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ODYSSEY MARINE EXPLORATION INC  
Form 10QSB  
July 12, 2001

U.S. SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended May 31, 2001

Commission File Number 0-26136

ODYSSEY MARINE EXPLORATION, INC.

-----  
(Exact name of small business issuer as specified in its charter)

Nevada

84-1018684

-----  
(State or other jurisdiction of  
incorporation or organization)

-----  
(I.R.S. Employer  
identification No.)

3604 Swann Avenue, Tampa, Florida 33609

-----  
(Address of principal executive offices)

(813) 876-1776

-----  
(Registrants telephone number including area code)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

[ X ] Yes [ ] No

As of June 20, 2001, the Registrant had 17,865,537 shares of Common Stock, \$.0001 Par Value, outstanding.

Transitional Small Business Disclosure format: Yes [ ] No [ X ]

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CONSOLIDATED BALANCE SHEET AS OF MAY 31, 2001 - Unaudited

ASSETS

CURRENT ASSETS

Cash	\$ 1,726,818
Marketable securities	2,287
Prepaid expenses	24,823
	-----
Total current assets	1,753,928

PROPERTY AND EQUIPMENT

Equipment and office fixtures	365,018
Accumulated depreciation	(100,670)
	-----
	264,348

OTHER ASSETS

Loans receivable from related parties	234,704
Inventory	20,000
Deposits	21,684
	-----
	276,388
	-----
	\$ 2,294,664
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Accounts payable	\$ 49,181
Accrued expenses	152,068
	-----
Total current liabilities	201,249

NOTES PAYABLE TO RELATED PARTY

57,083

DEFERRED INCOME FROM REVENUE PARTICIPATION CERTIFICATES

887,500

STOCKHOLDERS' EQUITY

Preferred stock - \$.0001 par value; 8,450,000 shares authorized, none outstanding	-
Preferred stock Series A Convertible - \$.0001 par value; 700,000 shares authorized; 190,000 shares issued and none outstanding	-
Preferred stock Series B Convertible - \$.0001 par value; 850,000 shares authorized; 850,000 shares issued and outstanding	85
Common stock - \$.0001 par value; 100,000,000 shares authorized; 17,865,536 issued and outstanding	1,786
Additional paid-in capital	7,447,680
Accumulated unrealized loss in investment	(26,926)
Accumulated deficit	(6,273,793)
	-----
Total stockholders' equity	1,148,832
	-----
	\$ 2,294,664
	=====

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

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	Three Months Ended May 31, 2001	2000
	-----	-----
OPERATING EXPENSES		
Project development	42,136	44,545
Project operations	411,651	61,487
Marketing and promotion	39,233	11,757
	-----	-----
Total operating expenses	493,020	117,789
GENERAL AND ADMINISTRATIVE EXPENSES	125,934	147,705
	-----	-----
(LOSS) FROM OPERATIONS	(618,954)	(265,494)
OTHER INCOME OR (EXPENSE)		
Gain(Loss) on sale of marketable securities	-	181,133
Interest income	27,173	3,276
Interest expense	(1,560)	(31,032)
Other	-	(4,500)
	-----	-----
Total other income or (expense)	25,613	148,877
	-----	-----
NET LOSS	\$ (593,341)	\$ (116,617)
	=====	=====
OTHER COMPREHENSIVE LOSS, NET OF TAX		
Unrealized loss on available for sale securities	8,466	1,050
	-----	-----
COMPREHENSIVE LOSS	\$ (601,807)	\$ (115,567)
	=====	=====
(BASIC AND DILUTED LOSS PER SHARE)	\$ (0.03)	\$ (0.01)
Weighted average number of common shares and potential common shares, basic and diluted, outstanding	17,865,536	11,148,071

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

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	Three Months Ended May 31, 2001	2000
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income(Loss)	\$ (593,341)	\$ (116,617)
Adjustments to reconcile net loss to net cash used by operating activity:		
Depreciation	16,949	8,230
Common stock issued for services	-	5,000
Finance charge added to note	-	4,500
Loss(gain) on sale of marketable securities	-	(181,133)
(Increase)decrease in:		
Advances	(323)	(6,094)
Interest receivable	(4,604)	(3,178)
Prepaid expenses	(24,377)	(83,267)
Increase(decrease) in:		
Accounts payable	(11,718)	(68,634)
Accrued expenses	36,826	(2,951)
	-----	-----
NET CASH(USED) IN OPERATING ACTIVITIES	(580,588)	(444,144)
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(77,181)	(16,337)
Increase in loans receivable	(48,600)	-
	-----	-----
NET CASH (USED) IN INVESTING ACTIVITIES	(125,781)	(16,337)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from:		
Issuance of common stock	-	240,000
Sale of marketable securities	-	271,209
	-----	-----
NET CASH PROVIDED BY FINANCING ACTIVITIES	-	511,209
	-----	-----
NET INCREASE(DECREASE) IN CASH	(706,369)	50,728
CASH AT BEGINNING OF PERIOD	2,433,187	47,175
	-----	-----
CASH AT END OF PERIOD	\$ 1,726,818	\$ 97,903
	=====	=====
SUPPLEMENTARY INFORMATION:		
Interest paid	\$ -	23,223
Income taxes paid	\$ -	-

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

ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARY  
CONSOLIDATED STATEMENTS OF CASH FLOWS - (Continued)

Summary of significant non cash transactions:

During the quarter ended May 31, 2001, a note to a related party was renewed.

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The original principal amount of \$48,821 and accrued interest of \$7,323 were combined in a new note in the principal amount of \$56,144 bearing interest at 10% per annum. The due date was extended to March 31, 2003.

During the quarter ended May 31, 2000, a director who was owed \$105,000 of accrued expenses, \$132,131 of notes, and \$8,256 of accrued interest assigned the entire amount owed to an unrelated third party who was issued 490,774 shares of common stock for converting the entire amount due \$245,387 into stock. A related party was issued 151,548 shares for the conversion of \$68,894 of principal and \$6,880 of accrued interest into stock. A consultant was issued 10,000 shares of common stock for \$5,000 of services.

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

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ODYSSEY MARINE EXPLORATION, INC. AND SUBSIDIARY  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE A - BASIS OF PRESENTATION

The accompanying unaudited consolidated financial statements of Odyssey Marine Exploration, Inc. and subsidiary have been prepared in accordance with the rules and regulations of the Securities and Exchange Commission and the

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instructions to Form 10-QSB and, therefore, do not include all information and footnotes normally included in financial statements prepared in accordance with generally accepted accounting principles. These interim consolidated financial statements should be read in conjunction with the consolidated financial statements and notes included in the Company's Form 10-KSB for the year ended February 28, 2001.

In the opinion of management, these financial statements reflect all adjustments (including normal recurring adjustments) necessary for a fair presentation of the financial position as of May 31, 2001, results of operations, and cash flows for the interim periods presented. Operating results for the three months ended May 31, 2001, are not necessarily indicative of the results that may be expected for the year ended February 28, 2002.

### ITEM 2. MANAGEMENT'S PLAN OF OPERATION.

In the long term, the Company expects to derive substantially all of its revenue through the sale and/or display of shipwreck cargoes and artifacts, including replicas. Therefore, until the Company is successful in acquiring and marketing artifacts and/or cargoes, it will be dependent upon investment capital to meet its cash flow requirements. To date, the Company has conducted private placements of debt, equity and project specific revenue participation to meet its financial obligations. For the next twelve months, the Company anticipates spending approximately \$60,000 per month to pay administrative, promotion and project development overhead.

During the months of April, May, and June, the Company conducted operations off the coast of Spain searching for a vessel code named "Cambridge". Under the direction of the project archaeologist, some artifacts were recovered from a site that he believes demonstrates some of the characteristics of the "Cambridge". Those artifacts and information relating to the site are being analyzed to try to determine the identity of the shipwreck.

Depending on the results of the analysis, the Company may seek financing in the form of project revenue participation and could begin recovery as soon as this year, depending on the availability of equipment, ships, government contracts and permits.

In addition to the "Cambridge Project", the Company is currently evaluating last year's work on the "Republic Project" and may seek additional financing in the form of project specific revenue participation to conduct additional search operations. If the Company is successful in financing the project, and subject to the availability of ships, and personnel, work could resume as early as September 2001.

Management believes the Company currently has sufficient cash to fund its overhead for the next twelve months.

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### PART II. OTHER INFORMATION

#### ITEM 1. Legal Proceedings.

None.

#### ITEM 2. Changes in Securities.

None.

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ITEM 3. Defaults Upon Senior Securities.

None.

ITEM 4. Submission of Matters to a Vote of Security Holders.

None.

ITEM 5. Other Information.

None.

ITEM 6. Exhibits and Reports on Form 8-K.

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ODYSSEY MARINE EXPLORATION, INC.

Date: July 12, 2001

By: /s/ David A. Morris  
David A. Morris, Treasurer  
(Principal Accounting Officer  
and Duly Authorized Officer)