

PART I: FINANCIAL INFORMATION
ITEM 1. FINANCIAL STATEMENTS

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	<u>(Unaudited)</u> <u>June 30,</u> <u>2006</u>	<u>December 31,</u> <u>2005</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,880,641	\$ 3,283,331
Accounts receivable, net	1,501,183	1,527,913
Inventory	4,412,908	4,728,394
Other current assets	304,193	729,678
Total current assets	10,098,925	10,269,316
PROPERTY AND EQUIPMENT		
Equipment and office fixtures	13,828,938	10,745,738
Building and land	4,040,824	3,973,988
Accumulated depreciation	(3,800,981)	(2,738,572)
Total property and equipment	14,068,781	11,981,154
OTHER ASSETS		
Inventory (non current)	6,035,046	5,839,914
Attraction development	1,241,141	1,172,475
Other non current assets	917,141	927,599
Total other assets	8,193,328	7,939,988
Total assets	\$ 32,361,034	\$ 30,190,458
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts payable	\$ 478,337	\$ 601,129
Accrued expenses	1,139,228	1,843,261
Mortgage and loans payable	355,159	111,433
Deposits	32,652	103,069
Total current liabilities	2,005,376	2,658,892
LONG TERM LIABILITIES		
Mortgage and loans payable	3,273,939	1,758,333
Deferred income from Revenue Participation Certificates	887,500	887,500
Total long term liabilities	4,161,439	2,645,833
Total liabilities	6,166,815	5,304,725
STOCKHOLDERS' EQUITY		
Preferred stock - \$.0001 par value; 6,800,000 and 9,300,000 shares authorized; none outstanding	—	—
Preferred stock series A convertible - \$.0001 par value; 510,000 shares authorized; none issued or outstanding	—	—
Preferred stock series D convertible - \$.0001 par value; 2,500,000 and 0 shares authorized, issued and outstanding	250	—
Common stock - \$.0001 par value; 100,000,000 Shares authorized; 46,127,678 and 45,823,224 issued and outstanding	4,613	4,582
Additional paid-in capital	53,298,560	43,870,228
Accumulated deficit	(27,109,204)	(18,989,077)
Total stockholders' equity	26,194,219	24,885,733
Total liabilities and stockholders' equity	\$ 32,361,034	\$ 30,190,458

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS - Unaudited

	Three Months Ended	
	June 30, 2006	June 30, 2005
REVENUE.....	\$ 1,957,834	\$ 3,825,818
OPERATING EXPENSES		
Cost of sales	259,607	353,809
Marketing, general & administrative.....	2,182,985	2,386,394
Operations & research	3,737,932	2,737,795
Total operating expenses	6,180,524	5,477,998
INCOME (LOSS) FROM OPERATIONS	(4,222,690)	(1,652,180)
OTHER INCOME (EXPENSE)		
Interest income	56,158	6,969
Interest expense	(36,077)	(28,236)
Other.....	11,170	28,312
Total other income (expense)	31,251	7,045
INCOME (LOSS) BEFORE INCOME TAXES.....	(4,191,439)	(1,645,135)
Income tax benefit (provision)	—	564,468
NET INCOME (LOSS).....	(4,191,439)	(1,080,667)
EARNINGS (LOSS) PER SHARE		
Basic and diluted	\$ (0.09)	\$ (0.03)
Weighted average number of common shares outstanding		
Basic and diluted.....	46,108,337	41,686,862

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS - Unaudited

	Six Months Ended	
	June 30, 2006	June 30, 2005
REVENUE.....	\$ 2,823,013	\$ 7,175,334
OPERATING EXPENSES		
Cost of sales	373,937	570,097
Marketing, general & administrative.....	4,584,346	4,307,321
Operations & research	6,001,987	4,050,250
Total operating expenses	10,960,270	8,927,668
INCOME (LOSS) FROM OPERATIONS	(8,137,257)	(1,752,334)
OTHER INCOME (EXPENSE)		
Interest income	69,860	15,497
Interest expense	(78,197)	(56,746)
Other.....	25,467	41,823
Total other income (expense)	17,130	574
INCOME (LOSS) BEFORE INCOME TAXES.....	(8,120,127)	(1,751,760)
Income tax benefit (provision)	—	659,188
NET INCOME (LOSS).....	(8,120,127)	(1,092,572)
EARNINGS (LOSS) PER SHARE		
Basic and diluted	\$ (.18)	\$ (.03)
Weighted average number of common shares outstanding		
Basic and diluted.....	46,035,499	40,488,485

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - Unaudited

	Six Months Ended	
	June 30, 2006	June 30, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income (Loss).....	\$ (8,120,127)	\$ (1,092,572)
Adjustments to reconcile net loss to net cash used by operating activity:		
Deferred income taxes	—	(1,040,126)
Depreciation and amortization	1,068,726	554,058
(Gain) Loss on disposal of equipment	—	40,451
Share-based compensation.....	310,545	—
Tax benefit related to exercise of employee Stock options.....	—	380,938
(Increase) decrease in:		
Accounts receivable	(10,017)	214,156
Inventory	120,354	(644,367)
Other assets	412,834	(11,050)
Increase (decrease) in:		
Accounts payable	(122,789)	134,967
Customer deposits	(70,417)	(10,518)
Accrued expenses.....	(650,497)	(1,111,883)
NET CASH (USED) IN OPERATING ACTIVITIES	(7,061,388)	(2,585,946)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(3,150,036)	(1,018,169)
Proceeds from sale of equipment	—	49,647
Attraction development	(68,666)	(2,629,927)
Purchase of building improvements	—	(168,032)
NET CASH (USED) IN INVESTING ACTIVITIES.....	(3,218,702)	(3,766,481)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issuance of common stock.....	413,068	8,276,000
Proceeds from issuance of preferred stock.....	8,750,000	—
Broker commission and fees on private offering.....	(45,000)	(445,000)
Proceeds from mortgage and loans payable	3,314,583	—
Repayment of mortgage and loans payable.....	(1,555,251)	(112,267)
NET CASH PROVIDED BY FINANCING ACTIVITIES.....	10,877,400	7,718,733
NET INCREASE IN CASH	597,310	1,366,306
CASH AT BEGINNING OF PERIOD.....	3,283,331	3,050,721
CASH AT END OF PERIOD.....	\$ 3,880,641	\$ 4,417,027
SUPPLEMENTARY INFORMATION:		
Interest paid.....	\$ 30,491	\$ 51,484
Income taxes paid.....	\$ —	\$ —
NON CASH TRANSACTIONS:		
Depreciation capitalized as inventory	\$ —	\$ 72,912
Accounts receivable paid by services.....	\$ 53,539	\$ —
Accrued compensation paid by common stock.....	\$ —	\$ 100,000