



Ocean Power Technologies Announces Results for the Quarter and Six Months Ended October 31, 2010

December 10, 2010

PENNINGTON, N.J., Dec 10, 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 second quarter and six months ended October 31, 2010 of its fiscal year ending on April 30, 2011.

Second Quarter and Six Month Highlights

- Revenue increased by 220% and 71% for the three and six months ended October 31, 2010, compared to the respective periods last year.
- Completed first grid connection of a wave energy device in the US, at the Marine Corps Base Hawaii, in conjunction with the US Navy.
- Announced awards totaling approximately \$10 million since beginning of fiscal year 2011. Order backlog was \$7.5 million as of October 31, 2010, compared to \$5.7 million at April 30, 2010.
- Awarded \$2.75 million in additional funding by the US Navy for the second stage under its existing program to provide an autonomous PowerBuoy(R) wave energy conversion system for the US Navy's Littoral Expeditionary PowerBuoy ("LEAP") program.
- Won two new funding awards totaling \$4.8 million from the US Department of Energy ("DoE"). These awards comprise \$2.4 million for deployment of one of OPT's PB150 PowerBuoys off the coast of Reedsport, Oregon and \$2.4 million for the development of OPT's next generation 500kW PowerBuoy, the PB500. In July 2010, OPT was awarded £1.5 million (approximately \$2.3 million) from the UK government's Southwest Regional Development Agency ("SWRDA") for development of the PB500.
- Neared completion of OPT's first PB150 PowerBuoy, which is expected to be ready by the end of this month for ocean trials off the coast of Scotland.
- OPT signed a groundbreaking agreement with 11 federal and state agencies and three non-governmental stakeholders for its utility-scale wave power project at Reedsport, Oregon.
- Subsequent to the end of the second quarter, OPT announced the expansion of its relationship with Mitsui Engineering & Shipbuilding Co. Ltd. ("MES") with the signing of a new contract to develop OPT's PowerBuoy technology for its application in Japanese sea conditions. Under this new contract, MES and OPT will work together to develop a new mooring system for OPT's PowerBuoy, customized for wave power stations off the coast of Japan. The new system will undergo testing at MES's wave tank facilities to verify the results of extensive computer modeling.

Charles F. Dunleavy, Chief Executive Officer of OPT, said: "Building on the continued progress on our utility and autonomous PowerBuoy projects in the US and the UK, we have announced approximately \$10 million of awards from customers in the US, UK and Japan since our fiscal year 2011 began in May. We are excited about the continued operation of our grid-connected buoy in Hawaii, and look forward to the completion of our first PB150 in Scotland, which we expect to be ready for ocean trials by the end of this month, and further progress with our autonomous PowerBuoy projects with the US Navy. OPT is also very pleased to build on its relationship with Mitsui Engineering and Shipbuilding, which is consistent with our global strategy to build alliances with strategic partners in key markets."

Operational Review

During the second fiscal quarter ended October 31, 2010, the Company achieved milestones in a number of ongoing projects, which include the following:

HAWAII, US - OPT completed the first grid connection of a wave energy device in the United States, at the Marine Corps Base Hawaii ("MCBH"), in conjunction with the US Navy. This connection demonstrates the ability of OPT's PowerBuoy systems to produce utility-grade, renewable energy that can be transmitted to the grid in a manner fully compliant with national and international standards. The PB40 PowerBuoy, which was deployed in December 2009, is part of OPT's ongoing program with the US Navy to develop and test the Company's wave energy technology. Key program goals include demonstrating system reliability and survivability, and the successful interconnection with the grid serving MCBH.

REEDSPORT, OREGON, US - Construction of the steel structure for the first PB150 PowerBuoy for OPT's project off the coast of Reedsport, Oregon

has been completed. Fabrication of the power take-off and control system is now in process, and land testing of those systems is expected to commence in the first half of calendar year 2011. Ocean trials of the PB150 are due to commence later in calendar year 2011.

In August 2010, the Company signed an agreement with 11 federal and state agencies and three non-governmental stakeholders to support the responsible development by OPT of the next phase of the project - a 10-PowerBuoy, grid connected, wave energy station with a capacity of 1.5 MW. This agreement represents a key step towards the granting of a license by the Federal Energy Regulatory Commission ("FERC"), which would be the first such license to be issued for a commercial-scale wave power project in the US. After receipt of the FERC license and additional funding, the 10-PowerBuoy wave energy station is expected to be connected to the grid. In September 2010, OPT received a \$2.4 million award from the DoE in connection with its Reedsport PB150 PowerBuoy. This is the second award to OPT by the DoE in connection with the Reedsport project following the receipt in 2008 of \$2.0 million to use towards the construction of the device.

SCOTLAND, UK- Integration of the energy conversion and power take-off subassemblies with the buoy structure of OPT's first PB150 PowerBuoy is complete, and remains on track to be ready by the end of this month for in-ocean trials off the coast of Scotland. The Company is seeking additional funding for the next stage of the buoy's development after the trial phase is completed.

CORNWALL, UK- SWRDA has completed the installation of the cabling and subsea infrastructure for the Wave Hub site off the coast of Cornwall, England. In July 2010, OPT received further support from the UK government with a grant of £1.5 million (approximately \$2.3 million), which was awarded by SWRDA to OPT for the development of the PB500.

US NAVY "LEAP" PROJECT - The US Navy awarded \$2.75 million in additional funding to OPT for a second stage under its existing program to provide an autonomous PowerBuoy wave energy conversion system for the Navy's program for homeland protection and security. In the second stage of the program, to be performed over a one-year period, OPT will build and ocean-test a LEAP system off the coast of New Jersey. The new award follows the successful completion by OPT of the first stage of the US Navy's LEAP Program; during the first 12-month period, OPT successfully completed delivery in September 2010 of the design and testing of a new power take-off system for its autonomous PowerBuoy.

US NAVY DEEP OCEAN APPLICATION- Progress continued on OPT's ongoing project to provide autonomous PowerBuoy technology for the US Navy's Deep Water Active Detection System ("DWADS") for ocean data gathering. The building of the enhanced device is complete, and OPT successfully conducted near-shore sea trials of the system. Deep-ocean testing is expected to be conducted at a later time by the US Navy, which is anticipated to provide a ship for that test phase of the DWADS system.

PB500 PRODUCT DEVELOPMENT - During the six months ended October 31, 2010, the Company received a total of \$4.7 million for the development of its PB500 PowerBuoy. The Company has set forth a strategy to fund such development primarily with external grants and other contracts, rather than use the Company's existing capital resources. When considered with the \$1.5 million grant from the DoE announced in April 2010, the total of such external awards received by the Company for the development of the PB500 is \$6.2 million.

Cancellation of Trading on AIM

On December 2, 2010, OPT announced that it intends to cancel the admission of its common shares (the "Shares") to trading on the AIM Market ("AIM") of the London Stock Exchange (the "Cancellation" or "de-listing"). It is anticipated that the Cancellation will become effective at 07:00 GMT on Friday, January 14, 2011.

OPT will maintain its listing on NASDAQ Global Market ("NASDAQ"), which accounts for the bulk of the trading in its shares, and is facilitating an orderly transfer of its UK-held Shares to the US stock processing system.

In arriving at the decision to de-list from AIM, the Directors of OPT have taken the following matters into account:

- (i) the relative inactivity, in terms of share trading volume, of the Shares on AIM compared to that on NASDAQ;
- (ii) the removal of the ongoing costs associated with the AIM Rules compliance and maintaining the quotation; and
- (iii) the Company's securities will continue to be traded on NASDAQ.

For these reasons, the Directors of OPT believe that the burden of maintaining the AIM quotation outweighs the benefits that the Company receives from its listing on AIM. The Directors unanimously agreed that the de-listing will not interfere with, or inhibit, the Company's business. The Directors have therefore concluded that it is in the best interests of the Company and its shareholders to cancel its admission to AIM and maintain the listing of its securities on NASDAQ to enable all shareholders to continue to trade their Shares in the future.

Ocean Power Technologies Limited, based in Warwick, UK, remains fully committed to growing OPT's business in the United Kingdom and Europe.

Financial Review

Second Quarter-

OPT's contract backlog at October 31, 2010 was \$7.5 million, compared to \$6.5 million at July 31, 2010 and \$5.7 million at April 30, 2010. Reported contract backlog at October 31, 2010 does not yet include two new funding awards totaling \$4.8 million from the US DoE for the deployment of one of OPT's PowerBuoys at Reedsport, Oregon and for the development of OPT's PB500, as the contracts for these two awards have not yet been received by the Company.

For the three months ended October 31, 2010, OPT reported revenues of \$1.9 million, a 220 percent increase compared to revenues of \$0.6 million in the three months ended October 31, 2009. The growth in revenues primarily reflects an increase in revenues from the US Navy under the LEAP program. In addition, there was an increase in revenues from OPT's PB150 PowerBuoy project in Reedsport, Oregon and revenues from OPT's PB500 development project. The growth in these projects was partially offset by a decline in revenues from OPT's PB150 PowerBuoy project in Scotland and its utility PowerBuoy project with the US Navy at the Marine Corps Base in Hawaii, which is now grid-connected.

Operating loss for the three months ended October 31, 2010 was \$5.7 million compared to \$5.6 million for the three months ended October 31, 2009. This change primarily reflects an increase in product development costs, principally for the PB150 system. Gross profit for the three months ended October 31, 2009 included a reduction in a provision for contract losses of approximately \$300,000.

Net loss was \$5.5 million for the three months ended October 31, 2010 compared to \$5.2 million for the same period in the prior year. This increase in net loss was primarily due to the change in operating loss and decreases in interest income and other income.

Six Months-

For the six months ended October 31, 2010, OPT reported revenues of \$3.2 million, a 71 percent increase compared to revenues of \$1.9 million in the six months ended October 31, 2009. The growth in revenues primarily reflects an increase in revenues from the US Navy under the LEAP program. In addition, there was an increase in revenues from OPT's PB150 PowerBuoy project in Reedsport, Oregon and the Company's PB500 development project. The revenue increases in these projects were partially offset by declines in revenues from OPT's DWADS project with the US Navy, utility-scale project in Spain and utility PowerBuoy project with the US Navy at the Marine Corps Base in Hawaii, which is now grid-connected.

Operating loss for the six months ended October 31, 2010 was \$12.0 million compared to \$8.8 million for the six months ended October 31, 2009. This change primarily reflects an increase in product development costs, principally for the PB150 system, and a decrease in gross profit. Gross profit for the six months ended October 31, 2009 included a reduction in a provision for contract losses of approximately \$400,000.

Net loss was \$11.8 million for the six months ended October 31, 2010 compared to \$7.3 million for the same period in the prior year. This increase in net loss was primarily due to the change in operating loss as noted above. In addition, other income for the six months ended October 31, 2009 included a one-time gain of \$500,000 from a favorable settlement of a claim against a supplier of engineering services. For the six months ended October 31, 2010, OPT recorded a foreign exchange loss of approximately \$167,000 compared to a gain of \$502,000 for the six months ended October 31, 2009. This was due primarily to the change in the relative value of the US dollar compared to the British pound sterling and the Euro. Interest income was \$398,000 for the six months ended October 31, 2010 compared to \$533,000 for the comparable period in 2009. This decrease was due to lower interest rates and cash balances.

Cash and Investments-

On October 31, 2010, total cash, cash equivalents, restricted cash and marketable securities were \$57.7 million. Net cash used in operating activities was \$3.3 million and \$9.4 million for the three and six months ended October 31, 2010 respectively. While OPT expects cash used in the second half of fiscal 2011 to be consistent with the first half, it expects the rate of its cash outflows to decrease in future periods, reflecting completion of significant milestones associated with the construction of its two PB150 systems for Oregon and Scotland and continued receipt of non-dilutive funding from external sources for development of the PB500.

Additional information may be found in the Company's Quarterly Report on Form 10-Q that will be 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.

Webcast Details

OPT will host an audio webcast to review its results on Friday, December 10, 2010 at 10:00 a.m. Eastern Time (3:00 p.m. GMT). Charles F. Dunleavy, Chief Executive Officer, and Brian M. Posner, 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: 866-362-4820 (Toll free call in the US) or +1-617-597-5345 (Toll call), passcode: 61791534

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 and clean and environmentally-beneficial electricity. OPT has a strong track record in the advancement of wave energy. The Company participates in a \$150 billion annual power generation equipment market. OPT's proprietary PowerBuoy(R) system is based on modular, ocean-going buoys that capture and convert predictable wave energy into 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 is headquartered in Pennington, New Jersey with an office in Warwick, UK. More information can be found at www.oceanpowertechnologies.com.

Consolidated Balance Sheets as of
October 31, 2010, April 30, 2010 and October 31, 2009

	October 31, 2010	April 30, 2010	October 31, 2009
ASSETS	\$	\$	\$
CURRENT ASSETS:	(Unaudited)		(Unaudited)
Cash and cash equivalents	10,497,663	4,236,597	6,347,906
Marketable securities	13,802,594	32,536,001	30,184,439
Accounts receivable, net	456,590	1,474,600	835,901
Unbilled receivables	499,832	448,686	863,745
Other current assets	723,612	1,005,885	962,842
Total current assets	25,980,291	39,701,769	39,194,833

Marketable securities	31,877,543	28,865,046	38,868,340
Restricted cash	1,504,544	1,205,288	1,316,032
Property and equipment, net	599,787	710,563	898,506
Patents, net	1,076,690	1,036,881	940,610
Other noncurrent assets	754,441	1,458,646	1,558,302
TOTAL ASSETS	61,793,296	72,978,193	82,776,623

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	980,713	1,843,378	836,966
Accrued expenses	4,177,678	4,092,113	3,291,160
Unearned revenues	1,205,101	1,101,541	554,687
Current portion of long term debt	89,378	95,386	-

Total current liabilities	6,452,870	7,132,418	4,682,813
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Other non-current liabilities	-	140,685	113,246
Long-term debt	500,000	250,000	345,386
Deferred rent	-	-	10,825
Deferred credits	600,000	600,000	600,000
Total liabilities	7,552,870	8,123,103	5,752,270

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 10,419,183, 10,390,563 and 10,210,354 shares, respectively	10,419	10,391	10,210
Treasury Stock, at cost: 1,072, 1,072 and 0 shares, respectively	(6,443)	(6,443)	-
Additional paid-in capital	156,518,657	155,726,672	155,268,900
Accumulated deficit	(102,178,883)	(90,413,098)	(78,533,039)
Accumulated other comprehensive income (loss)	(134,639)	(503,322)	225,049
Total Ocean Power Technologies, Inc. stockholders' equity	54,209,111	64,814,200	76,971,120
Noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	31,315	40,890	53,233
Total equity	54,240,426	64,855,090	77,024,353

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	61,793,296	72,978,193	82,776,623
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Consolidated Statements of Operations

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

	October 31, October 31,	
	2010	2009
	\$	\$
REVENUES	1,864,407	581,875
COST OF REVENUES	1,776,980	528,148
Gross profit	87,427	53,727
PRODUCT DEVELOPMENT COSTS	3,679,470	3,425,348
SELLING, GENERAL AND ADMINISTRATIVE COSTS	2,146,845	2,191,233
Total operating expenses	5,826,315	5,616,581
Operating loss	(5,738,888)	(5,562,854)
INTEREST INCOME, NET	160,884	247,601
OTHER INCOME	-	24,960
FOREIGN EXCHANGE GAIN	71,192	100,698
Net loss	(5,506,812)	(5,189,595)
Less: Net loss (income) attributable to the noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	7,620	(2,176)
NET LOSS attributable to Ocean Power Technologies, Inc.	(5,499,192)	(5,191,771)
Basic and diluted net loss per share	(0.54)	(0.51)
Weighted average shares used to compute basic and diluted net loss per share	10,245,168	10,210,354

Consolidated Statements of Operations

For the six months ended October 31, 2010 and 2009 (Unaudited)

October 31, October 31,

	2010	2009
	\$	\$
REVENUES	3,238,814	1,892,812
COST OF REVENUES	3,365,226	1,552,375
Gross (loss) profit	(126,412)	340,437
PRODUCT DEVELOPMENT COSTS	7,705,256	4,786,748
SELLING, GENERAL AND ADMINISTRATIVE COSTS	4,175,755	4,357,504
Total operating expenses	11,881,011	9,144,252
Operating loss	(12,007,423)	(8,803,815)
INTEREST INCOME, NET	398,349	532,821
OTHER INCOME	-	531,590
FOREIGN EXCHANGE (LOSS) GAIN	(167,810)	502,389
Net loss	(11,776,884)	(7,237,015)
Less: Net loss (income) attributable to the noncontrolling interest in Ocean Power Technologies (Australasia) Pty, Ltd	11,099	(53,233)
NET LOSS attributable to Ocean Power Technologies, Inc.	(11,765,785)	(7,290,248)
Basic and diluted net loss per share	(1.15)	(0.71)
Weighted average shares used to compute basic and diluted net loss per share	10,240,817	10,210,354

Consolidated Statements of Cash Flows

For the six months ended October 31, 2010 and 2009 (Unaudited)

	October 31, 2010	October 31, 2009
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Loss		
Adjustments to reconcile net loss to net cash used in operating activities:	(11,776,884)	(7,237,015)
Foreign exchange loss (gain)	167,810	(502,389)
Depreciation and amortization	184,083	184,424
Treasury note premium amortization	44,268	93,691
Loss on disposals of property, plant and equipment	923	-
Compensation expense related to stock option grants and restricted stock	792,013	739,969
Deferred rent	-	(10,824)
Changes in operating assets and liabilities:		
Accounts receivable	1,035,153	206,452
Unbilled receivables	(37,578)	213,990
Other current assets	291,575	150,207
Other noncurrent assets	730,413	(192,362)
Accounts payable	(859,251)	13,652
Accrued expenses	67,957	(767,723)
Unearned revenues	103,096	273,117
Other noncurrent liabilities	(141,101)	110,955
Net cash used in operating activities	(9,397,523)	(6,723,856)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of marketable securities	(6,775,252)	(35,407,938)
Maturities of marketable securities	22,504,766	35,863,482
Restricted cash	(250,000)	(250,000)
Purchases of equipment	(41,743)	(155,298)
Payments of patent costs	(113,538)	(61,054)
Net cash provided by (used in) investing activities	15,324,233	(10,808)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of debt	(6,008)	(93,398)
Proceeds from long-term debt	250,000	-
Net cash provided by (used in) financing activities	243,992	(93,398)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	90,364	908,138
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,261,066	(5,919,924)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,236,597	12,267,830
CASH AND CASH EQUIVALENTS, END OF PERIOD	10,497,663	6,347,906

SOURCE: Ocean Power Technologies, Inc.

Ocean Power Technologies, Inc.

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or

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