



## Ocean Power Technologies Announces Results for the Year Ended April 30, 2007

July 30, 2007

PENNINGTON, N.J.--(BUSINESS WIRE)--July 30, 2007--Ocean Power Technologies, Inc. (Nasdaq: OPTT and London Stock Exchange AIM: OPT) ("OPT" or the "Company") announced today its results for the year ended April 30, 2007. Revenues in fiscal 2007 were \$2.5 million compared with \$1.7 million in fiscal 2006. The Company incurred a net loss of \$9.6 million in fiscal 2007 compared with a net loss of \$7.1 million in the prior year. Contract backlog for the Company was \$5.2 million as of April 30, 2007, as compared to \$2.6 million as of April 30, 2006.

### Highlights

- Order backlog at April 30, 2007: \$5.2 million (April 30, 2006: \$2.6 million)
- \$90 million net raised in US IPO and Nasdaq listing
- Signed a \$3.2 million contract for the second phase of construction of a wave power station in Santona, Spain
- OPT awarded its first operations and maintenance contract for a wave power station
- Mark R. Draper appointed Chief Operating Officer
- Cash of \$115.9 million at year end (2006: \$32.4 million)

### Operational review

The twelve months ended April 30, 2007 represented a landmark year in the development of the Company.

OPT achieved significant operational progress and experience during the period towards its long-term goal of fully commercializing the PowerBuoy wave energy system. The completion of the US IPO means the Company has the capital base and the credibility of a listing on two of the world's premier stock exchanges to build on those achievements in the future and benefit from the growth in demand for renewable energy in the global markets.

That progress is evident in the projects OPT has ongoing in four countries, including:

- The Company's largest contract (\$3.2 million) of the year was won in Spain for the second phase of construction of the wave power station OPT is building in partnership with Iberdrola, the Spanish utility.
- OPT is continuing to work under contract from Total and Iberdrola in France to develop a wave power station on the Atlantic coast of France.
- In the US, the Company signed an agreement with the Oregon-based electric power group PNGC Power to work cooperatively on OPT's development of an initial 2MW demonstration station in Reedsport on the coast of Oregon. OPT has been granted a preliminary permit for this project from the Federal Energy Regulatory Commission (FERC). OPT also has applied for FERC permits to build two other wave parks off the coast of Oregon. In total, the permit applications submitted to FERC for Oregon are to build three wave parks with a total capacity of up to 250MW.
- In February 2007, OPT was awarded \$1.2 million by the Scottish Executive for the construction, installation and in-ocean demonstration in the Orkney Islands of our most advanced 150kW PowerBuoy system.
- Since the fiscal year end, OPT has expanded its relationship with the US Navy with the award of a \$1.7 million contract to power a deep water acoustic detection system.

The expansion of the Company's activities has necessitated the growth and reorganization of staff. Six new employees have been added at the New Jersey headquarters and at the headquarters of OPT's European subsidiary, Ocean Power Technologies Ltd. ("OPT Ltd."), in Warwick, England. Subsequent to April 30, 2007, Mark Draper, the chief executive of OPT Ltd. and who has been instrumental in the Company's success in Europe, has been appointed Chief Operating Officer of Ocean Power Technologies, Inc.

OPT has continued to make significant investments in its technology over the period and has achieved substantial progress with the design of 150kW PowerBuoys, the largest system yet, and progress is being made towards the goal of developing a 500kW PowerBuoy by 2010. This progress includes completing the design and testing of the control system to be used in the 150kW, 250kW and 500kW PowerBuoy systems.

### Financial review

Revenues increased by \$0.8 million in fiscal 2007, or 45%, to \$2.5 million as compared to \$1.7 million in fiscal 2006. The increase in revenues was primarily attributable to the following factors:

- Revenues relating to the utility PowerBuoy system increased by approximately \$1.1 million due to work that commenced on the first phase of construction of a 1.39MW wave power station off the coast of Spain, increased revenues relating to the US Navy project in Hawaii from a higher activity level; and work that commenced on the design, manufacture and installation of an OPT wave power station consisting of a single PB150 (150kW) PowerBuoy device in Orkney, Scotland.
- Revenues relating to the autonomous PowerBuoy system decreased by approximately \$0.3 million primarily as a result of the completion of a development and construction contract with Lockheed Martin in the fiscal year ended April 30, 2006. The

Company was awarded a \$1.7 million contract in July 2007 from the US Navy for the use of the autonomous PowerBuoy system in connection with a deep water ocean sensing application.

Net loss for the year ended April 30, 2007 was \$9.6 million, compared to a net loss of \$7.1 million in the prior year. This change was attributable in part to a 47% increase in product development costs, including efforts to increase the output of PowerBuoy systems, and a 53% increase in selling, general and administrative costs. These were partially offset by a \$1.5 million foreign exchange gain in the year ended April 30, 2007, compared to a \$1.0 million foreign exchange loss in the year ended April 30, 2006.

The Company finished the year with very strong liquidity. At April 30, 2007, total cash, cash equivalents and certificates of deposit were \$115.9 million. Non-US dollar denominated certificates of deposit and cash accounts had a balance of \$16.6 million as of April 30, 2007, or 14% of the total. Long-term debt of \$232,000 represents amounts due to the State of New Jersey under a non-interest bearing loan which must be repaid no later than January 2012. Stockholders' equity and common shares outstanding reflect the closing in late April 2007 of the US IPO and listing on the Nasdaq Global Market. The Company raised a net amount of approximately \$90 million through the sale of 5 million common shares.

#### Outlook

OPT has made progress on all fronts in fiscal year 2007, improving the technology of the PowerBuoys, strengthening our team and signing significant contracts with world-class partners. The completion of the US IPO and listing on Nasdaq, and the approximately \$90 million net raised in that transaction has given OPT the resources to build on those achievements in fiscal 2008, and the Company expects to make continued progress in commercializing the technology in the target markets of North America, Europe, Japan and Australia.

Additional information may be found in the Company's Annual Report on Form 10-K filed with the US Securities and Exchange Commission. The Form 10-K may be accessed at [www.sec.gov](http://www.sec.gov) or at the Company's website in the Investor Relations tab.

#### About Ocean Power Technologies

Ocean Power Technologies, Inc. develops and is commercializing proprietary systems that generate electricity by harnessing the renewable energy of ocean waves. The Company's PowerBuoy(R) system is based on modular, ocean-going buoys, which have been ocean tested for nearly a decade. The waves move the buoy-like structure creating mechanical energy that the Company's proprietary technologies convert into electricity.

#### Consolidated Balance Sheets as of April 30, 2006 and April 30, 2007

	Apr 30, 2006 \$	Apr 30, 2007 \$
<b>ASSETS</b>		
Cash and cash equivalents	31,957,209	107,505,473
Certificates of deposit	482,156	8,390,146
Accounts receivable	--	865,081
Unbilled receivables	211,000	313,080
Other current assets	331,139	441,342
Total current assets	32,981,504	117,515,122
Property and equipment, net	544,285	387,923
Patents, net of accumulated amortization of \$157,451 and \$176,840, respectively	372,448	597,280
Restricted cash	--	983,376
Other noncurrent assets	97,901	227,845
<b>TOTAL ASSETS</b>	<b>33,996,138</b>	<b>119,711,546</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable	242,624	1,708,408
Accrued expenses	1,726,870	4,593,413
Unearned revenues	14,405	--
Other current liabilities	111,576	26,106
Total current liabilities	2,095,475	6,327,927
<b>LONG-TERM DEBT</b>	<b>233,959</b>	<b>231,585</b>
<b>DEFERRED RENT</b>	<b>--</b>	<b>10,825</b>

DEFERRED CREDITS	600,000	600,000
Total liabilities	2,929,434	7,170,337

#### COMMITMENTS AND CONTINGENCIES

##### STOCKHOLDERS' EQUITY:

Preferred stock, \$0.001 par value; authorized 5,000,000 shares; none issued or outstanding	--	--
Common stock, \$0.001 par value; authorized 105,000,000 shares; issued and outstanding 5,171,119 and 10,186,254 shares, respectively	5,171	10,186
Additional paid-in capital	59,725,777	150,842,671
Accumulated deficit	(28,632,153)	(38,270,918)
Accumulated other comprehensive loss	(32,091)	(40,730)
Total stockholders' equity	31,066,704	112,541,209

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	33,996,138	119,711,546
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#### Consolidated Statements of Operations For the years ended April 30, 2006 and 2007

	Apr 30, 2006	Apr 30, 2007
	\$	\$
REVENUES	1,747,715	2,531,315
COST OF REVENUES	2,059,318	3,983,742
Gross loss	(311,603)	(1,452,427)
PRODUCT DEVELOPMENT COSTS	4,224,997	6,219,893
SELLING, GENERAL AND ADMINISTRATIVE COSTS	3,190,687	4,893,580
Operating loss	(7,727,287)	(12,565,900)
INTEREST INCOME, NET	1,408,361	1,389,702
OTHER INCOME, NET	218,257	13,906
FOREIGN EXCHANGE (LOSS) GAIN	(978,242)	1,523,527
Loss before income taxes	(7,222,874)	(9,638,765)
INCOME TAX BENEFIT	143,963	-
NET LOSS	(7,078,911)	(9,638,765)
Basic and diluted net loss per share	(1.37)	(1.83)
Weighted average shares used to compute basic and diluted net loss per share	5,162,340	5,260,794

#### Consolidated Statements of Cash Flows For the years ended April 30, 2006 and 2007

	Apr 30, 2006	Apr 30, 2007
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	(7,078,911)	(9,638,765)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign exchange loss (gain)	978,242	(1,523,527)
Depreciation and amortization	233,132	269,075
Loss on disposal of equipment	--	24,572
Compensation expense related to stock option grants	129,139	1,152,416
Realization of deferred credits	(75,000)	--
Deferred rent	--	10,825
Changes in operating assets and liabilities:		
Accounts receivable	668,424	(827,287)
Unbilled receivables	611,037	(95,896)
Other current assets	161,505	(99,436)

Accounts payable	(632,778)	1,233,484
Accrued expenses	(121,840)	2,126,616
Unearned revenues	(2,383)	(14,405)
Other current liabilities	57,803	(85,470)
Net cash used in operating activities	(5,071,630)	(7,467,798)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(62,677,400)	(55,187,304)
Maturities of certificates of deposit	87,397,606	47,279,314
Restricted cash	--	(983,376)
Purchases of equipment	(330,047)	(107,271)
Payments of patent costs	(57,396)	(217,763)
Investments in joint ventures and other noncurrent assets	(30,747)	(122,001)
Net cash provided by (used in) investing activities	24,302,016	(9,338,401)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Sale of common stock, net of issuance costs	--	90,773,935
Proceeds from exercise of stock options	122,703	65,674
Net cash provided by financing activities	122,703	90,839,609
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(980,694)	1,514,854
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,372,395	75,548,264
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,584,814	31,957,209
CASH AND CASH EQUIVALENTS, END OF PERIOD	31,957,209	107,505,473

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SOURCE: Ocean Power Technologies, Inc.