



Ocean Power Technologies Announces Results for the Year Ended April 30, 2008

July 14, 2008

PENNINGTON, N.J.--(BUSINESS WIRE)--July 14, 2008--Ocean Power Technologies, Inc. (Nasdaq: OPTT and London Stock Exchange AIM: OPT) ("OPT" or the "Company") today announced its financial results for the year ended April 30, 2008.

Fiscal Year 2008 Highlights

- Revenues increased by 89% to \$4.8 million, compared to \$2.5 million for the prior fiscal year
- Contract order backlog at April 30, 2008 increased to \$5.5 million (April 30, 2007: \$5.2 million)
- Net loss for fiscal 2008 was \$14.7 million (fiscal 2007: \$9.6 million net loss)
- Cash, cash equivalents and investments of \$101.1 million at year end (April 30, 2007: \$115.9 million)
- OPT and Griffin Energy recently announced a Joint Development Agreement to explore the development of a wave power station off the coast of Western Australia
- Shipment of PowerBuoy(R) power take-off and control system from New Jersey production facility to Spain, under contract with an affiliate of Iberdrola
- PowerBuoy installed off coast of New Jersey has completed 22 months of in-ocean deployment to date
- Signed \$0.5 million contract with PNGC Power for an Oregon wave energy project in Reedsport
- Awarded a \$1.7 million contract with U.S. Navy for ocean data gathering program
- Received \$1.9 million in additional funding from the U.S. Navy in connection with an on-going contract to install PowerBuoy systems in Hawaii
- Agreement signed with Converteam for the development of advanced linear generators for use in OPT PowerBuoys
- PowerBuoy grid connection third-party certified and compliant with international standards
- Mark R. Draper appointed Chief Operating Officer and Herbert T. Nock appointed to the position of Vice President, Business Development and Marketing

"OPT continued to make good progress during fiscal year 2008, as evidenced by our strong revenue growth mainly due to projects in Hawaii, Spain and Scotland. We have also improved the technology of the PowerBuoys; achieved a significant product certification milestone; increased our global footprint by partnering with world-class companies; and have made significant strides in the development of our next generation 150 kW system. Over the past year, we have also enhanced our capabilities with key additions to our management team. This has helped us bolster our overall combined experience and knowledge as a leading wave energy company," said Dr. George W. Taylor, OPT's Chief Executive Officer.

"We are also delighted to announce that we have begun production of what we believe to be the first utility-grade underwater substation, or pod, for wave power. The pod will serve as the point at which energy generated by multiple PowerBuoys is aggregated prior to being transmitted ashore. OPT is now exceptionally well-positioned, including having a strong cash position, to spearhead the commercial adoption of wave power as an economically viable renewable energy source, with the potential of competing head-on with fossil fuel," Dr. Taylor concluded.

Overview

OPT has made significant investments to scale up its technology over the last year and has achieved substantial progress with the design of the 150 kW PowerBuoys. The Company expects the PB150 product design to be completed by the end of 2008, and to be ready for ocean testing in 2009. The present schedule for development of the 150 kW PowerBuoy reflects management's decision to enhance the system design to allow for survivability in 100-year storm wave conditions, and to work with a third-party engineering group to attain independent certification of the 150 kW PowerBuoy design. In addition, the Company believes that direct transition to the 500 kW from the 150 kW PowerBuoy system will be accelerated by the measures now being undertaken in connection with the 150kW design. OPT also continues to advance the development of the 500 kW PowerBuoy with its design expected to be complete by the end of 2010. This progress includes completion of the design and testing of the control systems that will be used in the 150 kW and 500 kW PowerBuoy systems.

Further, six new patents were issued during fiscal 2008.

Operational Review

The year ended April 30, 2008 represented another landmark year for OPT. The Company has diligently worked on its international expansion strategy while focusing on its long-term energy projects with strategic customers. OPT has made steady advances in a number of ongoing projects, including:

REEDSPORT, OREGON, U.S. - The development of a 150 kW PowerBuoy with support from Pacific Northwest Generating Cooperative (PNGC Power) near Reedsport, Oregon is in progress and the PowerBuoy is expected to be ready for deployment in 2009.

HAWAII, U.S. - A new PowerBuoy under contract with the U.S. Navy has undergone 150,000 cycles of on-land testing, and has been shipped to Hawaii and is now ready to be deployed.

SPAIN - The 40 kW PowerBuoy for OPT's project with Iberdrola in Spain is in final stages of testing and is expected to be ready for deployment in August 2008.

FRANCE - OPT continues work under the current phase of the development agreement with affiliates of Total and Iberdrola to study and assess the feasibility of a 2 to 5 MW wave power station off the coast of France.

ORKNEY ISLANDS, UK - OPT has continued to make progress on the development of a 150 kW PowerBuoy for deployment at the Orkney Islands European Marine Energy Center for the Scottish Government. The PowerBuoy is expected to be ready for deployment in 2009.

CORNWALL, UK - OPT is in the process of planning and developing a project for the South West of England Regional Development Agency (SWRDA) to install a 5 MW demonstration wave power station off the coast of Cornwall, England. This is part of SWRDA's "Wave Hub" project, for which OPT was selected.

U.S. NAVY DEEP OCEAN APPLICATION - In June 2007, OPT was awarded a \$1.7 million contract by the U.S. Navy to provide autonomous PowerBuoy technology for its Deep Water Acoustic Detection System (DWADS) for ocean data gathering. Construction and fitting is now well underway on an initial demonstration buoy, as well as assembly of the power take-off and control systems. In an innovative decision, OPT and the U.S. Navy have decided to utilize in the DWADS project the same PowerBuoy that was tested in Hawaii in June 2007. This re-usability highlights the flexibility and modularity of the core PowerBuoy design. The PowerBuoy is expected to be ready for deployment by the end of 2008.

NEW JERSEY, U.S. - The New Jersey PowerBuoy is now in its second year of in-ocean operation off the coast of Tuckerton. The system has withstood hurricane storm-driven waves, and the Company believes this to be a record-breaking achievement for any off-shore wave energy conversion system.

WESTERN AUSTRALIA - OPT has partnered with Griffin Energy, a leading Western Australian diversified energy supplier, to explore the development of a wave power station in Western Australia. This joint development agreement paves the way for the development of a wave power station capable of producing up to 10 MW, with potential expansion to 100 MW.

Financial Review

Revenues increased by \$2.2 million in fiscal 2008, or 89%, to \$4.8 million as compared to \$2.5 million in fiscal 2007. The increase in revenues was primarily attributable to the growth experienced through projects which include the on-going work on the Hawaii project for the U.S. Navy, work on the first phase of construction of a 1.39 MW wave power station off the coast of Spain, and work on the design, manufacture and installation of an OPT wave power station consisting of a single 150 kW PowerBuoy device in Orkney, Scotland. The autonomous PowerBuoy system constructed for the U.S. Navy for a program that gathers data in the ocean also contributed to the increase in revenue.

Net loss for the year ended April 30, 2008 was \$14.7 million, compared to a net loss of \$9.6 million in the prior year. This change takes into account the higher level of activity on revenue-bearing contracts, and the recognition of an additional \$2.4 million of anticipated loss at completion on the contract for a wave power station off the coast of Spain. The net loss is also reflective of the increase in product development costs attributable to the efforts to increase the power output of the utility PowerBuoy system and the increase in selling, general and administrative expenses which relate to the expansion of sales and marketing capabilities and expenses related to being a public company, in line with the planned use of proceeds from the U.S. initial public offering completed in April 2007.

The Company finished the year with very strong liquidity. On April 30, 2008, total cash, cash equivalents and long-term investments were \$101.1 million. Non-U.S. dollar denominated certificates of deposit and cash accounts had a balance of \$9.6 million as of April 30, 2008, or 9.5% of the total. Long-term debt of \$0.2 million represents amounts due to the State of New Jersey under a non-interest bearing loan which must be repaid no later than January 2012.

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

Webcast Details

OPT will host an audio webcast to review its results, on Tuesday, July 15, 2008, at 11:00 a.m. Eastern Time (4:00 p.m. GMT). Dr. George W. Taylor, Chief Executive Officer, Mark R. Draper, Chief Operating 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.

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 (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 harnessing wave energy and participates in a \$150 billion renewable energy market. The Company's proprietary PowerBuoy(R) system is based on modular, ocean-going buoys that capture and converts predictable wave energy into low-cost, clean electricity. The Company is widely recognized as the leading provider of on-grid and autonomous wave-energy generation with its energy 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

April 30, 2007 and April 30, 2008

| | Apr 30, 2007 | Apr 30, 2008 |
|--|--------------------|--------------------|
| | \$ | \$ |
| ASSETS | | |
| Cash and cash equivalents | 107,505,473 | 88,836,304 |
| Certificates of deposit | 8,390,146 | -- |
| Accounts receivable | 865,081 | 1,728,637 |
| Unbilled receivables | 313,080 | 577,452 |
| Other current assets | 441,342 | 1,375,249 |
| Total current assets | 117,515,122 | 92,517,642 |
| Property and equipment, net | 387,923 | 628,454 |
| Patents, net of accumulated amortization of \$176,840 and \$204,585, respectively | 597,280 | 717,288 |
| Restricted cash | 983,376 | 1,123,848 |
| Long-term investments | -- | 12,233,437 |
| Other noncurrent assets | 227,845 | 330,296 |
| TOTAL ASSETS | 119,711,546 | 107,550,965 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES: | | |
| Accounts payable | 1,708,408 | 1,457,575 |
| Accrued expenses | 4,593,413 | 4,490,008 |
| Unearned revenues | -- | 699,752 |
| Other current liabilities | 26,106 | -- |
| Total current liabilities | 6,327,927 | 6,647,335 |
| LONG-TERM DEBT | 231,585 | 188,784 |
| DEFERRED RENT | 10,825 | 16,237 |
| DEFERRED CREDITS | 600,000 | 600,000 |
| Total liabilities | 7,170,337 | 7,452,356 |
| 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 10,186,254 and 10,210,354 shares, respectively | 10,186 | 10,210 |
| Additional paid-in capital | 150,842,671 | 153,057,265 |
| Accumulated deficit | (38,270,918) | (52,927,641) |
| Accumulated other comprehensive loss | (40,730) | (41,225) |
| Total stockholders' equity | 112,541,209 | 100,098,609 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | 119,711,546 | 107,550,965 |

Consolidated Statements of Operations
For the years ended April 30, 2007 and 2008

| | Apr 30, 2007 | Apr 30, 2008 |
|------------------|-----------------|-----------------|
| | \$ | \$ |
| REVENUES | 2,531,315 | 4,772,017 |
| COST OF REVENUES | 3,983,742 | 7,960,042 |

| | | |
|--|--------------|--------------|
| Gross loss | (1,452,427) | (3,188,025) |
| PRODUCT DEVELOPMENT COSTS | 6,219,893 | 8,255,123 |
| SELLING, GENERAL AND ADMINISTRATIVE COSTS | 4,893,580 | 7,732,577 |
| Total operating expenses | 11,113,473 | 15,987,700 |
| Operating loss | (12,565,900) | (19,175,725) |
| INTEREST INCOME | 1,389,702 | 4,434,844 |
| OTHER INCOME, NET | 13,906 | - |
| FOREIGN EXCHANGE GAIN | 1,523,527 | 84,158 |
| NET LOSS | (9,638,765) | (14,656,723) |
| Basic and diluted net loss per share | (1.83) | (1.44) |
| Weighted average shares used to compute basic and diluted net loss per share | 5,260,794 | 10,200,729 |

Consolidated Statements of Cash Flows
For the years ended April 30, 2007 and 2008

| | Apr 30, 2007 | Apr 30, 2008 |
|---|-----------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES: | \$ | \$ |
| Net loss | (9,638,765) | (14,656,723) |
| Adjustments to reconcile net loss to net cash used in operating activities: | | |
| Foreign exchange gain | (1,523,527) | (84,158) |
| Depreciation and amortization | 269,075 | 241,721 |
| Loss on disposal of equipment | 24,572 | -- |
| Compensation expense related to stock option grants | 1,152,416 | 1,926,823 |
| Deferred rent | 10,825 | 5,412 |
| Changes in operating assets and liabilities: | | |
| Accounts receivable | (827,287) | (878,643) |
| Unbilled receivables | (95,896) | (270,136) |
| Other current assets | (99,436) | (918,380) |
| Other noncurrent assets | -- | (76,571) |
| Accounts payable | 1,233,484 | (122,323) |
| Accrued expenses | 2,126,616 | 496,838 |
| Unearned revenues | (14,405) | 699,752 |
| Other current liabilities | (85,470) | (26,106) |
| Net cash used in operating activities | (7,467,798) | (13,662,494) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchases of certificates of deposit | (55,187,304) | (8,968,170) |
| Maturities of certificates of deposit | 47,279,314 | 17,358,316 |
| Purchase of long-term investments | -- | (12,233,437) |
| Restricted cash | (983,376) | -- |
| Purchases of equipment | (107,271) | (419,835) |
| Payments of patent costs | (217,763) | (112,705) |
| Investments in joint ventures | (122,001) | (27,714) |
| Net cash used in investing activities | (9,338,401) | (4,403,545) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Sale of common stock, net of issuance costs | 90,773,935 | (870,116) |
| Proceeds from exercise of stock options | 65,674 | 287,795 |
| Net cash provided by (used in) financing activities | 90,839,609 | (582,321) |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS | 1,514,854 | (20,809) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 75,548,264 | (18,669,169) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 31,957,209 | 107,505,473 |

CASH AND CASH EQUIVALENTS, END OF PERIOD 107,505,473 88,836,304

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SOURCE: Ocean Power Technologies, Inc.