. Companies can therefore hook up charging units while staff do paperwork or take breaks, he said. Potential benefits include energy, space and labor cost-savings, Koch said.

AccelRate says its technology uses "a unique algorithm" of charge and discharge cycles to speed charging time, without associated heat and stress damage.

"A product like ours has been promised for a long time," Koch said in a recent interview, adding that there's some skepticism in the market.

But Koch says other products don't deliver "a full state of charge" in two hours; rather, they take advantage of a battery's high initial acceptance of a charge. He said he expects sales of the AccelRate chargers to ramp up quickly because the product is "plug and play", that is, it can instantly demonstrate its usefulness.

The small company has no revenues to date, and lost C\$992,000 or 5 Canadian cents a share in 2004, versus a loss of C\$549,000 in 2003. It sees continued net losses for the near future.

AccelRate acquired the charging technology from inventor Vladimir Petrovic, who now owns 11% of company shares and acts as chief technical officer.

In April the company licensed its technology to Hawker Powersource Inc., a unit of EnerSys Inc. (ENS). According to AccelRate, Hawker can incorporate the technology into its products for the North American lead-acid motive power sector, and will also manufacture a private label line of chargers for AccelRate.

The company expects to generate revenue from the license agreement and from sales of its private label line. It has distribution deals with Papé Material Handling to sell the line to the materials-handling industry in the Pacific Northwest, and with Carney Battery Handling Ltd. in Canada.

AccelRate announced its first order from Papé last week. The four private-label charger models will be priced from US\$6,300 to just under US\$20,000.

A Vancouver-area user contacted by Dow Jones said that a prototype unit he tested for two years performed well, charged new and old batteries quickly, and didn't generate heat. "That's what we like to see," said Bud McGranaghan, an engineer with VersaCold Holding Corp.'s Cliveden cold storage facility in Delta, B.C. McGranaghan added that his department didn't measure the energy cost-savings of the AccelRate unit, but since it didn't impart heat to the various batteries tested, "common sense would dictate" that the unit saved energy, he said.

AccelRate says its broad ambition is to "create a new world standard" in battery charging.

The company will seek to do an equity financing of 1-million to 1.5-million shares in the coming months by way of private placement, company vice president Debby Harris said.

At its annual meeting next week, the company will also ask shareholders to approve a resolution to increase the maximum number of common shares issuable under its stock option plan to 4.74 million, or 20% of outstanding shares, from 4.26 million shares under the current plan. Options can reduce the amount of cash the company must spend on salaries, at a stage when cash flow is critical, Harris noted.

On the TSX Venture Exchange, AccelRate shares have traded between 75 Canadian cents and C\$2.06 a share in the past year. The stock traded early Wednesday at C\$1.89 a share.

Chairman and founder Caspar Koch, who is father of president Reimar Koch, owns 1.8 million shares or 7.6% of those outstanding.

Company Web Site: <http://www.accelrate.com>

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