



ZCL Composites Reports Second Quarter 2009 Financial Results

Edmonton, Alberta, August 4, 2009—ZCL Composites Inc. (TSX: ZCL) today announced financial results for the second quarter and six months ended June 30, 2009.

Q2 2009 compared to Q2 2008

- Revenue of \$28.8 million, down 13% from \$33.0 million
- Net income of \$0.6 million, compared to \$3.2 million
- Diluted earnings per share of \$0.02, compared to \$0.12
- Backlog of \$21.1 million, compared to \$28.6 million at June 30, 2008

First Half of 2009 compared to First Half of 2008

- Revenue of \$48.5 million, down 15% from \$56.8 million
- Net loss of \$0.8 million, compared to net income of \$4.6 million
- Diluted loss per share of \$0.03, compared to diluted earnings per share of \$0.17

On a sequential basis, the second quarter results were up from revenue of \$19.7 million and a net loss of \$1.4 million or \$0.05 per diluted share in the first quarter of 2009 reflecting in part the general seasonality of ZCL's business.

ZCL continues to have a strong balance sheet with working capital of \$24.2 million, total assets of \$117.6 million and long term debt of \$6.5 million as at June 30, 2009.

"Our financial results for the second quarter and first half of 2009 reflect the global recession as many of our customers have been impacted by the economic downturn, lower commodity prices and a scarcity of credit," said Ven Côté, ZCL's President and Chief Executive Officer. "Looking ahead, we expect revenue and earnings to continue to improve in the second half of the year. We continue to push ahead on strong opportunities to capture market share and grow our business in the North American downstream petroleum and water and wastewater markets. With these opportunities, we believe that ZCL is well positioned to prosper, especially when the economy turns around."

"We are also very encouraged by prospects for ZCL's tank manufacturing and Phoenix System™ lining technologies in international markets as reinforced by our recent signing of a license agreement with JIZHOU ZHONGYI FRP Co., Ltd. of China," noted Mr. Côté. "We are confident that ZHONGYI is the right partner to promote ZCL's products in China and that they share our commitment to delivering quality service and value added products that contribute to the protection of the environment".

Outlook

For the third and fourth quarters of 2009, revenue and earnings are expected to improve relative to the second quarter of 2009. However, the current economy will make it difficult to match the strong results achieved in the third and fourth quarters of 2008. This outlook is down from that provided at the time of release of the first quarter results in May 2009 reflecting the economic weakness having a greater impact than originally anticipated. To mitigate the impact of the current economy, steps have been taken to reduce both administrative and production costs, including reducing discretionary expenses, accelerating best practice initiatives, eliminating all non-essential overtime, reducing production staffing levels or work hours and working with suppliers to achieve cost reductions.

Management continues to believe strong growth opportunities in the downstream petroleum, water and wastewater, international and other markets position ZCL well for future growth, particularly when the economy turns around. With a strong balance sheet, the Company is also well positioned to take advantage of strategic business development and acquisition opportunities that may become available.

Market Review

Downstream Petroleum

Downstream petroleum sales were lower in the second quarter of 2009 compared to the same period in 2008 reflecting lower sales in the US partially offset by increased sales in Canada. Year-to-date, downstream petroleum revenue was down overall.

In the US, revenue from direct sales to major downstream customers has remained relatively consistent overall to date in 2009, compared to the same period in 2008. However, sales through distributors and contractors, whose customers are more likely to be impacted by the economy and the shortage of available credit, were down significantly.

A clear example of the impact of the current economy is in Florida, where sales for both the second quarter of 2009 and year-to-date were down compared to the same periods in 2008. The state of Florida has set a deadline of December 31, 2009 for all existing underground petroleum storage tanks to be upgraded to a secondary containment system. As of July 25, 2009, the Florida Department of Environmental Protection listed 2,177 sites (ZCL estimates that there would be approximately two to three tanks per site) that still remain to be upgraded. However, the Company believes that many site owners are not making the necessary upgrades prior to the deadline due to financial reasons, and will therefore be forced to shut down their fuelling operations. Station owners that are forced to shut down will then have two years to decide whether to pay for the permanent decommissioning of the tanks on site or upgrade to secondary containment and resume fuelling.

On the positive side in the US downstream petroleum market, the Company has continued to attract new customers and grow its customer base. Management believes that this growth reflects increased recognition by retail service station owners that steel petroleum storage tanks are subject to internal corrosion and that fibreglass tanks, such as ZCL's, have superior corrosion resistant properties. Two key factors contributing to the increasing recognition of internal corrosion are advances in the use of biofuels which create a more corrosive environment and a decision by the Steel Tank Institute ("STI") to reduce the warranty on new STI licensed tanks to 10 years from 30 years effective January 1, 2008. ZCL's warranty against corrosion for its fibreglass tanks remains intact at 30 years. While these factors create an opportunity to grow market share today, further advances in the use of biofuels blends will likely create future opportunities, since the corrosion resistance of many of the tanks currently in use today will need to be upgraded.

ZCL recently introduced its Prezerver[®] program to US customers. This insurance backed program, which provides customers with third-party liability and pollution coverage, has allowed ZCL to differentiate itself in the Canadian downstream market and should further help to grow market share in the US downstream market.

In Canada, downstream petroleum revenue, after a slow first quarter, rebounded to be up slightly in the second quarter of 2009 compared to the same quarter last year. The Canadian downstream market differs from the US in that a majority of the Canadian retail service stations are still owned and operated by the larger oil and gas and convenience store companies.

Water and Wastewater

In the water and wastewater market, the significant decrease in new construction has resulted in lower revenue in both the second quarter of 2009 and year-to-date, compared to the same periods in 2008. Over the past number of years, the Company has generated strong growth from this market and water and wastewater sales now account for roughly 20% of ZCL's total revenue.

ZCL has a very small share of the water and wastewater market and management continues to believe that the opportunities in this market are substantial. Customers are realizing that ZCL's watertight and easy to install fibreglass tanks are an ideal alternative to the concrete products that have traditionally dominated this market. The Company continues to push ahead on building brand recognition, pursuing partner opportunities and establishing new sales channels across the North American water and wastewater market.

Upstream, Industrial and Corrosion

The upstream, industrial and corrosion markets account for roughly 10% of ZCL's total revenue with a majority of the sales currently occurring in the western part of Canada and the US. With the lower commodity prices for oil and natural gas and reduced drilling and construction activity, total revenue from these markets was down significantly in both the second quarter and first half of 2009, compared to the same periods in the prior year.

International and Other Markets

ZCL continues to focus on attracting licensees for its tank manufacturing and Phoenix System[™] lining technologies in the international marketplace. Subsequent to the end of the second quarter, the Company executed a new license agreement with JIZHOU ZHONGYI FRP Co., Ltd. of China. This agreement has a twenty year term and provides for a license fee and ongoing royalties. It is also expected that this and other new license agreements will result in increased revenue from the sale of ZCL proprietary products used in the manufacturing or installation of the licensed products. The Company expects to execute additional new license agreements in 2009.

ZCL continues to pursue additional opportunities for its tank lining system in North America, Europe and South East Asia. Success was achieved in the first half of 2009 with new sites completed for a customer in the US and more installations are planned over the remainder of 2009. In addition, contracted installations in Hong Kong in 2009 are expected to be similar to 2008.

Summary Financial Results

| (in thousands, except per share amounts) | Second Quarter | | Year-to-Date | |
|--|----------------|----------|--------------|----------|
| | 2009 | 2008 | 2009 | 2008 |
| Revenue | \$28,810 | \$33,014 | \$48,491 | \$56,811 |
| Net income (loss) | \$559 | \$3,202 | (\$797) | \$4,555 |
| Diluted earnings (loss) per share | \$0.02 | \$0.12 | (\$0.03) | \$0.17 |

The management's discussion and analysis ("MD&A") and unaudited interim consolidated financial statements for the second quarter ended June 30, 2009 are available on the ZCL website at this link: www.zcl.com/investors/corpdisclosure.html.

Conference Call

ZCL Composites Inc. has scheduled an investor conference call for 9:30 a.m. Mountain Time (11:30 a.m. Eastern Time) on Wednesday, August 5, 2009, to discuss its financial and operating results for the second quarter ended June 30, 2009.

To access the conference call by telephone, please dial toll free 1-800-589-8577 from anywhere in North America. An audio webcast may be accessed through the investor events tab on the ZCL Composites website. Audio replays will be available on the ZCL Composites website shortly after the conclusion of the conference call.

The conference call will include prepared remarks by ZCL's President and Chief Executive Officer, Ven Côté, and by ZCL's Chief Financial Officer, Darin Coutu. After the prepared remarks, ZCL will accept questions from analysts and institutional investors. The public is invited to listen to the conference call in real time or by replay.

Note on Backlog

Backlog is defined as the total value of orders that management has assessed as having a high certainty of being performed because of the existence of a contract or purchase order specifying the scope, value and timing of an order.

Advisory Regarding Forward-Looking Statements

This document contains forward-looking statements under the heading "Outlook" and elsewhere concerning future events or the Company's future performance, including the Company's objectives for revenue growth and EBITDA (earnings before interest, taxes, depreciation and amortization), business opportunities in the petroleum, water and wastewater, international and other markets, outlook for raw material costs and production efficiencies, efforts to reduce administrative and production costs, anticipated capital expenditure trends and activity in the petroleum and other industries and markets served by the Company. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar expressions. Actual events or results may differ materially from those reflected in the Company's forward-looking statements due to a number of known and unknown risks, uncertainties and other factors affecting the Company's business and the industries the Company serves generally.

These factors include, but are not limited to, fluctuations in the level of capital expenditures in the petroleum and water and wastewater markets, drilling activity and oil and natural gas prices, and other factors that affect demand for the Company's products and services, industry competition, the need to effectively integrate acquired businesses, uncertainties as to the Company's ability to implement its business strategy effectively in

Canada and the United States, political and economic conditions, the Company's ability to attract and retain key personnel, raw material and labour costs, fluctuations in the US and Canadian dollar exchange rates, and other risks and uncertainties described under the heading "Risk Factors" in the Company's most recent Annual Information Form, and elsewhere in the Company's management's discussion and analysis for the quarter ended June 30, 2009 and other documents filed with Canadian provincial securities authorities. These documents are available to the public at www.sedar.com.

In addition to the factors noted above, management cautions readers that the significant economic instability in the world today could have a negative impact on the markets in which the Company operates and on the Company's ability to achieve its financial targets. Factors such as continuing economic weakness in the US and Canada, tighter lending standards, volatile capital markets, lower commodity prices, the severity of the US housing crisis and other factors could negatively impact the demand for the Company's products and the Company's ability to grow or sustain revenues and earnings. Fluctuations in the US to Canadian dollar conversion rate also have the potential to impact the Company's revenues and earnings.

The Company believes that the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this report should not be unduly relied upon.

The forward-looking statements in this report speak only as of the date of this report. The Company does not undertake to update any forward-looking statement, whether written or oral, that may be made from time to time by the Company or on the Company's behalf, whether as a result of new information, future events, or otherwise, except as may be required under applicable securities laws. The forward-looking statements contained in this document are expressly qualified by this cautionary statement.

For further information, please contact:

Ven Côté
President & CEO
ZCL Composites Inc.
(780) 466-6648
ven.cote@zcl.com

Darin Coutu
Chief Financial Officer
ZCL Composites Inc.
(780) 466-6648
darin.coutu@zcl.com