



FOR IMMEDIATE RELEASE

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

ZENN MOTOR COMPANY REPORTS THIRD QUARTER FISCAL 2008 RESULTS

Toronto, Ontario –August 27, 2008 – ZENN Motor Company Inc. (“ZMC” or the “Company”) (TSX-V ZNN) today announced the financial results for the three months and nine months ended June 30, 2008. All amounts are expressed in Canadian dollars unless otherwise indicated.

Financial Results

For the current quarter and nine months ended June 30, 2008, gross revenue was \$977,305 and \$2,618,477 respectively compared to \$862,256 and \$1,646,443 in the corresponding prior periods. The Company recorded a provision for rebates in the current three and nine month periods in the amount of \$14,980 and \$314,574 relating to a marketing program initiated in September 2007. Unit sales increased in the current period to 67 and 190 year to date from 60 and 113 in the comparable prior periods.

Net loss for the three months and nine months ended June 30, 2008 was \$1,910,304 and \$5,425,895 or \$0.06 and \$0.18 per share respectively compared with a net loss of \$1,566,955 and \$4,316,052 or \$0.06 and \$0.17 per share respectively for the corresponding periods in the prior year.

At June 30, 2008 the Company had working capital of \$16,966,685 including cash and cash equivalents of \$16,181,151 compared to working capital of \$6,944,190 including cash and cash equivalents of \$6,221,257 as at September 30, 2007.

The Company is pleased to report progress on a number of key areas. The 2008 ZENN with its innovative air conditioning system has opened up additional markets in the southern United States. In the current quarter, Florida represented 22% of the orders booked in the period. “The level of activity in Florida sets a positive trend for future periods” says Ian Clifford, CEO of ZENN Motor Company. “We know from experience, that the payback on targeted marketing programs can be several quarters later, so to see this immediate uptake is a strong endorsement for our 2008 ZENN.”

California, where the Company conducted a marketing campaign in late 2007 continues to be an active market. In the current fiscal quarter, California represented 38% of orders booked, an increase from 15% in the same quarter of the previous year.

The Company also completed a short form prospectus offering of common shares in the quarter ended June 30, 2008. On May 30, the Company issued 4,060,000 common shares for gross proceeds of \$15,225,000. “There was significant interest in our long-term business strategy when we were marketing our shares” says Clifford. “The additional capital allows us to execute on the development of new products and strategies relating to the highway capable cityZENN™ and the ZENNergy™ drivetrain



projects for new zero emission vehicles and the retrofit of used internal combustion vehicles from gas to electric drive”.

The Company’s strategic partner in power storage technology, EESstor, Inc. announced through a press release on July 29, 2008 its progress in advancing the commercialization efforts of its technology. The Company viewed this announcement as confirmation that significant progress is being made toward the third-party verified permittivity results and ultimately, the development of a commercial product.

Additional Information

Readers are encouraged to read the Company’s unaudited consolidated financial statements for the three months and nine months ended June 30, 2008, the corresponding Management’s Discussion and Analysis, the Company’s Annual Information Form dated January 21, 2008 and the Company’s audited financial statements for the years ended September 30, 2008 and 2007, all of which are available at www.sedar.com or the Company’s website at www.ZENNcars.com.

The Company’s Annual and Special Meeting of shareholders held on March 28, 2008 was broadcast live as a webcast and is available on-line through the Company’s website.

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 is dedicated to being the global leader in producing zero emission transportation solutions for markets around the world. The Company’s current ZENN car is the perfect vehicle for urban commuters, fleets (such as resorts, gated communities, airports, college and business campuses, municipalities and parks), the environmentally conscious driver, and consumers who just want to save money. The ZENN is sold through a growing network of retailers across the United States.

The ZENN is a fully electric low speed vehicle (LSV) with European styling and appointments that offers customers tremendous operational cost savings compared to a vehicle powered by an internal combustion engine. Recently named “Commuter King of the Plug-ins” by Newsweek Magazine, the 2008 ZENN is ultra nimble quick from a stop and perfect for small parking spaces and San Franciscan slopes.

The potential commercialization of the high power-density ceramic ultra capacitor being developed by the Company’s strategic partner, EESstor Inc. for future ZENN vehicles will enable them to travel at highway speeds and extended distances comparable to a traditional car but at a fraction of the cost.



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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ZENN Motor Company Inc.
Consolidated Balance Sheet

	Jun. 30 2008 (unaudited) \$	Sep. 30 2007 (audited) \$
Assets		
Current		
Cash and cash equivalents	16,181,151	6,221,257
Accounts receivable	295,306	272,946
Inventory	1,885,877	1,442,862
Prepaid expenses and other assets	<u>296,856</u>	<u>642,061</u>
	18,659,190	8,579,126
Property, plant and equipment	332,313	353,047
Deferred development costs	169,915	-
Rental deposits	94,978	100,535
EEStor technology rights	1,510,145	1,510,145
Equity investment in EEStor, Inc.	<u>2,857,815</u>	<u>2,857,815</u>
	<u>23,624,356</u>	<u>13,400,668</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	<u>1,692,505</u>	<u>1,634,936</u>
Shareholders' Equity		
Capital stock	41,198,210	26,081,655
Contributed surplus	1,158,397	584,455
Warrant capital	477,425	575,908
Deficit	<u>(20,902,181)</u>	<u>(15,476,286)</u>
	<u>21,931,851</u>	<u>11,765,732</u>
	<u>23,624,356</u>	<u>13,400,668</u>

ZENN Motor Company Inc.
Consolidated Statement of Operations and Deficit
For the three months and nine months ended June 30
(unaudited)

	<u>Three Months</u>		<u>Nine Months</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	\$	\$	\$	\$
Gross revenue	977,305	862,256	2,618,477	1,646,443
Provision for rebates	14,980	-	314,574	-
Net revenue	962,325	862,256	2,303,903	1,646,443
Cost of sales	933,104	857,954	2,200,804	1,623,375
Gross profit	29,221	4,302	103,099	23,068
Expenses				
Modification and engineering	155,202	128,059	488,894	395,511
General and administrative	1,145,950	896,057	3,427,189	2,703,596
Marketing and promotion	645,307	375,094	1,625,274	1,012,712
Foreign exchange loss (gain)	12,279	22,009	(15,943)	36,505
Amortization	39,331	24,403	106,204	63,517
Inventory write-down	-	181,817	59,367	227,500
	1,998,069	1,627,439	5,690,985	4,439,341
Loss from operations	(1,968,848)	(1,623,137)	(5,587,886)	(4,416,273)
Interest income	58,544	56,182	161,991	100,221
Net loss for the period	(1,910,304)	(1,566,955)	(5,425,895)	(4,316,052)
Deficit, beginning of period	(18,991,877)	(11,249,241)	(15,476,286)	(8,500,144)
Deficit, end of period	(20,902,181)	(12,816,196)	(20,902,181)	(12,816,196)
Loss per share, basic and diluted	(0.06)	(0.06)	(0.18)	(0.17)
Weighted average number of shares outstanding	30,763,614	27,575,573	29,546,615	25,013,421

ZENN Motor Company Inc.
Consolidated Statement of Cash Flows
For the three months and nine months ended June 30
(unaudited)

	<u>Three Months</u>		<u>Nine Months</u>	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
	\$	\$	\$	\$
Cash flows from (to) operating activities				
Net loss for period	(1,910,304)	(1,566,955)	(5,425,895)	(4,316,052)
Add items not affecting cash flow				
Amortization	39,331	24,403	106,204	63,517
Stock based compensation	211,748	112,444	573,943	283,481
	<u>(1,659,225)</u>	<u>(1,430,108)</u>	<u>(4,745,748)</u>	<u>(3,969,054)</u>
Changes in non-cash working capital				
Accounts receivable	67,722	(13,407)	(22,362)	(208,606)
Inventory	(229,796)	611,948	(443,015)	(930,535)
Prepaid expenses and other assets	325,659	17,579	345,200	102,278
Accounts payable and accrued liabilities	169,665	(46,458)	57,569	(276,779)
	<u>(1,325,975)</u>	<u>(860,445)</u>	<u>(4,808,356)</u>	<u>(5,282,696)</u>
Cash flow from (to) investing activities				
Property, plant and equipment	(53,565)	(48,487)	(85,464)	(189,412)
Deferred development costs	(123,336)	(16,800)	(169,915)	(60,720)
Rental deposits	(3,658)	387	5,557	(28,228)
Technology rights	-	-	-	(643,170)
Shares of EESstor, Inc.	-	(2,857,815)	-	(2,857,815)
	<u>(180,559)</u>	<u>(2,922,715)</u>	<u>(249,822)</u>	<u>(3,779,345)</u>
Cash flow from (to) financing activities				
Issue of shares, net of costs	14,086,598	4,766,615	14,086,598	14,097,782
Exercise of warrants	-	-	931,474	-
	<u>14,086,598</u>	<u>4,766,615</u>	<u>15,018,072</u>	<u>14,097,782</u>
Increase (decrease) in cash and cash equivalents during period	12,580,064	983,455	9,959,894	5,035,741
Cash and cash equivalents at beginning of period	3,601,087	6,269,248	6,221,257	2,216,962
Cash and cash equivalents at end of period	16,181,151	7,252,703	16,181,151	7,252,703