

**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>2007</u>	<u>December 31,</u> <u>2006</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents.....	\$ 9,012,070	\$ 2,415,842
Accounts receivable, net .....	387,330	443,523
Inventory .....	2,621,304	2,263,078
Other current assets .....	459,542	359,665
Total current assets .....	12,480,246	5,482,108
<b>PROPERTY AND EQUIPMENT</b>		
Equipment and office fixtures .....	13,417,747	12,764,389
Building and land .....	3,709,873	3,709,873
Accumulated depreciation.....	(5,679,578)	(4,539,855)
Total property and equipment.....	11,448,042	11,934,407
<b>OTHER ASSETS</b>		
Inventory (non current) .....	6,276,861	7,353,159
Attraction development .....	975,049	1,261,573
Other non current assets .....	1,181,526	1,176,606
Total other assets .....	8,433,436	9,791,338
Total assets .....	\$ 32,361,724	\$ 27,207,853
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable .....	\$ 647,775	\$ 498,482
Accrued expenses.....	1,746,461	1,947,082
Mortgage and loans payable .....	3,446,792	3,443,605
Deposits .....	12,024	11,979
Total current liabilities .....	5,853,052	5,901,148
<b>LONG TERM LIABILITIES</b>		
Mortgage and loans payable .....	2,824,267	3,053,485
Deferred income from Revenue Participation Certificates .....	887,500	887,500
Total long term liabilities .....	3,711,767	3,940,985
Total liabilities.....	9,564,819	9,842,133
<b>STOCKHOLDERS' EQUITY</b>		
Preferred stock - \$.0001 par value; 1,960,000 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; 7,340,000 shares authorized; 6,900,000 and 2,500,000 issued and outstanding, respectively .....	690	250
Common stock - \$.0001 par value; 100,000,000 shares authorized; 47,173,731 and 46,785,254 issued and outstanding .....	4,717	4,678
Additional paid-in capital.....	71,333,936	55,437,954
Accumulated deficit .....	(48,542,438)	(38,077,162)
Total stockholders' equity .....	22,796,905	17,365,720
Total liabilities and stockholders' equity.....	\$ 32,361,724	\$ 27,207,853

The accompanying notes are an integral part of these financial statements.

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

	Three Months Ended	
	June 30, 2007	June 30, 2006
REVENUE.....	\$ 1,732,348	\$ 1,957,834
OPERATING EXPENSES		
Cost of sales.....	525,939	259,607
Marketing, general and administrative .....	3,026,709	2,182,985
Operations and research .....	4,461,103	3,737,932
Total operating expenses .....	8,013,751	6,180,524
LOSS FROM OPERATIONS.....	(6,281,403)	(4,222,690)
OTHER INCOME (EXPENSE)		
Interest income .....	68,556	56,158
Interest expense .....	(123,771)	(36,077)
Other.....	18,998	11,170
Total other income (expense) .....	(36,217)	31,251
LOSS BEFORE INCOME TAXES .....	(6,317,620)	(4,191,439)
Income tax benefit (provision) .....	—	—
NET LOSS .....	(6,317,620)	(4,191,439)
LOSS PER SHARE		
Basic and diluted .....	\$ (0.13)	\$ (0.09)
Weighted average number of common shares outstanding		
Basic and diluted.....	47,038,620	46,108,337

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

	Six Months Ended	
	June 30, 2007	June 30, 2006
REVENUE.....	\$ 3,881,544	\$ 2,823,013
OPERATING EXPENSES		
Cost of sales.....	1,011,969	373,937
Marketing, general and administrative .....	5,690,462	4,584,346
Operations and research .....	7,214,935	6,001,987
Total operating expenses .....	13,917,366	10,960,270
LOSS FROM OPERATIONS.....	(10,035,822)	(8,137,257)
OTHER INCOME (EXPENSE)		
Interest income .....	112,413	69,860
Interest expense .....	(247,184)	(78,197)
Other.....	42,814	25,467
Total other income (expense) .....	(91,957)	17,130
LOSS BEFORE INCOME TAXES .....	(10,127,779)	(8,120,127)
Income tax benefit (provision) .....	—	—
NET LOSS .....	(10,127,779)	(8,120,127)
LOSS PER SHARE		
Basic and diluted .....	\$ (0.22)	\$ (0.18)
Weighted average number of common shares outstanding		
Basic and diluted.....	46,947,430	46,035,499

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

	Six Months Ended	
	June 30, 2007	June 30, 2006
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net Loss .....	\$ (10,127,779)	\$ (8,120,127)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation and amortization .....	1,285,784	1,068,726
Loss on disposal of equipment.....	18,576	—
Share-based compensation.....	661,786	310,545
(Increase) decrease in:		
Accounts receivable .....	56,193	(10,017)
Inventory .....	718,072	120,354
Other assets .....	(109,169)	412,834
Increase (decrease) in:		
Accounts payable .....	149,293	(122,789)
Customer deposits .....	—	(70,417)
Accrued expenses.....	(11,181)	(650,497)
<b>NET CASH (USED) IN OPERATING ACTIVITIES .....</b>	<b>(7,358,425)</b>	<b>(7,061,388)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment .....	(527,098)	(3,150,036)
Attraction development .....	—	(68,666)
<b>NET CASH (USED) IN INVESTING ACTIVITIES.....</b>	<b>(527,098)</b>	<b>(3,218,702)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from issuance of common stock.....	452,781	413,068
Proceeds from issuance of preferred stock.....	14,300,000	8,750,000
Broker commission and fees on private offering.....	(45,000)	(45,000)
Proceeds from mortgage and loans payable .....	—	3,314,583
Repayment of mortgage and loans payable.....	(226,030)	(1,555,251)
<b>NET CASH PROVIDED BY FINANCING ACTIVITIES.....</b>	<b>14,481,751</b>	<b>10,877,400</b>
<b>NET INCREASE IN CASH .....</b>	<b>6,596,228</b>	<b>597,310</b>
<b>CASH AT BEGINNING OF PERIOD.....</b>	<b>2,415,842</b>	<b>3,283,331</b>
<b>CASH AT END OF PERIOD.....</b>	<b>\$ 9,012,070</b>	<b>\$ 3,880,641</b>
<b>SUPPLEMENTARY INFORMATION:</b>		
Interest paid .....	\$ 257,479	\$ 30,491
Income taxes paid.....	\$ —	\$ —
<b>NON CASH TRANSACTIONS:</b>		
Beneficial conversion option related to preferred stock issuance.....	\$ 337,498	\$ —
Settlement of accounts receivable with accounts payable.....	\$ —	\$ 53,539
Accrued compensation paid by common stock .....	\$ 189,395	\$ —

**Summary of Significant Non-Cash Transactions**

During June 2006, we entered into a mortgage loan for \$2.5 million with Carolina First Bank for the refinancing of our corporate office building. At the closing of this loan, the outstanding amount of approximately \$1.8 million due on the original mortgage with Bank of Tampa was paid in full.

During the period ended June 30, 2007, \$280,539 of Attraction Development assets were activated and transferred into Property and Equipment.

The accompanying notes are an integral part of these financial statements.