



## FOR IMMEDIATE RELEASE

ZENN Motor Company Inc.  
Toronto, Ontario, Canada  
(TSXV: ZNN)

## ZENN MOTOR COMPANY REPORTS FISCAL 2008 YEAR END RESULTS

**Toronto, Ontario – January 27, 2009** – ZENN Motor Company Inc. (“ZMC” or the “Company”) (TSX-V ZNN) a leading developer of zero emission transportation solutions, today announced its financial results for the three months and year ended September 30, 2008. All amounts are expressed in Canadian dollars unless otherwise indicated.

For the current quarter and year ended September 30, 2008, gross revenue was \$915,003 and \$3,533,480, respectively, an increase of 35% and 52%, respectively, over the comparable 2007 results of \$678,749 and \$2,324,462 respectively. The Company recorded a provision for rebates in the current three months and year in the amount of \$175,000 and \$489,574, respectively (2007 - \$300,000 and \$300,000, respectively) relating to prospective marketing programs. Unit sales increased in the current quarter and year to 56 and 246 respectively from 47 and 160 in the comparable prior periods.

Net loss for the three months and year ended September 30, 2008 was \$2,312,728 and \$7,738,623 or \$(0.07) and \$(0.25) per share, respectively, compared with a net loss of \$2,658,409 and \$6,976,141 or \$(0.09) and \$(0.27) per share, respectively, for the corresponding periods in the prior year.

At September 30, 2008 the Company had working capital of \$15,068,689 including cash, cash equivalents and temporary investments of \$14,686,100 compared to working capital of \$6,944,190 including cash and cash equivalents of \$6,221,257 as at September 30, 2007

“2008 was an exciting year for ZENN with the introduction of new products in the Low Speed Vehicle (LSV) arena, the expansion into key geographic markets and continued progress on our longer term business strategy,” said Ian Clifford, CEO. “The Company’s engineering team has progressed to working prototypes of its next-generation powertrain for LSVs and is in the component testing stage for its highway capable vehicles, including the cityZENN. Although the economic climate is currently weak, the Company is well positioned with a strong balance sheet and is looking forward with great excitement to more developments in 2009”.



## **Additional Information**

Readers are encouraged to read the Company's audited consolidated financial statements for the years ended September 30, 2008 and 2007, the corresponding Management's Discussion and Analysis and the Company's Annual Information Form dated January 27, 2009 all of which have been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and posted on the Company's website at [www.ZENNCars.com](http://www.ZENNCars.com).

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

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## **ABOUT ZENN Motor Company Inc.**

ZENN Motor Company, Toronto, Canada, is dedicated to being the global leader in zero emission transportation solutions for markets around the world. Driven by quality, ingenuity, and a philosophy of social responsibility, the ZMC team is redefining what is possible in both urban and business fleet transportation.

The ZENN™ (Zero Emission No Noise) provides an excellent alternative transportation solution for environmentally conscious drivers who want to dramatically reduce their operating costs and free themselves from dependence on oil. The current ZENN low speed vehicle is perfect for urban commuters and commercial fleets such as resorts, gated communities, airports, college and business campuses, municipalities, and parks and is sold through a network of retailers across the United States and directly by the Company in Quebec.

The planned commercialization and implementation of the ultra capacitor being developed by ZENN Motor Company's strategic partner EESstor, Inc., is expected to enable future ZMC vehicles and ZENNergy™ drivetrain powered vehicles to travel at speeds and distances similar to internal combustion powered vehicles but at a fraction of the cost and with zero emissions!

## **Forward-looking Statement**

*Certain statements in this release may contain "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of ZENN Motor Company Inc. to be materially different from those expressed or implied by such forward-looking statements including but not limited to those risk factors*



*discussed in the Company's most recent Annual Information Form. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. ZMC does not undertake to update any forward-looking statements, except in accordance with applicable securities laws.*

For additional information please contact:

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**Public Affairs**

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# ZENN Motor Company Inc.

## Consolidated Balance Sheets

(audited)

	Sep. 30 2008	Sep. 30 2007
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash and cash equivalents	7,686,100	6,221,257
Temporary investments	7,000,000	-
Accounts receivable	80,069	272,946
Inventory	1,958,233	1,442,862
Prepaid expenses and other assets	599,309	642,061
	<u>17,323,711</u>	<u>8,579,126</u>
Property, plant and equipment	362,413	353,047
Development costs	389,207	-
Rental deposits	98,552	100,535
EEStor technology rights	1,510,145	1,510,145
Investment in EEStor, Inc.	2,857,815	2,857,815
	<u>22,541,843</u>	<u>13,400,668</u>
<b>Liabilities</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	2,078,969	1,634,936
Contingent loss on purchase commitment	176,053	-
	<u>2,255,022</u>	<u>1,634,936</u>
<b>Shareholders' Equity</b>		
Capital stock	41,863,409	26,081,655
Contributed surplus	1,322,066	584,455
Warrant capital	316,255	575,908
Deficit	(23,214,909)	(15,476,286)
	<u>20,286,821</u>	<u>11,765,732</u>
	<u>22,541,843</u>	<u>13,400,668</u>

## ZENN Motor Company Inc.

Consolidated Statements of Operations and Deficit  
For the three months and year ended September 30

	<u>Three Months</u>		<u>12 Months</u>	
	<u>(unaudited)</u>		<u>(audited)</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	\$	\$	\$	\$
Gross revenue	915,003	678,749	3,533,480	2,324,462
Provision for rebates	<u>(175,000)</u>	<u>(300,000)</u>	<u>(489,574)</u>	<u>(300,000)</u>
Net revenue	740,003	378,749	3,043,906	2,024,462
Cost of sales	<u>871,812</u>	<u>678,024</u>	<u>3,072,616</u>	<u>2,302,349</u>
Gross profit	(131,809)	(299,275)	(28,710)	(277,887)
Expenses				
Marketing and promotion	641,837	530,103	2,267,111	1,543,988
Engineering and development	281,841	221,901	770,735	613,071
General and administrative	956,122	886,330	4,383,311	3,596,661
Write-down of inventory	275,986	725,972	335,353	953,472
Foreign exchange loss (gain)	(58,121)	42,880	(74,064)	79,385
Contingent loss on purchase commitments	176,053	-	176,053	-
Amortization	<u>36,610</u>	<u>29,221</u>	<u>142,814</u>	<u>92,738</u>
	<u>2,310,328</u>	<u>2,436,407</u>	<u>8,001,313</u>	<u>6,879,315</u>
Loss before undernoted	(2,442,137)	(2,735,682)	(8,030,023)	(7,157,202)
Interest income	<u>129,409</u>	<u>77,273</u>	<u>291,400</u>	<u>181,061</u>
Net loss for the period	(2,312,728)	(2,658,409)	(7,738,623)	(6,976,141)
Deficit, beginning of period	<u>(20,902,181)</u>	<u>(12,817,877)</u>	<u>(15,476,286)</u>	<u>(8,500,145)</u>
Deficit, end of period	<u>(23,214,909)</u>	<u>(15,476,286)</u>	<u>(23,214,909)</u>	<u>(15,476,286)</u>
Loss per share, basic and diluted	(0.07)	(0.09)	(0.25)	(0.27)
Weighted average number of shares outstanding	33,561,072	28,735,031	30,555,711	25,943,379

**ZENN Motor Company Inc.**  
Consolidated Statements of Cash Flows  
For the year ended September 30  
(audited)

	<u>2008</u>	<u>2007</u>
	\$	\$
<b>Cash flows from operating activities</b>		
Net loss for period	(7,738,623)	(6,976,141)
Add items not affecting cash flow		
Amortization	142,814	92,738
Stock based compensation	738,841	466,740
	<u>(6,856,968)</u>	<u>(6,416,663)</u>
Changes in non-cash working capital		
Accounts receivable	192,877	(272,946)
Inventory	(515,371)	(66,497)
Prepaid expenses and other assets	42,752	(117,675)
Accounts payable and accrued liabilities	444,033	424,679
Contingent loss on purchase commitment	176,053	-
	<u>(6,516,624)</u>	<u>(6,449,102)</u>
<b>Cash flows from investing activities</b>		
EESstor technology rights	-	(643,170)
Purchase of property and equipment	(152,180)	(286,988)
Rental deposits	(70,977)	(19,270)
Repayment of rental deposit	72,960	-
Development costs	(389,207)	-
Investment in EESstor, Inc.	-	(2,857,815)
Purchase of short term investments	(7,000,000)	-
	<u>(7,539,404)</u>	<u>(3,807,243)</u>
<b>Cash flow from financing activities</b>		
Issue of shares, net of costs	<u>15,520,871</u>	<u>14,260,640</u>
Increase (decrease) in cash and cash equivalents during period	1,464,843	4,004,295
Cash and cash equivalents at beginning of period	<u>6,221,257</u>	<u>2,216,962</u>
Cash and cash equivalents at end of period	<u>7,686,100</u>	<u>6,221,257</u>
<b>Consisting of:</b>		
Cash	1,602,576	2,221,447
Short term investments	<u>6,083,524</u>	<u>3,999,810</u>
	<u>7,686,100</u>	<u>6,221,257</u>