News Release

Xantrex Technology Inc. Reports Second Quarter 2007 Results

VANCOUVER, BC, July 31, 2007 — Xantrex Technology Inc. (TSX:XTX) reported financial results for the second quarter and first half ended June 30, 2007. All currency amounts are reported in US dollars unless otherwise indicated, and financial results are reported in accordance with accounting principles generally accepted in Canada.

For the second quarter, revenue rose 46 percent to $59.2 million from $40.5 million for the year-ago quarter as a result of significant growth in Renewable, Programmable and Portable Power offset by declines in Mobile Power revenue. Programmable Power revenue grew due to the acquisition of Elgar which closed on March 12, 2007.

Xantrex's net loss for the quarter was $1.2 million, or $0.04 per diluted share, compared with net income of $2.3 million, or $0.08 per diluted share, a year ago.

While there were many differences between these two quarters, a major portion of the change can be explained by the following items: accruals for previously announced plant consolidation and resolution of a quality issue ($854,000), higher Canadian dollar ($448,000), and non-cash amortization related to the Elgar acquisition ($1.6 million).

Non-GAAP net income was $843,000 or $0.03 per diluted share, compared with $2.8 million or $0.9 per diluted share a year ago. Adjusted EBITDA, also a non-GAAP measure, was $4.2 million in the quarter compared with $3.7 million a year ago, an increase of 13 percent. (Please see table below for a reconciliation of the non-GAAP measures to net income)

Mr. Mossadiq S. Umedaly, Chairman of Xantrex, commented, "While we expected the first half of 2007 to be weaker than the second half, we did not sufficiently anticipate the rise of several issues, symptoms of rapid growth, and the impact of the change in UL standards, that temporarily added costs, slowed production, and caused a loss for the second quarter. However, we view the financial results of the quarter as largely transitional between a first half in which we achieved major strategic progress and a second half when we expect to transform that progress into improved financial performance. From a strategic perspective, the second quarter was impressive and encouraging, positioning future quarters for improved growth and profitability. In Renewable Power, demand for solar and back-up products across the board was exceptionally strong; we completed a technically challenging solar product redesign for residential, commercial grid-tie and off-grid applications; made good progress in the integration of our recently enlarged Programmable Power business and consolidation of our manufacturing facilities; and identified and quickly resolved a manufacturing quality issue in a solar product line."

John Wallace, Xantrex's CEO said, "A series of interrelated problems, primarily associated with rapidly growing Renewable Power, hurt our financial performance in the second quarter. First, developing the tooling and processes for several of the redesigned solar products took longer than expected, thereby slowing production. As a result, we did not fulfill all customer demand and incurred additional costs to expedite deliveries to meet customer commitments. Second, wind shipments were delayed as anticipated. Third, while the integration of our Programmable Power operations occurred quickly and effectively, orders for the quarter were slightly lower than expected, attributable in part to the consolidation of our sales channel and to quarterly variability. And lastly, we discovered a quality issue with a limited number of batches of solar products manufactured and shipped last year, which we arranged to replace in the field."

Gross margin for the quarter was 31.5 percent, up from 30.4 percent for year ago quarter and 30.9 percent for the preceding quarter. The increase reflected a higher percentage of sales from Programmable Power products offset by expenses from several largely quarter-specific developments and foreign exchange costs due to a higher Canadian dollar, which, in the aggregate, was equivalent to two percentage points of gross margin.

Operating expenses increased to $18.5 million, or 31 percent of sales, from $10.6 million, or 26 percent a year ago. The increase reflected primarily the inclusion of Elgar's operating expenses of $5.4 million and other operating expenses noted above. Lastly, cash from operations was $4.6 million, up $1.0 million from a year ago.

Mr. Wallace continued, "The quarter was one of our most active ever for new product introductions. In Renewable Power, we introduced and began shipping the redesigned and improved single phase line of GT solar inverters, a new 500 kW three phase grid-tie solar inverter for North American utility scale applications, as well as special variants of our single phase inverters for Asia and for an OEM customer. In backup power, we launched the Xantrex XW System, the first fully-integrated, battery-based system designed for residential and commercial solar and backup power applications. And in Portable Power, we introduced the Xantrex Power Hub 1800, an innovative backup power system for homeowners. We note that the initial Duracell branded Portable Power products are slightly delayed but on track to be introduced later in the third quarter."

Mr. Wallace concluded, "We expect our revenue for 2007 to grow 47% to 49% from last year. Of that increase, we expect Elgar to contribute $55 million to $58 million. We also expect to improve profitability through the second half of the year as a result of increased sales volumes including sales of improved new products, and the resolution of our manufacturing and logistics issues while maintaining operating expenses at or near current levels. While net income for the Elgar acquisition will be substantially offset in 2007 by amortization expense of purchased intangibles, the Elgar acquisition is accretive from an EBITDA and cash flow perspective. In addition, we expect to incur interest expense in 2007 related to the Elgar acquisition of $3.2 million compared with $2.6 million in interest income a year ago. However, as we realize operating synergies, we expect Elgar's contribution to net income will grow in 2008 and beyond."

	Three months ended June 30			Six months ended June 30		
	2007	**2006**	**% change**	**2007**	**2006**	**% change**
Revenue	$59,215,000	$40,520,000	46%	$99,121,000	$75,175,000	32%
Net income (loss)	($1,182,000)	$2,262,000	n/a	($1,290,000)	$2,967,000	n/a
Net income (loss) per share (diluted)	($0.04)	$0.08	n/a	($0.04)	$0.10	n/a
Fully diluted avg. shares outstanding	28,801,322	29,728,476	-3%	28,831,504	29,825,331	-3%

Note: On June 29, 2007, the Bank of Canada's exchange rate for one Canadian dollar was $0.94 compared with $0.90 on June 30, 2006.

The complete second quarter of 2007 Management's Discussion and Analysis and Financial Statements for Xantrex Technology Inc. are available on the Xantrex web site www.xantrex.com.

Cautionary Note on Forward-looking Information

Some of the statements contained in this report are forward-looking statements. Since forward-looking statements are based on assumptions and address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results, including Xantrex's growth rate, could differ materially from those currently anticipated in forward looking statements, based on regional and global economic growth, electricity supply and demand, government regulations and incentives, technological advances by Xantrex and others, our ability to execute on our plans, and other factors, including those discussed in the our 2006 Annual "Management's Discussion and Analysis". Readers should not place undue reliance on Xantrex's forward-looking statements.

Non-GAAP Financial Measure

For the quarter and six month periods ended June 30, 2007 we are disclosing adjusted EBITDA and non-GAAP net income, non-GAAP financial measures, as supplemental indicators of operating performance. We define adjusted EBITDA as net income before interest, income taxes, depreciation, amortization, stock option compensation expense and manufacturing plant consolidation costs, and we define non-GAAP net income as net income excluding the after-tax impact of stock option compensation expense, intangible asset amortization and manufacturing plant consolidation costs. We are presenting the non-GAAP financial measures in our filings this quarter because we use them internally to make strategic decisions, forecast future results and evaluate our performance and because we believe that our current and potential investors and many analysts use these measures to assess our current and future operating results and to make investment decisions. In addition, management believes that these measures are useful to investors in enabling them to better assess changes in our business across different time periods. Investors should not consider adjusted EBITDA or non-GAAP net income as alternatives to net income, nor to cash provided by operating activities, nor to any other indicators of performance or liquidity which have been determined under GAAP. Adjusted EBITDA and non-GAAP net income do not have any standardized meaning prescribed by GAAP and may be different from and therefore not comparable to similar measures presented by other companies.

The following table provides a reconciliation of adjusted EBITDA and non-GAAP net income to net income for the periods indicated.

	Three months ended June 30		Six months ended June 30	
	2007	2006	**2007**	2006
Net income (loss)	**$ (1,182,000)**	$ 2,262,000	**$ (1,290,000)**	$ 2,967,000
Interest income	**(47,000)**	(679,000)	**(650,000)**	(1,277,000)
Interest expense	**1,104,000**	6,000	**1,323,000**	16,000
Income taxes	**297,000**	857,000	**787,000**	1,552,000
Depreciation and amortization	**3,097,000**	938,000	**4,217,000**	1,851,000
Stock-based compensation	**470,000**	317,000	**836,000**	639,000
Manufacturing plant consolidation costs (1)	**454,000**	-	**454,000**	-
Adjusted EBITDA	**$ 4,193,000**	$ 3,701,000	**$ 5,677,000**	$ 5,748,000

	Three months ended June 30		Six months ended June 30	
	2007	2006	**2007**	2006
Net income (loss)	**$ (1,182,000)**	$ 2,262,000	**$ (1,290,000)**	$ 2,967,000
per share, diluted	**(0.04)**	0.08	**(0.04)**	0.10
Adjustments				
Add:				
Stock-based compensation	**470,000**	317,000	**836,000**	639,000
Intangible asset amortization (2)	**2,032,000**	390,000	**2,466,000**	780,000
Manufacturing plant consolidation costs (1)	**454,000**	-	**454,000**	-
Deduct				
Tax recovery for intangible asset amortization	**(772,000)**	(148,000)	**(937,000)**	(296,000)
Tax recovery for manufacturing plant consolidation costs	**(159,000)**	-	**(159,000)**	-
Non-GAAP net income	**843,000**	2,821,000	**1,370,000**	4,090,000
Non-GAAP net income per share, diluted	**$ 0.03**	$ 0.09	**$ 0.05**	$ 0.14
Shares used to calculate non-GAAP net income per share, diluted	**29,441,933**	29,728,476	**29,234,581**	29,825,331

(1) Manufacturing plant consolidation costs are the costs associated with the closure of the Burnaby, British Columbia and Arlington, Washington manufacturing facilities as we consolidate the manufacture of programmable products in our San Diego facility, and solar commercial products in our Livermore facility.

(2) Intangible asset amortization is primarily for the intellectual property acquired as part of the acquisition of Elgar described in Note 3(a) of the unaudited interim financial statements.

Conference Call

Xantrex Technology Inc. has scheduled a conference call for Wednesday, August 1st, 2007 at 6:00 am Pacific Time (9:00 am Eastern Time) to discuss the second quarter 2007 financial results. To access the conference call by telephone, please call 416-644-3430 or 604-677-8677. Alternatively, the audio webcast of the conference call may be accessed through the Xantrex web site at http://www.xantrex.com/invevents.asp. The audio replay will be available on the web shortly after the conclusion of the conference call.

About Xantrex

Xantrex Technology Inc. (www.xantrex.com) is a world leader in the development, manufacturing and marketing of advanced power electronic products and systems for the renewable, programmable, mobile, and portable power markets. The company's products convert and control raw electrical power from any central, distributed, renewable, or backup power source into high-quality power required by electronic and electrical equipment. Headquartered in Vancouver, British Columbia, the company has facilities in Arlington, Washington; Livermore and San Diego, California; Elkhart, Indiana; Barcelona, Spain; and Reading, England. Xantrex is listed on the Toronto Stock Exchange under the ticker symbol "XTX".

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