



For Immediate Release

**ZCL Composites Reports Second Quarter and First Half 2007 Financial Results
--Conference Call at 7 AM Mountain Time--**

Edmonton, Alberta, August 3, 2007—ZCL Composites Inc. (TSX:ZCL) reported financial results for the second quarter and first half ended June 30, 2007, compared with a year earlier.

For the second quarter of 2007, revenue was \$28.5 million, up 127.3% from \$12.6 million a year earlier. Net income was \$2.1 million, up 122.2% from \$1.0 million a year earlier, and net income per share (diluted) was \$0.08, up 100% from \$0.04 a year earlier.

For the first half of 2007, which included a weak first quarter, revenue was \$43.5 million, up 65.9% from \$26.2 million a year earlier. Net income was \$2.2 million, down 14.3% from \$2.6 million a year earlier, and net income per share (diluted) was \$0.09, down 25.0% from \$0.12 a year earlier.

“The second quarter growth from a year earlier is mainly attributable to the strong performance of our newly acquired U.S. operations,” said Ven Côté, ZCL’s President and Chief Executive Officer. “The U.S. performance more than offset a decline in activity among ZCL Canadian petroleum industry customers. We remain on track for very significant growth in 2007 as a whole.”

Effective February 22, 2007 ZCL acquired 100% of Xerxes Corporation, a U.S. company with manufacturing operation in five states. Xerxes is involved in the design, manufacture and marketing of fibreglass reinforced plastic structural products for the petroleum, chemical, water and wastewater industries. Prior to the acquisition, ZCL had no U.S. manufacturing operations and negligible U.S. revenue.

“We are focused on capitalizing on best practices and on cost reduction in all areas as we combine our Canadian operations and our new U.S. operations,” said Mr. Côté. “We have identified potential for synergies in material costs, freight, insurance and certain manufacturing processes. We expect to realize savings from many of these synergies during 2007.”

EBITDA and Cash Flow

Earnings before interest, income taxes, depreciation and amortization (EBITDA) was \$4.0 million for the second quarter of 2007, up 124.7% from \$1.8 million a year earlier. Cash generated by operations before changes in working capital (cash flow) was \$2.8 million in the second quarter of 2007, up 102.9% from \$1.4 million a year earlier.

For the first half of 2007, EBITDA was \$5.1 million, up 23.9% from \$4.1 million a year earlier, and cash flow was \$3.6 million, up 5.2% from \$3.4 million a year earlier. The gains are attributable to the newly acquired U.S. operations, which more than offset decreased results from Canadian operations.

Outlook

ZCL currently anticipates revenue for the full year 2007 in the range of \$105 million to \$115 million, compared with \$55.1 million a year earlier, with the increase being primarily attributable to the Xerxes acquisition. ZCL expects EBITDA in the range of \$16 million to \$18 million compared with \$9.6 million in 2006. The 2007 outlook is based on a number of assumptions, including the expectation that second half 2007 performance will be stronger than first half 2007 performance.

ZCL's positive outlook for the second half of 2007 is driven, in part, by increased seasonal demand and the inclusion of U.S. operations for six months, compared with less than five months of U.S. operations in the first half of 2007. ZCL had no U.S. operations in 2006.

"During the second quarter of 2007 our competitors in the steel tank industry reached a warranty decision that is potentially favourable for ZCL's fibreglass tank products," said Mr. Côté. "The Steel Tank Institute, a trade group representing the majority of North America's steel tank manufacturers, announced that warranties for steel tanks for underground petroleum storage will be reduced to ten years from 30 years effective January 1, 2008. This compares to a 30-year warranty for ZCL's products. As the leading manufacturer of fibreglass tanks for underground petroleum storage, this gives us a significant advantage in the marketplace.

"Also during the second quarter, Chevron Hong Kong Limited (Caltex) expanded by two additional sites the previously disclosed contract to install our LIFELINER System™ at Chevron locations in Hong Kong. This brings the total number of sites under contract to eight. Work on all eight sites is scheduled for completion by the end of 2007. Further opportunities exist for additional business with Caltex and with potential North American customers."

Subsequent to the end of the second quarter of 2007 we announced a seven-year supply agreement under which the tank service company, Tank Tech Inc. ("Tank Tech") of Blodgett, Missouri, will sell and install ZCL's PHOENIX System® tank liner product across the U.S. The new agreement replaces a Florida-only, five year agreement between ZCL and Tank Tech announced in 2006. Under the new agreement ZCL and its affiliates retain the right to market and sell the PHOENIX System® directly to U.S. customers. Tank Tech has non-exclusive marketing rights and has exclusive installation rights for the PHOENIX System® in the U.S.

"We believe there is a large, long-term global market for an alternative to tank replacement when upgrading existing single wall tanks to secondary containment standards. This alternative to tank replacement can minimize both site disturbance and lost revenue at service stations. With the PHOENIX System® technology and this new agreement with Tank Tech in place, we are in a unique position to offer our customers the option of the finest in new fibreglass tank products, as well as a proven lining system for their upgrading needs," said Mr. Côté.

ZCL's consolidated order backlog as of June 30, 2007 was \$21.4 million. This represents a strong start to the third quarter and compared with a backlog of \$22.9 million as of March 31, 2007 and \$13.8 million as of June 30, 2006.

Summary Financial Results

*In thousands of dollars
except for share data*

Three months ended June 30

	2007	2006	% change
Revenue	\$28,532	\$12,552	127.3%
Net Income	2,126	957	122.2%
Net income per share (diluted)	\$0.08	\$0.04	100.0%
Average number of shares (diluted)	26,548,252	21,933,637	21.0%

Six months ended June 30

	2007	2006	% change
Revenue	\$43,477	\$26,213	65.9%
Net income from continuing operations	2,203	2,252	(2.2%)
Net income from discontinued operations	--	319	n/a
Net Income	2,203	2,571	(14.3%)
Net income per share, continuing operations (diluted)	\$0.09	\$0.11	(18.2%)
Net income per share (diluted)	\$0.09	\$0.12	(25.0%)
Average number of shares (diluted)	25,412,930	21,508,961	18.2%

The Management's Discussion and Analysis as well as the complete financial statements and notes for the second quarter and first half of 2007 will be available on the ZCL website at this link: www.zcl.com/investors/corpdisclosure.html, and on the SEDAR website at www.sedar.com.

Conference Call

ZCL Composites Inc. has scheduled an investor conference call for 7 a.m. (MT) (9 a.m. (ET)) on Friday, August 3, 2007, to discuss its financial and operating results for the second quarter and first half ended June 30, 2007.

To access the conference call by telephone, please call 1-416-644-3418 from the Greater Toronto Area, or dial toll-free 1-800-731-5319 elsewhere 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.

About ZCL

ZCL Composites Inc. is North America's largest underground fibreglass tank manufacturer. ZCL's complete fuel storage systems marketed under the "Prezerver" trademark carry a \$2 million warranty against pollution.

Note on EBITDA

EBITDA is not a recognized measure under GAAP, does not have a standardized meaning prescribed by GAAP and may not be comparable to similar measures used by other companies. The Company uses both GAAP and non-GAAP measures to make strategic decisions and set targets and believes that these non-GAAP measures provide useful supplemental information to investors. Investors are cautioned that EBITDA should not be construed as an alternative to net income as determined in accordance with GAAP.

Disclaimer

This news release contains forward-looking information concerning future events or ZCL's future performance. Actual events or results could differ materially from a conclusion, forecast or projection in such forward-looking statements due to a number of known and unknown risks, uncertainties and other factors affecting ZCL's business, the industries ZCL serves and the economy generally. Certain material factors or assumptions have been applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking statements. ZCL believes that the expectations reflected in these forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements should not be unduly relied upon.

Additional information about the material factors that could cause actual results to differ materially from the conclusions, forecasts or projections in the forward-looking statements, and the material factors or assumptions that have been applied in drawing conclusions or making forecasts or projections as reflected in the forward-looking statements, is contained in ZCL's second quarter 2007 Management Discussion and Analysis and the Annual Information Form, available on the ZCL website at www.zcl.com and on the SEDAR website at www.sedar.com.

These forward-looking statements speak only as of August 3, 2007. ZCL does not undertake to update any forward-looking statements, whether written or oral, except as may be required under applicable securities laws.

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ZCL Composites Inc.**CONSOLIDATED BALANCE SHEETS**
(Unaudited)

As at	June 30,	December 31,
(in thousands of dollars)	2007	2006
	\$	\$
ASSETS		
Current		
Cash	3,924	7,802
Accounts receivable	13,197	7,483
Inventories	22,315	10,807
Prepaid expenses	596	142
Future tax assets	631	11
	40,663	26,245
Property, plant and equipment	16,807	10,588
Deferred costs	923	1,050
Intangible assets	10,576	687
Goodwill	29,559	1,991
Other assets	984	854
Future tax assets	761	—
	100,273	41,415
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Bank indebtedness	5,963	—
Accounts payable and accrued liabilities	11,076	5,329
Income taxes payable	38	1,398
Deferred revenue	963	896
Current portion of long term debt	1,960	—
Future tax liabilities	385	180
	20,385	7,803
Government grants	131	136
Future tax liabilities	6,899	1,228
Long term debt	7,460	—
	34,875	9,167
Commitments and contingencies		
Shareholders' equity		
Share capital	61,845	23,135
Contributed surplus	449	452
Accumulated other comprehensive loss	(5,160)	—
Retained earnings	8,264	8,661
	65,398	32,248
	100,273	41,415

ZCL Composites Inc.

CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Periods Ended June 30

(in thousands of dollars)	Three months		Six months	
	2007	2006	2007	2006
	\$	\$	\$	\$
Revenue	28,532	12,552	43,477	26,213
Manufacturing and selling costs	22,813	10,025	35,373	20,670
	5,719	2,527	8,104	5,543
Amortization	926	382	1,678	768
General and administration	1,765	767	2,987	1,414
Financing expense (income)	223	(8)	568	39
Income before income taxes	2,805	1,386	2,871	3,322
Income taxes				
Current	1,016	540	1,107	1,227
Future	(337)	(111)	(439)	(157)
	679	429	668	1,070
Net income from continuing operations	2,126	957	2,203	2,252
Net income from discontinued operations	—	—	—	319
Net income	2,126	957	2,203	2,571
Basic earnings per share				
Net income from continuing operations	\$0.08	\$0.05	\$0.09	\$0.11
Net income from discontinued operations	—	—	—	\$0.01
Net income	\$0.08	\$0.05	\$0.09	\$0.12
Diluted earnings per share				
Net income from continuing operations	\$0.08	\$0.04	\$0.09	\$0.11
Net income from discontinued operations	—	—	—	\$0.01
Net income	\$0.08	\$0.04	\$0.09	\$0.12

ZCL Composites Inc.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Periods Ended June 30

	Three months		Six months	
	2007	2006	2007	2006
(in thousands of dollars)	\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
Net income	2,126	957	2,203	2,571
Add items not affecting cash:				
Amortization expense	926	382	1,678	768
Future tax recovery	(337)	(111)	(439)	(157)
Stock based compensation expense	54	137	109	193
	2,769	1,365	3,551	3,375
Changes in non-cash working capital:				
Decrease in accounts receivable	2,558	2,246	16	984
Increase in inventories	(633)	(1,540)	(2,043)	(2,168)
(Increase) decrease in prepaid expenses	23	(131)	(82)	(68)
(Decrease) increase in accounts payable and accrued liabilities	(1,152)	(25)	(1,047)	430
(Decrease) increase in deferred revenue	(179)	—	67	—
(Decrease) increase in income taxes payable	1,053	233	(593)	419
Cash flows (used in) from operating activities	4,439	2,148	(131)	2,972
CASH FLOWS FROM FINANCING ACTIVITIES				
Issue of common shares	117	767	37,813	2,741
Net advances (repayment) of bank indebtedness	2,265	(114)	5,963	(2,777)
Dividends paid	(2,600)	—	(2,600)	—
Net cash received on long term debt	—	—	20,000	—
Repayment of long term debt	(500)	—	(10,500)	—
Cash flows from (used in) financing activities	(718)	653	50,676	(36)
CASH FLOWS FROM INVESTING ACTIVITIES				
Business acquisition, including bank indebtedness assumed and repaid	—	—	(52,648)	—
Purchase of property, plant and equipment	(801)	(387)	(1,464)	(522)
Other	—	—	(74)	—
Cash flows used in investing activities	(801)	(387)	(54,186)	(522)
Foreign exchange loss on cash held in foreign currency	(223)	—	(237)	—
Increase (decrease) in cash	2,697	2,414	(3,878)	2,414
Cash, beginning of the period	1,227	—	7,802	—
Cash, end of the period	3,924	2,414	3,924	2,414