



Ocean Power Technologies Announces Results for the Quarter and Nine Months Ended January 31, 2010

March 12, 2010

PENNINGTON, N.J., Mar 12, 2010 (BUSINESS WIRE) -- Ocean Power Technologies, Inc. (Nasdaq: OPTT and London Stock Exchange AIM: OPT) ("OPT" or the "Company") announces its financial results for the third quarter and nine months ended January 31, 2010 of its fiscal year ending on April 30, 2010.

Operational and Financial Highlights

- Cash, cash equivalents, restricted cash, and marketable securities of \$71.3 million at January 31, 2010 (April 30, 2009: \$82.7 million)
- Gross profit from contracts of \$0.5 million for the nine months ended January 31, 2010 compared to gross loss of \$0.5 million for the nine months ended January 31, 2009
- Net loss declined for the nine months ended January 31, 2010 to \$12.9 million from \$13.6 million net loss for the nine months ended January 31, 2009
- Charles F. Dunleavy elected Chief Executive Officer. Mr. Dunleavy has been a key contributor to the Company's growth over the past fifteen years of operations. This change reflects the Company's increased focus on achieving its goal of commercial roll-out of its technology
- Successful completion of trials of OPT's unique Underwater Substation Pod in Spain
- Award of A\$66.5 million grant to OPT partnership with Leighton Contractors Pty Ltd to build a 19 MW wave power project off the coast of Victoria, Australia
- Successful deployment of PowerBuoy(R) system at the Marine Corps Base in Hawaii, and award of \$380,000 in additional funding for the project
- Commenced construction of PB150 PowerBuoy for commercial-scale project at Reedsport, Oregon
- Signed a Memorandum of Understanding with the State of Oregon, setting forth an approach for developing wave power projects within the State's coastal waters

Post-period Highlight

- Awarded EUR 2.2 million from the European Commission to deliver a PowerBuoy wave energy device with an innovative wave prediction capability and a "wave-by-wave" tuning system

Charles F. Dunleavy, Chief Executive Officer of Ocean Power Technologies Inc., said: "This period has seen a continuation of OPT's growing momentum as the Company continued to strengthen its presence globally while remaining focused on flagship projects and technology development. We are delighted that we have received several significant funding awards and have been given the opportunity to use our expertise and technology to help the world's authorities achieve their renewable energy goals. We believe that OPT is well-positioned to continue to benefit from the growing interest in, and recognition of, the potential of wave power to contribute to meeting global energy needs - and that we can be at the forefront of that development."

Operational Review

Important progress was made during the third quarter of fiscal 2010 in establishing new partnerships, developing technology and advancing key projects. OPT's strengths were recognized with several notable awards of funding that further expand the Company's activities. OPT remained focused on its near-term goal to complete the construction of the first of its latest wave power generation device, the PB150, for deployment off the coast of Scotland.

Contract backlog remained strong at \$6.6 million at January 31, 2010 (October 31, 2009: \$7.1 million). The decrease in backlog reflects continuing revenue recognition on current projects, net of new orders received during the quarter. Following the successful deployment of an enhanced PB40 in Hawaii, OPT received from the US Navy an additional \$380,000 in funding for that project.

OPT's partnership with Leighton Contractors Pty Ltd was awarded a grant of A\$66.5 million from the Federal Government of Australia subject to receipt of additional funding and the satisfaction of terms and conditions of the related Funding Deed. The project is expected to have a total capacity of 19 MW - sufficient to fulfill the energy needs of approximately 10,000 homes. The award was one of four renewable energy projects approved by the Federal Government of Australia after considering over 30 applications and is the sole wave energy venture being funded.

These achievements are complemented by OPT's technology base, which includes a total of 41 issued US patents, with 14 US patent applications pending.

Progress was made with several key projects, summarized below:

HAWAII, US - OPT deployed an upgraded 40kW peak-rated PowerBuoy under its ongoing program with the US Navy for the development and construction of wave power systems at the Marine Corps Base in Oahu, Hawaii. The device has been in operation since its deployment in December

2009, and is producing power in accordance with expectations and testing protocols. In addition, the Company has received \$380,000 in further funding for the commissioning and operation of this PowerBuoy system.

OREGON, US - Construction of the steel structure for the first PB150 PowerBuoy for a 1.5 MW commercial-scale project at Reedsport, Oregon has begun by Oregon Iron Works, a prominent local company, and is advancing as planned. 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 develop this project, and progress was made in the overall permitting and licensing process.

During the quarter, OPT also signed a Memorandum of Understanding ("MOU") with the State of Oregon to set forth an approach for developing wave power projects within the State's coastal waters. This MOU outlines important principles for the potential development of future wave power facilities in Oregon. These principles are expected to be first applied to the development of OPT's Coos Bay project in Oregon. The Company is studying the feasibility of building an OPT wave power station near Coos Bay, Oregon, in phases up to 100 MW. The project is in the initial stages of public and agency review.

SCOTLAND, UK - The construction of the first PB150 PowerBuoy, for deployment off the coast of Scotland, is at an advanced stage and remains on track for ocean trials in the middle of calendar year 2010. The steel structure, being built by engineering firm Isleburn Ltd of Inverness, Scotland, 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.

CORNWALL, UK - The South West of England Regional Development Agency ("SWRDA") has placed a contract for the installation and commissioning of the Wave Hub infrastructure, including onshore electrical equipment. It is expected by SWRDA that the final cabling and subsea infrastructure will 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 are expected to 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.

SPAIN - Under contract with Iberdrola S.A., the Company completed in-ocean trials of OPT's 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.

On March 3, 2010, OPT announced the receipt of an award of EUR 2.2 million under the European Commission's Seventh Framework Programme (FP7), by the EC Directorate responsible for new and renewable sources of energy, energy efficiency and innovation. The grant to OPT is part of a total award of EUR 4.5 million to a consortium of companies, including OPT, to deliver a PowerBuoy wave energy device under a project entitled WavePort, with an innovative wave prediction capability and a "wave-by-wave" tuning system. Conditional on the signing of a Consortium Agreement and receipt of additional funding, it is anticipated that the PowerBuoy will be deployed at the Santoña site in Spain.

US NAVY "LEAP" PROJECT - During the quarter, progress was made on the Company's project with the US Navy to provide a wave energy conversion system for the Navy's Littoral Expeditionary Autonomous PowerBuoy ("LEAP") program. This \$2.4 million 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.

US NAVY DEEP OCEAN APPLICATION - Progress continued on OPT's ongoing project to provide the Company's autonomous PowerBuoy technology for the US Navy's Deep Water Active Detection System ("DWADS") for ocean data gathering. The current \$3.0 million contract was awarded in November 2008 following the completion of the initial test phase work by OPT.

Financial Review

Third Quarter -

Revenues increased 47% for the three months ended January 31, 2010 to \$0.9 million as compared to \$0.6 million for the three months ended October 31, 2009, but declined 11% compared to the three months ended January 31, 2009. The decrease in revenues compared with the same period last year was largely attributable to a decline in billable work for OPT's Hawaii project for the US Navy, offset by an increased level of work on the Company's US Navy project for deep ocean data gathering.

Cost of revenues increased slightly to \$0.7 million for the three months ended January 31, 2010, as compared to \$0.6 million in the three months ended January 31, 2009. This primarily reflects the change in the costs recorded on our Hawaii project with the US Navy.

Operating loss for the three months ended January 31, 2010 increased to \$6.1 million, as compared to \$3.9 million for the three months ended January 31, 2009. 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.

Net loss for the three months ended January 31, 2010 was \$5.7 million, compared with \$3.6 million in the three months ended January 31, 2009. This increase in net loss reflects the change in operating loss as well as a decline in interest income due primarily to lower interest rates and a decrease in cash, cash equivalents and marketable securities, although these were partly offset by an increase in foreign exchange gain primarily attributable to the relative change in the value of the British pound sterling compared to the US dollar.

Nine Months -

For the nine months ended January 31, 2010, OPT reported revenues of \$2.7 million compared to \$3.4 million for the nine months ended January 31, 2009. The change primarily reflects decreased revenues from OPT's wave power station off the coast of Spain as the project neared completion, the Company's Hawaii project with the US Navy and the project in Scotland. However, revenues relating to OPT's autonomous PowerBuoy system increased due to a greater level of activity on the Company's project with the US Navy for deep ocean data gathering.

Cost of revenues decreased by \$1.8 million, or 43%, to \$2.2 million in the nine months ended January 31, 2010, as compared to \$4.0 million in the nine months ended January 31, 2009. This decrease reflects lower levels of activity on revenue-bearing contracts, primarily the Company's project off the coast of Spain.

Operating loss for the nine months ended January 31, 2010 increased to \$14.9 million compared with \$13.7 million for the nine months ended January 31, 2009. This reflects higher product development costs, primarily attributable to OPT's efforts to increase the power output of the Company's utility PowerBuoy system.

OPT achieved a decline in net loss for the nine months ended January 31, 2010, which decreased to \$12.9 million, as compared to \$13.6 million for the nine months ended January 31, 2009. This decrease primarily reflects an increase in gross profit, and an increase in foreign exchange gains offset by an increase in product development costs and a decrease in interest income as a result of lower interest rates and a decline in cash, cash equivalents and marketable securities. Other income also increased in the nine months ended January 31, 2010 from the settlement of a claim against a supplier of engineering services during the first quarter of fiscal 2010.

As of January 31, 2010, total cash, cash equivalents, restricted cash and marketable securities were \$71.3 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 Friday, March 12, 2010, at 10:00 a.m. Eastern Time (3:00 p.m. GMT). Charles F. Dunleavy, Chief Executive 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) 312-5851 (Toll free call in the US) or +1- (253) 237-1127 (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

January 31, 2010, April 30, 2009 and January 31, 2009 (Unaudited)

	January 31, 2010	April 30, 2009	January 31, 2009
ASSETS	\$	\$	\$
CURRENT ASSETS:			
Cash and cash equivalents	8,467,926	12,267,830	8,252,358
Marketable Securities	22,714,622	40,849,736	45,122,085
Accounts receivable	958,560	985,149	198,257
Unbilled receivables	977,384	988,418	1,001,914
Other current assets	1,091,803	1,082,696	826,668
Total current assets	34,210,295	56,173,829	55,401,282
Marketable Securities	38,850,770	28,619,528	32,205,332
Restricted cash	1,248,424	951,552	926,856
Property and equipment, net	839,313	897,718	862,690
Patents, net	982,223	909,727	861,174
Other noncurrent assets	1,502,943	1,241,552	1,636,976
TOTAL ASSETS	77,633,968	88,793,906	91,894,310
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Accounts payable	1,206,304	908,837	529,946

Accrued expenses	3,404,023	3,853,437	3,113,232
Unearned revenues	831,553	281,570	288,341
			-
Total current liabilities	5,441,880	5,043,844	3,931,519
Other non-current liabilities	152,901	21,649	283,060
Long-term debt	339,378	345,386	95,386
Deferred credits	600,000	600,000	600,000
Total liabilities	6,534,159	6,010,879	4,909,965
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 10,390,563, 10,210,354 and 10,391 10,210,354 shares, respectively	10,391	10,210	10,210
Additional paid-in capital	155,480,846	154,568,931	154,212,115
Accumulated deficit	(84,182,535)	(71,242,791)	(66,534,171)
Accumulated other comprehensive loss	(261,143)	(553,323)	(703,809)
Total Ocean Power Technologies, Inc. stockholders' equity	71,047,559	82,783,027	86,984,345
Noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	52,250	-	-
Total equity	71,099,809	82,783,027	86,984,345
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	77,633,968	88,793,906	91,894,310

Consolidated Statements of Operations

For the quarter ended January 31, 2010 and 2009 (Unaudited)

	January 31, 2010	January 31, 2009
	\$	\$
REVENUES	856,482	964,803
COST OF REVENUES	691,090	638,592
Gross profit	165,392	326,211
PRODUCT DEVELOPMENT COSTS	3,681,118	2,086,386
SELLING, GENERAL AND ADMINISTRATIVE COSTS	2,557,931	2,122,297
Operating expenses	6,239,049	4,208,683
Operating loss	(6,073,657)	(3,882,472)
INTEREST INCOME	231,683	372,931
OTHER INCOME	17,668	-
FOREIGN EXCHANGE GAIN (LOSS)	172,128	(88,124)
Net loss	(5,652,178)	(3,597,665)
Less: Net loss attributable to the noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	2,682	-
NET LOSS attributable to Ocean Power Technologies, Inc.	(5,649,496)	(3,597,665)
Basic and diluted net loss per share	(0.55)	(0.35)
Weighted average shares used to compute basic and diluted net loss per share	10,213,900	10,210,354

Consolidated Statements of Operations

For the nine months ended January 31, 2010 and 2009 (Unaudited)

	January 31, 2010	January 31, 2009
	\$	\$
REVENUES	2,749,294	3,418,555
COST OF REVENUES	2,243,465	3,956,316
Gross profit (loss)	505,829	(537,761)
PRODUCT DEVELOPMENT COSTS	8,467,866	6,119,408
SELLING, GENERAL AND ADMINISTRATIVE COSTS	6,915,435	7,067,851
Operating expenses	15,383,301	13,187,259
Operating loss	(14,877,472)	(13,725,020)
INTEREST INCOME	764,504	1,434,969
OTHER INCOME	549,258	-
FOREIGN EXCHANGE GAIN (LOSS)	674,517	(1,316,479)
Net loss	(12,889,193)	(13,606,530)
Less: Net income attributable to the noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	(50,551)	-
NET LOSS attributable to Ocean Power Technologies, Inc.	(12,939,744)	(13,606,530)
Basic and diluted net loss per share	(1.27)	(1.33)
Weighted average shares used to compute basic and diluted net loss per share	10,211,536	10,210,354

Consolidated Statements of Cash Flows

For the nine months ended January 31, 2010 and 2009 (Unaudited)

	January 31, 2010	January 31, 2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss	(12,889,193)	(13,606,530)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign exchange (gain) loss	(674,517)	1,316,479
Depreciation and amortization	274,226	219,833
Loss on disposals of property, plant and equipment	-	259,855
Treasury note premium/discount amortization, net	135,325	208,184
Compensation expense related to stock option grants and restricted stock	872,109	1,194,835
Changes in operating assets and liabilities:		
Accounts receivable	64,961	1,360,297
Unbilled receivables	76,224	(665,066)
Other current assets	12,858	407,838
Other noncurrent assets	(191,505)	(1,360,061)
Accounts payable	423,534	(714,451)
Accrued expenses	(553,942)	(1,232,617)
Unearned revenues	549,983	(411,411)
Other noncurrent liabilities	133,505	326,413
Net cash used in operating activities	(11,766,432)	(12,696,402)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(34,048,490)	(100,069,431)
Maturities of marketable securities	41,838,886	34,767,268
Restricted Cash	(250,000)	-
Purchases of equipment	(199,089)	(749,339)
Payments of Patent costs	(119,017)	(191,027)
Net cash provided by (used in) investing activities	7,222,290	(66,242,529)
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	837,636	(1,602,214)

NET DECREASE IN CASH AND CASH EQUIVALENTS	(3,799,904)	(80,583,946)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,267,830	88,836,304
CASH AND CASH EQUIVALENTS, END OF PERIOD	8,467,926	8,252,358

SOURCE: Ocean Power Technologies, Inc.

Ocean Power Technologies, Inc.

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