



Ocean Power Technologies Announces Results for the Quarter and Six Months Ended October 31, 2009

December 10, 2009

PENNINGTON, N.J., Dec 10, 2009 (BUSINESS WIRE) -- Ocean Power Technologies, Inc. (Nasdaq: OPTT and London Stock Exchange AIM: OPT) ("OPT" or the "Company") announces its financial results for the second quarter and six months ended October 31, 2009 of its fiscal year ending on April 30, 2010.

Second Quarter and Six Month Highlights

- Cash, cash equivalents, restricted cash, and marketable securities of \$76.7 million at October 31, 2009 (April 30, 2009: \$82.7 million)
- Contract order backlog increased to \$7.1 million at October 31, 2009 compared to \$6.4 million at July 31, 2009
- Gross Profit from contracts for the six months ended October 31, 2009 was \$0.3 million compared to gross loss of \$0.9 million for the six months ended October 31, 2008
- Decline in net loss to \$7.3 million for the six months ended October 31, 2009 compared to a \$10.0 million net loss for the six months ended October 31, 2008
- Signed exclusive agreement to develop demonstration wave power station in Japan with consortium of three leading Japanese companies including Mitsui Engineering and Shipbuilding
- Awarded new \$2.4 million contract to provide PowerBuoy(R) systems to the US Navy's Littoral Expeditionary Autonomous PowerBuoy program for homeland security
- Re-deployed PowerBuoy off the coast of New Jersey. Soon after deployment, the system successfully weathered hurricane-driven storm waves by automatically locking down and restarting power generation after the storm passed
- Strengthened relationship with Lockheed Martin with the signing of a commercial engineering services agreement under which Lockheed will provide its expertise to enhance OPT's PowerBuoy technology to utility scale
- Successful completion of trials of OPT's proprietary Underwater Substation Pod in Spain
- First PB150 PowerBuoy on track for deployment at European Marine Energy Centre, Scotland in mid-calendar year 2010

Mark R. Draper, OPT's Chief Executive Officer, said: "We made excellent progress by expanding our global presence while remaining on course to complete the first PB150 PowerBuoy. The PB150 project for Scotland is a major engineering challenge involving the construction of our next generation structure, for ocean deployment by the middle of next year. We made a significant breakthrough into the important Japanese market by entering a partnership with leading local companies, and we also strengthened our relationship with Lockheed Martin."

Mr. Draper continued, "Building on these achievements during the second quarter, OPT with its partners received in early November a vote of confidence with a substantial grant from the Australian Federal Government for a utility-scale wave power project in Victoria, Australia. We believe that these milestones demonstrate how OPT is leading the commercialization of wave power as climate change and the need for renewable energy become critical global issues."

Operational Review

OPT maintained excellent operational momentum during the second quarter of fiscal 2010 with several major achievements that have significantly increased the level of the Company's commercial activities. As a result, OPT is now actively engaged on projects in Asia, Australia, Europe and North America. The Company also remained focused on its near-term goal to complete the construction of the first of its latest wave generation device, the PB150, for deployment in the Orkney Islands off the coast of Scotland during the middle of calendar year 2010.

During the second quarter of fiscal year 2010, OPT strengthened its strategic partnership with Lockheed Martin by signing a commercial engineering services agreement to develop OPT's wave energy systems for future utility-scale power generation projects in North America.

Contract backlog increased to \$7.1 million at October 31, 2009, from \$6.4 million at July 31, 2009, with a significant proportion relating to the PB150 device.

OPT's patent portfolio continued to grow as one new US patent was issued during the second quarter of fiscal year 2010. The Company's technology base now includes a total of 41 issued US patents, with 16 US patent applications pending.

These achievements come against a backdrop of increasing global commitment to tackle climate change, as evidenced by this week's international summit in Copenhagen to reduce carbon emissions and foster renewable energy. As a result, OPT is very optimistic about the long-term fundamentals of the Company's business.

Progress was made with several key projects, summarized below:

ORKNEY ISLANDS, UK - The construction of the first PB150 PowerBuoy, earmarked for the European Marine Energy Centre (EMEC), is at an advanced stage and remains on track for deployment at OPT's 2 MW berth site by the middle of calendar year 2010. The steel structure, being built by engineering firm Isleburn Ltd of Inverness, UK, is nearing completion, while testing of OPT's energy conversion and power take-off sub-assemblies continues ahead of their integration into the buoy structure. Work is also proceeding with the manufacture of mooring systems for the device.

US NAVY "LEAP" PROJECT - A new \$2.4 million contract was won from the US Navy to provide a wave energy conversion system for the Navy's Littoral Expeditionary Autonomous PowerBuoy (LEAP) program. This contract, to be performed over a one year period, is the initial award under a proposed four-year \$15 million project to establish near-shore maritime surveillance for homeland security. Under the initial contract, OPT will provide its PowerBuoy wave energy conversion technology for testing with sensor-based communications systems, with the ultimate aim under the four-year program of developing a LEAP-based vessel detection system testbed.

JAPAN - OPT signed a breakthrough agreement in Japan for the development of the country's first utility-scale wave power station with a consortium of three leading Japanese companies: Idemitsu Kosan Co., Mitsui Engineering & Shipbuilding Co. Ltd., and Japan Wind Development Co. Subject to the successful identification of a project site and completion of economic assessments, the parties plan to enter into an agreement to build a demonstration plant with up to three of the OPT PowerBuoys. The trial plant would provide the basis for the expected building of a commercial-scale OPT wave power station with an initial capacity of 10 MW or more - enough power for up to 3,000 households in Japan.

VICTORIA, AUSTRALIA - In November 2009, Ocean Power Technologies (Australasia) Pty Ltd ("OPTA") received, in partnership with Leighton Contractors Pty Ltd ("Leighton"), a AU\$66.46 million grant from the Federal Government of Australia towards building a 19 MW wave power project off the coast of Victoria, Australia. The award was one of four renewable energy projects approved by the Federal Government of Australia after considering over 30 applications, and is the only wave energy venture to receive a grant. The funding is intended to be used to advance the construction of a wave power station to be built in three phases to supply electricity to up to 10,000 homes. The project is to be developed by a special purpose company, Victorian Wave Partners Pty Ltd, that was formed by OPTA and Leighton following the signing of an agreement (as announced on December 19, 2008) to collaborate in pursuing wave power projects off the east and south coasts of Australia. The grant is conditional on the signing of a Funding Deed which will set out the terms of the grant, including funding milestones. Further, Victoria Wave Partners will be required to seek additional funding to enable the completion of the 19 MW wave power station.

CORNWALL, UK - Following UK government go-ahead with £42m funding for the 20 MW "Wave Hub" project, the final cabling and subsea infrastructure is expected by the South West of England Regional Development Agency ("SWRDA") to be installed by the engineering contractor by the end of calendar year 2010. OPT has signed a commitment agreement with SWRDA to advance the development of one of the four wave power stations that will comprise the Wave Hub - one of the world's largest proposed renewable marine energy projects. OPT was the first company to sign the agreement, ratifying its long-standing involvement with this project.

OREGON, US - Construction of the steel structure for the first PB150 PowerBuoy for a 1.5 MW commercial-scale project at Reedsport, Oregon has been started by Oregon Iron Works, a prominent local company. With support from Pacific Northwest Generating Cooperative (PNGC Power) and funding from the US Department of Energy, OPT continued to work extensively with interested stakeholder groups at local, county, state and federal agency levels to launch this project.

SPAIN - A significant milestone was achieved under OPT's contract with Iberdrola S.A. with the completion of in-ocean trials of OPT's unique Underwater Substation Pod (USP) product. The testing was successful and opens a new revenue opportunity for OPT. The USP was designed in-house by OPT for use in a utility-scale wave power station at a site approximately three miles off the coast of Santoña, Spain. Based on the Company's proprietary design, it has been developed to facilitate the collection, networking and transforming of power generated by up to 10 of its PowerBuoys for transmission to a shore-based electricity grid by one subsea power cable. It has been built as an open platform, and can therefore provide "plug and play" connectivity for any offshore energy device linked to it.

Financial Review

Second Quarter -

Revenues decreased slightly in the three months ended October 31, 2009 to \$0.6 million as compared to \$0.7 million in the three months ended October 31, 2008. The decrease in revenues was primarily reflective of a lower level of activity in connection with OPT's contract with the US Navy for ocean data gathering. However, work on this project is expected to increase during the three months ending January 31, 2010. Revenues relating to the Company's utility PowerBuoy projects were approximately the same compared with the corresponding period last year as a decrease in revenues from the Reedsport project in Oregon was offset by increases in revenue from OPT's Hawaii project with the US Navy and EMEC project in the Orkney Islands, Scotland.

Cost of revenues decreased by \$0.9 million to \$0.5 million in the three months ended October 31, 2009, as compared to \$1.4 million in the three months ended October 31, 2008. This decrease in cost of revenues reflected lower levels of activity on revenue-bearing contracts, primarily the Company's project off the coast of Reedsport, Oregon. There was also a \$0.4 million decrease in cost of revenues resulting from a net change in provision for contract losses, including the reversal, during the three months ended October 31, 2009, of \$0.2 million in the provision for contract losses related to our wave power station off the coast of Spain as the reserve is no longer considered necessary.

Operating loss for the three months ended October 31, 2009 increased by \$0.2 million to \$5.6 million, as compared to \$5.4 million in the three months ended October 31, 2008. This change primarily reflects an increase in product development costs related to OPT's continued work to increase the power output of its utility PowerBuoy system, which was partly offset by improvements in gross profit. The increased levels of product development spending were consistent with planned activity for this fiscal year.

Net loss for the three months ended October 31, 2009 was \$5.2 million, compared with \$6.1 million in the same period last year. This decrease in net loss reflects the change in operating loss, as well as the increase in foreign exchange gains relative to the change in the value of the British pound

sterling, although these were partly offset by a decrease in interest income due primarily to lower interest rates, as well as lower cash balances.

Six Months -

For the six months ended October 31, 2009, OPT reported revenues of \$1.9 million compared to \$2.5 million in the six months ended October 31, 2008. The change primarily reflected decreased revenues from OPT's wave power station off the coast of Spain, the project off the coast of Reedsport, Oregon, and the autonomous PowerBuoy project with the US Navy for ocean data gathering.

Cost of revenues decreased to \$1.6 million in the six months ended October 31, 2009, as compared to \$3.3 million in the six months ended October 31, 2008. This decrease reflected lower levels of activity on revenue-bearing contracts, primarily the Company's project off the coast of Spain.

OPT achieved a decline in operating loss and net loss for the six month period. Operating loss for the six months ended October 31, 2009 was \$8.8 million compared to \$9.8 million in the six months ended October 31, 2008. Net loss for the six months ended October 31, 2009 was \$7.3 million compared to a net loss of \$10.0 million for the six months ended October 31, 2008. These changes in operating loss and net loss reflect an increase in gross profit, and a decrease in selling, general and administrative costs that are primarily attributable to a decrease in consulting, accounting and investor relations expenses, which more than offset higher levels of product development spending. In addition, foreign exchange gains increased relative to the change in the value of the British pound sterling, and other income increased from the settlement of a claim against a supplier of engineering services during the first quarter of fiscal 2010. These were partially offset by a decrease in interest income due primarily to lower interest rates, as well as lower cash balances.

On October 31, 2009, total cash, cash equivalents, restricted cash and marketable securities were \$76.7 million. The Company's balance sheet remains strong, and its cash, cash equivalents and investments are highly liquid investments consisting primarily of term deposits with large commercial banks and US Treasury bills and notes.

Webcast Details

OPT will host an audio webcast to review its results on Thursday, December 10, 2009, at 10:00 a.m. Eastern Time (3:00 p.m. GMT). Mark R. Draper, Chief Executive Officer, and Charles F. Dunleavy, Chief Financial Officer, will host the webcast. Investors and other interested parties may access the webcast by visiting the Company's website at: www.oceanpowertechnologies.com and clicking on the 'Investor Relations' tab, then 'Webcasts' and 'Presentations'. In addition, parties without web access may listen to the presentation by calling: 877-874-1563 (Toll free call in the US) or +1-719-325-4844 (Toll call).

Additional information may be found in the Company's Quarterly Report on Form 10-Q filed with the US Securities and Exchange Commission. The Form 10-Q may be accessed at www.sec.gov or at the Company's website in the Investor Relations tab.

Forward-Looking Statements

This release may contain "forward-looking statements" that are within the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements reflect the Company's current expectations about its future plans and performance, including statements concerning the impact of marketing strategies, new product introductions and innovation, deliveries of product, sales, earnings, and margins. These forward-looking statements rely on a number of assumptions and estimates which could be inaccurate and which are subject to risks and uncertainties. Actual results could vary materially from those anticipated or expressed in any forward-looking statement made by the Company. Please refer to the Company's most recent Form 10-K for a further discussion of these risks and uncertainties. The Company disclaims any obligation or intent to update the forward-looking statements in order to reflect events or circumstances after the date of this release.

About Ocean Power Technologies

Ocean Power Technologies, Inc. (Nasdaq: OPTT and London Stock Exchange AIM: OPT) is a pioneer in wave-energy technology that harnesses ocean wave resources to generate reliable, clean and environmentally-beneficial electricity. OPT has a strong track record in the advancement of wave energy and participates in a \$150 billion annual power generation equipment market. The Company's proprietary PowerBuoy(R) system is based on modular, ocean-going buoys that capture and convert predictable wave energy into low-cost, clean electricity. The Company is widely recognized as a leading developer of on-grid and autonomous wave-energy generation systems, benefiting from over a decade of in-ocean experience. OPT's technology and systems are insured by Lloyds Underwriters of London. OPT is headquartered in Pennington, New Jersey with offices in Warwick, UK. More information can be found at www.oceanpowertechnologies.com.

Consolidated Balance Sheets as of
October 31, 2009, April 30, 2009 and October 31, 2008 (Unaudited)

	October 31, 2009	April 30, 2009	October 31, 2008
ASSETS	\$	\$	\$
CURRENT ASSETS:			
Cash and cash equivalents	6,347,906	12,267,830	11,390,768
Marketable securities	30,184,439	40,849,736	45,934,653
Accounts receivable	835,901	985,149	988,285
Unbilled receivables	863,745	988,418	951,321
Other current assets	962,842	1,082,696	1,343,664

Total current assets	39,194,833	56,173,829	60,608,691
Marketable securities	38,868,340	28,619,528	32,285,422
Restricted cash	1,316,032	951,552	939,960
Property and equipment, net	898,506	897,718	808,307
Patents, net	940,610	909,727	785,274
Other noncurrent assets	1,558,302	1,241,552	1,237,328
TOTAL ASSETS	82,776,623	88,793,906	96,664,982
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	836,966	908,837	1,231,338
Accrued expenses	3,291,160	3,853,437	3,616,379
Unearned revenues	554,687	281,570	375,888
Total current liabilities	4,682,813	5,043,844	5,223,605
Other non-current liabilities	113,246	-	-
Long-term debt	345,386	345,386	126,491
Deferred rent	10,825	21,649	18,943
Deferred credits	600,000	600,000	600,000
Total liabilities	5,752,270	6,010,879	5,969,039
OCEAN POWER TECHNOLOGIES, INC.			
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 10,210,354 shares	10,210	10,210	10,210
Additional paid-in capital	155,268,900	154,568,931	153,896,651
Accumulated deficit	(78,533,039)	(71,242,791)	(62,936,507)
Accumulated other comprehensive income (loss)	225,049	(553,323)	(274,411)
Total Ocean Power Technologies, Inc. stockholders' equity	76,971,120	82,783,027	90,695,943
Noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	53,233	-	-
Total equity	77,024,353	82,783,027	90,695,943
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	82,776,623	88,793,906	96,664,982

Consolidated Statements of Operations
For the quarter ended October 31, 2009 and 2008 (Unaudited)

	October 31, 2009	October 31, 2008
	\$	\$
REVENUES	581,875	667,124
COST OF REVENUES	528,148	1,369,578
Gross profit (loss)	53,727	(702,454)
PRODUCT DEVELOPMENT COSTS	3,425,348	2,330,073
SELLING, GENERAL AND ADMINISTRATIVE COSTS	2,191,233	2,393,738
Operating expenses	5,616,581	4,723,811
Operating loss	(5,562,854)	(5,426,265)
INTEREST INCOME	247,601	514,446
OTHER INCOME	24,960	-
FOREIGN EXCHANGE GAIN (LOSS)	100,698	(1,203,882)
Net loss	(5,189,595)	(6,115,701)
Less: Net income attributable to the noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	(2,176)	-
NET LOSS attributable to Ocean Power Technologies, Inc.	(5,191,771)	(6,115,701)
Basic and diluted net loss per share	(0.51)	(0.60)
Weighted average shares used to compute basic and diluted net loss per share	10,210,354	10,210,354

Consolidated Statements of Operations
For the six months ended October 31, 2009 and 2008 (Unaudited)

	October 31, 2009	October 31, 2008
	\$	\$

REVENUES	1,892,812	2,453,752
COST OF REVENUES	1,552,375	3,317,724
Gross profit (loss)	340,437	(863,972)
PRODUCT DEVELOPMENT COSTS	4,786,748	4,033,022
SELLING, GENERAL AND ADMINISTRATIVE COSTS	4,357,504	4,945,554
Operating expenses	9,144,252	8,978,576
Operating loss	(8,803,815)	(9,842,548)
INTEREST INCOME	532,821	1,062,038
OTHER INCOME	531,590	-
FOREIGN EXCHANGE GAIN (LOSS)	502,389	(1,228,355)
Net loss	(7,237,015)	(10,008,865)
Less: Net income attributable to the noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	(53,233)	-
NET LOSS attributable to Ocean Power Technologies, Inc.	(7,290,248)	(10,008,865)
Basic and diluted net loss per share	(0.71)	(0.98)
Weighted average shares used to compute basic and diluted net loss per share	10,210,354	10,210,354

Consolidated Statements of Cash Flows
For the six months ended October 31, 2009 and 2008 (Unaudited)

	October 31, 2009	October 31, 2008
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss		
Adjustments to reconcile net loss to net cash used in operating activities:	(7,290,248)	(10,008,865)
Foreign exchange (gain) loss	(502,389)	1,228,355
Depreciation and amortization	184,424	144,233
Loss (gain) on disposals of property, plant and equipment	-	256,378
Treasury note premium/discount amortization, net	93,691	128,093
Compensation expense related to stock option grants and restricted stock	739,969	879,371
Deferred rent	(10,824)	2,706
Noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	53,233	-
Changes in operating assets and liabilities:		
Accounts receivable	206,452	538,254
Unbilled receivables	213,990	(561,703)
Other current assets	150,207	(98,392)
Other noncurrent assets	(192,362)	(779,718)
Accounts payable	13,652	(56,328)
Accrued expenses	(767,723)	(784,535)
Unearned revenues	273,117	(323,864)
Other noncurrent liabilities	110,955	-
Net cash used in operating activities	(6,723,856)	(9,436,015)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(35,407,938)	(73,025,156)
Maturities of marketable securities	35,863,482	6,910,425
Restricted Cash	(250,000)	-
Purchases of equipment	(155,298)	(611,324)
Payments of Patent costs	(61,054)	(97,188)
Net cash used in investing activities	(10,808)	(66,823,243)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of long-term debt	(93,398)	(42,801)
Net cash used in financing activities	(93,398)	(42,801)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	908,138	(1,143,477)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(5,919,924)	(77,445,536)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,267,830	88,836,304
CASH AND CASH EQUIVALENTS, END OF PERIOD	6,347,906	11,390,768



SOURCE: Ocean Power Technologies, Inc.

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