

NEWS RELEASE

Ocean Power Technologies, Inc.
1590 Reed Road
Pennington, New Jersey 08534
USA

For Immediate Release

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OCEAN POWER TECHNOLOGIES ANNOUNCES RESULTS FOR THE NINE MONTHS ENDED JANUARY 31, 2007

Ocean Power Technologies, Inc (“OPT” or the “Company”) (London Stock Exchange: AIM-OPT), announced today its results for the nine months ended January 31, 2007. Contract backlog for the Company was \$4.8 million as of January 31, 2007, as compared to \$2.6 million as of January 31, 2006.

On January 12, 2007, the Board of Directors and the shareholders of the Company unanimously approved a 1 for 10 reverse stock split, to be effective prior to the Company’s re-incorporation in Delaware. All share data shown in the accompanying consolidated financial statements have been retroactively restated to reflect the reverse split.

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.

For further information, please contact:

Ocean Power Technologies, Inc

Dr. George W. Taylor, Chief Executive Officer
Charles F. Dunleavy, Chief Financial Officer

Telephone: +1 609 730 0400
Telephone: +1 609 730 0400

Corfin Communications

Ben Hunt, Neil Thapar

Telephone: +44 20 7929 8989

Consolidated Balance Sheets as of
January 31, 2006 and January 31, 2007

	Jan 31, 2006 (Unaudited)	Jan 31, 2007 (Unaudited)
	\$	\$
Cash and cash equivalents	7,562,005	19,622,549
Certificates of deposit	26,168,568	7,034,603
Accounts receivable	36,561	494,673
Unbilled receivables	373,135	345,418
Other current assets	361,742	2,232,443
Total current assets	34,502,011	29,729,686
Property and equipment, net	546,101	439,431
Patents, net of accumulated amortization of \$152,396 and \$172,490, respectively	346,655	526,443
OTHER NONCURRENT ASSETS	88,569	230,070
TOTAL ASSETS	35,483,336	30,925,630
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	372,342	685,897
Accrued expenses	1,638,884	2,724,694
Unearned revenues	76,469	66,877
Other current liabilities	26,106	27,496
Total current liabilities	2,113,801	3,504,964
LONG-TERM DEBT	240,357	233,959
DEFERRED RENT	-	9,472
DEFERRED CREDITS	600,000	600,000
Total liabilities	2,954,158	4,348,395
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 5,171,119 and 5,177,219 shares, respectively	5,171	5,177
Additional paid-in capital	59,596,638	60,731,724
	(27,039,519)	(34,140,603)
Accumulated deficit))
Accumulated other comprehensive loss	(33,112)	(19,063)
Total stockholders' equity	32,529,178	26,577,235
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	35,483,336	30,925,630

Consolidated Statements of Operations

For the nine months ended January 31, 2006 and 2007

	Jan 31, 2006 (Unaudited) \$	Jan 31, 2007 (Unaudited) \$
REVENUES	1,467,283	1,513,631
COST OF REVENUES	1,920,980	2,103,108
Gross loss	(453,697)	(589,477)
PRODUCT DEVELOPMENT COSTS	2,630,663	4,100,418
SELLING, GENERAL AND ADMINISTRATIVE COSTS	2,168,345	3,083,621
Operating loss	(5,252,705)	(7,773,516)
INTEREST INCOME, NET	1,062,095	1,066,823
OTHER INCOME, NET	218,963	13,744
FOREIGN EXCHANGE (LOSS) GAIN	(1,514,630)	1,184,499
NET LOSS	(5,486,277)	(5,508,450)

Consolidated Statements of Cash Flows
For the nine months ended January 31, 2006 and
2007

	Jan 31, 2006 (Unaudited)	Jan 31, 2007 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES:	\$	\$
Net loss	(5,486,277)	(5,508,450)
Adjustments to reconcile net loss to net cash used in operating activities:		
Foreign exchange loss (gain)	1,514,630	(1,184,499)
Depreciation and amortization	170,477	199,845
Loss on disposal of equipment	—	20,344
Compensation expense related to stock option grants	—	951,828
Realization of deferred credits	(75,000)	—
Deferred rent	—	9,472
Changes in operating assets and liabilities:		
Accounts receivable	631,863	(477,281)
Unbilled receivables	448,902	(132,737)
Other current assets	105,439	(1,896,820)
Accounts payable	(510,113)	433,568
Accrued expenses	(252,598)	983,831
Unearned revenues	59,681	50,120
Other current liabilities	(27,667)	(85,470)
Net cash used in operating activities	(3,420,663)	(6,636,249)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of certificates of deposit	(62,778,856)	(46,889,973)
Maturities of certificates of deposit	61,812,650	40,337,527
Purchases of equipment	(274,262)	(94,790)
Payments of patent costs	(26,549)	(163,494)
Investments in joint ventures and other noncurrent assets	578	(125,696)
Net cash used in investing activities	(1,266,439)	(6,936,426)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from exercise of stock options	172,702	54,125
Net cash provided by financing activities	172,702	54,125
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,508,409)	1,183,890
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,022,809)	(12,334,660)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,584,814	31,957,209
CASH AND CASH EQUIVALENTS, END OF PERIOD	7,562,005	19,622,549

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