

NEWS RELEASE

Ocean Power Technologies, Inc.
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USA

For Immediate Release

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OCEAN POWER TECHNOLOGIES ANNOUNCES RESULTS FOR THE SIX MONTHS ENDED 31 OCTOBER 2006

Ocean Power Technologies, Inc ("OPT" or the "Company") (London Stock Exchange: AIM-OPT), announced today its results for the six months ended 31 October 2006. Contract backlog for the Company was \$5.0 million as of 31 October 2006, as compared to \$2.8 million as of 31 October 2005.

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® system is based on modular, ocean-going buoys, which have been ocean tested for nearly a decade.

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Consolidated Balance Sheets as of
October 31, 2005 and October 31, 2006

	Oct 31, 2005 (Unaudited)	Oct 31, 2006 (Unaudited)
	\$	\$
Cash and cash equivalents	3,882,319	18,250,604
Certificates of deposit	31,311,409	10,927,992
Accounts receivable	136,818	383,869
Unbilled receivables	332,976	368,671
Other current assets	330,036	1,512,924
Total current assets	35,993,558	31,444,060
Property and equipment, net	537,914	446,963
Patents, net of accumulated amortization of \$147,539 and \$167,077, respectively	345,788	515,137
OTHER NONCURRENT ASSETS	88,837	278,944
TOTAL ASSETS	36,966,097	32,685,104
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	404,030	1,167,263
Accrued expenses	1,596,909	2,671,965
Unearned revenues	166,671	108,791
Other current liabilities	53,773	50,526
Total current liabilities	2,221,383	3,998,545
LONG-TERM DEBT	240,357	233,959
DEFERRED RENT	—	8,118
DEFERRED CREDITS	600,000	600,000
Total liabilities	3,061,740	4,840,622
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 51,599,441 and 51,766,941 shares, respectively	51,599	51,767
Additional paid-in capital	59,488,709	60,436,657
	(25,633,514)	(32,600,307)
Accumulated deficit))
Accumulated other comprehensive loss	(2,437)	(43,635)
Total stockholders' equity	33,904,357	27,844,482
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	36,966,097	32,685,104

Consolidated Statements of Operations

For the six months ended October 31, 2005 and 2006

	Oct 31, 2005 (Unaudited) \$	Oct 31, 2006 (Unaudited) \$
REVENUES	1,106,499	860,747
COST OF REVENUES	1,506,634	1,382,630
Gross loss	(400,135)	(521,883)
PRODUCT DEVELOPMENT COSTS	1,551,638	2,802,039
SELLING, GENERAL AND ADMINISTRATIVE COSTS	1,434,294	2,013,137
Operating loss	(3,386,067)	(5,337,059)
INTEREST INCOME, NET	709,457	722,928
OTHER INCOME	75,000	—
FOREIGN EXCHANGE (LOSS) GAIN	(1,446,790)	645,977
NET LOSS	(4,048,400)	(3,968,154)

Consolidated Statements of Cash Flows

For the six months ended October 31, 2005 and 2006

	Oct 31, 2005 (Unaudited)	Oct 31, 2006 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:	\$	\$
Net loss	(4,048,400)	(3,968,154)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign exchange loss (gain)	1,446,790	(645,977)
Depreciation and amortization	84,465	131,340
Loss on disposal of equipment	—	20,344
Compensation expense related to stock option grants	—	709,951
Realization of deferred credits	(75,000)	—
Deferred rent	—	8,118
Changes in operating assets and liabilities:		
Accounts receivable	531,606	(378,228)
Unbilled receivables	489,061	(157,311)
Other current assets	137,144	(1,179,849)
Accounts payable	(472,938)	843,332
Accrued expenses	(300,060)	930,928
Unearned revenues	149,883	92,727
Other current liabilities	—	(61,050)
Net cash used in operating activities	(2,057,449)	(3,653,829)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(37,194,886)	(39,890,009)
Maturities of certificates of deposit	31,085,839	29,444,173
Purchases of equipment	(184,919)	(44,736)
Payments of patent costs	(20,826)	(73,202)
Investments in joint ventures and other noncurrent assets	309	(178,161)
Net cash used in investing activities	(6,314,483)	(10,741,935)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	111,202	47,525
Net cash provided by financing activities	111,202	47,525
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,441,765)	641,634
NET DECREASE IN CASH AND CASH EQUIVALENTS	(9,702,495)	(13,706,605)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,584,814	31,957,209
CASH AND CASH EQUIVALENTS, END OF PERIOD	3,882,319	18,250,604

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